

ETHICS CODE

EC1. Application of Code

The provisions of this Ethics Code apply, according to their terms, to –

- (a) present and former Board members and staff;
- (b) the spouse, spousal equivalent, and dependents of Board members and staff; and
- (c) designated contractors and consultants to the Board.

Note: Rule 3700(e) requires members of a Board advisory group to comply with certain provisions of the Ethics Code.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC2. Definitions

- (a) Reference to Rules of the Board

Unless the context requires otherwise, the definitions provided in Section 1001 of the Rules of the Board apply to the words and terms contained in this Ethics Code.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

- (b) Code

The term "Code" means this Ethics Code, as it may be amended from time to time.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

- (c) Dependent

The term "dependent" of a Board member or staff means a person who receives more than half of his or her support for the most recent calendar year from the Board member or staff.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

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(d) Designated Contractors and Consultants

The term "designated contractors and consultants" means certain persons or business organizations

- (1) with which the Board enters into contracts for services, including contracts that provide for both goods and services;
- (2) which the Board, or its designate, has determined should be subject to this Code, in whole or in part; and
- (3) for which the contract contains a provision expressly incorporating this Code, in whole or in part.

Note: The Board will maintain a list of designated contractors and consultants, which will be available to the public. Nothing in this provision will restrict the Board's right to impose additional contractual restrictions and limitations on any contractor or consultant. The Board is committed not to use its contracting authority to convert a person who would ordinarily be an employee to a contractor or consultant, as a means of allowing that person to be excluded from the provisions of this Code.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

(e) Honoraria

The term "honoraria" means anything with more than a nominal value, whether provided in cash or otherwise, and which is provided in exchange for a speech, panel participation, publication or lecture. Neither the waiver of conference fees nor acceptance of a modest speakers-only meal constitutes "honoraria." Items and meals which are provided to all conference participants are not considered to be "honoraria."

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

(f) Practice

The term "practice" means –

- (1) knowingly acting as an agent or attorney for, or otherwise representing any other person in any formal or informal appearance before the Board or Commission with respect to Board-related matters; or

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- (2) making any oral or written communication on behalf of any other person to, and with the intent to influence, the Board or Commission with respect to Board-related matters.

Note: For purposes of this definition, participating in the financial reporting process as the officer or director of an issuer, broker, or dealer or participating in an audit of the financial statements of an issuer, broker, or dealer does not, in and of itself, constitute practice before the Board or the Commission.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

- (g) Professional Staff or Professional Staff of the Board

The terms "professional staff" or "professional staff of the Board" mean those persons who are employed by the Board and who are exempt, pursuant to Section 13(a)(1) of the Fair Labor Standards Act (29 USC § 201 et sec.), from Sections 6 and 7 (minimum wage and overtime provisions) of that act.

Note: These terms may, according to the context, alternatively be used to refer to a single such employee, or to all such employees.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

- (h) Staff or Staff of the Board

The terms "staff" or "staff of the Board" mean those persons who are employed by the Board.

Note: These terms may, according to the context, alternatively be used to refer to a single such employee, or to all such employees.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC3. General Principles

(a) The purpose of this Code is to maintain the highest standards of ethical conduct among Board members and staff, and to provide the public with confidence in the objectivity of the Board's decisions by seeking to avoid both actual and perceived conflicts of interest among Board members and staff. The general principles within this section form the basis for the ethics rules and standards of conduct contained in the Code. When a situation is not covered by the Code's specific standards, Board members and staff shall apply the principles set forth in this section in determining whether their conduct is proper.

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- (1) Board members and staff should at all times be mindful of their responsibilities to the Board, the sensitivity of their positions, and the need for public confidence in the objectivity and deliberative process of the Board.
- (2) Board members and staff should take great care to conduct themselves and all of their activities in such a manner so that their personal investments or other personal activities will not affect their professional independence or objectivity, or otherwise hinder the interests or reputation of the Board.
- (3) Board members and staff should recognize that the degree of public confidence in the function and activities of the Board depends heavily upon the observance of both the letter and spirit of this Code.

(b) No Board member or staff shall act in a manner, regardless of whether specifically prohibited by this Code, which might reasonably result in or reasonably create the appearance that the employee is –

- (1) using his or her official position with the Board, or confidential information obtained through service for the Board, for the private gain of any person;
- (2) giving preferential treatment to any person with respect to the Board member or employee's work for the Board;
- (3) losing independence or objectivity with respect to his or her work for the Board;
- (4) adversely affecting the public confidence in, or the integrity, independence or objectivity of the Board; or
- (5) otherwise hindering the interests or reputation of the Board.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC4. Financial and Employment Interests

- (a) While employed by the Board, no Board member or professional staff shall –
 - (1) be owed, directly or indirectly, any financial or other obligation by any former employer, business partner, client, or publisher except –
 - (A) routine banking and other routine commercial relationships;

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- (B) securities and other investments permitted by this Code;
 - (C) benefits under a bona fide pension, retirement, group life, health or accident insurance, or other employee welfare or benefit plan maintained by a former employer and related to prior services for the former employer, business partner or client;
 - (D) profit-sharing, stock bonus or other payments related to prior services for the former employer, business partner or client;
 - (E) royalties or other like payments with respect to writings and recordings completed prior to commencement of employment with the Board; or
 - (F) such other obligations permitted by this Code, or as may be specifically and expressly approved by the Board; or
- (2) owe, directly or indirectly, any financial or other obligation to any former employer, business partner or client, except –
- (A) routine banking and other routine commercial relationships;
 - (B) covenants not to compete;
 - (C) non-disclosure agreements; or
 - (D) such other obligations permitted by this Code, or as may be specifically and expressly approved by the Board.

(b) Notwithstanding any other provision of this Code, no member of the Board or his or her spouse, spousal equivalent, or dependents may share in any of the profits of, or receive payments from, a public accounting firm, other than fixed continuing payments under standard arrangements for retirement from public accounting firms.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC5. Investments

(a) Except as provided in this Section, nothing in this Code prohibits Board members and staff, or their spouses, spousal equivalents, or dependents, from owning and holding securities (including futures), real estate, commodities (including futures), exchange-traded options and other investments held for personal investment purposes, except that no Board member or staff may have any financial interest in a public accounting firm.

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(b) Board members and staff should at all times be mindful of their responsibilities to the Board and shall avoid personal financial activities which might affect or reasonably create the appearance of affecting their independence or objectivity.

(c) Board members and staff should at all times be mindful that, in the course and scope of their employment activities, they may obtain knowledge of confidential, non-public information which, if disclosed, might affect the value of particular securities or investments. Accordingly, Board members and staff may not –

- (1) disseminate or otherwise disclose any confidential, non-public information obtained by virtue of their position with the Board, regardless of whether that information may be considered to be "material" under the securities laws; or
- (2) use such information for the financial gain of themselves or others.

Note: Concurrent restrictions on disclosure of non-public information are provided in EC9.

(d) Board members and professional staff shall disclose their holdings, and the holdings of their spouses, spousal equivalents, and dependents, in securities of issuers (including exchange-traded options and futures) to the Ethics Officer.

- (1) Within the first 60 days of commencement of service with the Board; and
- (2) On an annual basis, on May 1 or another date that may be prescribed by the Ethics Officer.
- (3) Disclosure statements by Board Members shall be made available to the public.
- (4) Disclosure statements by professional staff shall remain confidential.

Note: The form and content of this disclosure statement shall be included in the Board's ethics manual.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

EC6. Outside Activities

(a) No member of the Board may undertake any employment or other activity for compensation outside of service to the Board.

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(b) Staff of the Board may only undertake other employment or other activity for compensation with the express and specific approval of the Board or such person to whom the Board may delegate such approval authority.

(c) No Board member or staff of the Board shall engage in any outside activity, whether or not for compensation, which –

- (1) affects or reasonably creates the appearance of affecting his or her independence or objectivity;
- (2) interferes with his or her responsibilities to the Board; or
- (3) otherwise hinders the interests or reputation of the Board.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC7. Gifts, Reimbursements, Honoraria and Other Things of Value

(a) No Board member or professional staff shall, directly or indirectly, solicit or accept any gift, reimbursement, honoraria or anything of monetary value from any source, which might reasonably be viewed as –

- (1) interfering with his or her independence, objectivity or responsibilities to the Board; or
- (2) otherwise hindering the interests or reputation of the Board.

Note: Although this provision does not extend to non-professional staff, such staff should remain cognizant of corresponding duties imposed by EC3 and EC5.

(b) No Board member or staff shall accept payment for or reimbursement of official travel-related expenses from any organization, except –

- (1) for travel that is in direct connection with the employee's participation in an educational forum; and
- (2) the educational forum is principally sponsored by and the travel-related expenses are paid or reimbursed by –
 - (A) a federal, state or local governmental body, or an association of such bodies,
 - (B) an accredited institution of higher learning,

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- (C) an organization exempt from taxation under 501(c)(3) of the Internal Revenue Code, provided such organization is not principally funded from one or more public accounting firms, issuers, brokers, or dealers, or
- (D) institutions equivalent to those in EC 7(b)(2)(A) – (C) outside the United States.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

EC8. Disqualification

(a) If a Board member or professional staff becomes, or reasonably should become, aware of facts which would lead a reasonable person to believe that he or she, or his or her spouse, spousal equivalent, or dependents, may have a financial or personal interest which might affect or reasonably create the appearance of affecting his or her independence or objectivity with respect to the Board's function or activities, then he or she shall, at the earliest possible date –

- (1) disclose such circumstances and facts, as set forth in subsection (b); and
- (2) recuse himself or herself from further Board functions or activities involving or affecting the financial or personal interest.

Note 1: For the purposes of applying this provision to members of an advisory group convened by the Board, those members shall not be considered to lack independence or objectivity with regard to advisory group matters merely because they (or their employer, business partners or clients) are subject to the direct or indirect oversight of the Board.

Note 2: Although this provision does not extend to non-professional staff, such staff facing circumstances that may affect their ability to perform their functions should seek advice from the Board's Ethics Officer.

(b) For a member of the Board, disclosure shall be made to all other members of the Board. For professional staff of the Board, disclosure shall be made to the Board Chair, or his or her designee.

(c) For a period of 12 months commencing on date of appointment or employment, no Board member or professional staff may participate in the making of a decision which is reasonably likely to have a material effect, direct or indirect, on the Board or professional staff member's former employer, business partner or client, when such prior employment terminated within five years from the date of appointment or employment with the Board. For purposes of this section, participating in the making of

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a decision which affects a former employer, business partner or client to the same degree as similarly situated people or business organizations, does not constitute an "indirect" effect.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

EC9. Non-Public Information

(a) Unless authorized by the Board, no Board member or staff shall disseminate or otherwise disclose any information obtained in the course and scope of his or her employment, and which has not been released, announced, or otherwise made available publicly.

(b) The provisions of this Section shall continue in effect after the termination of employment or Board membership.

Note: Concurrent restrictions on disclosure of non-public information are provided in EC5(c).

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC10. Speaking for the Board

Unless authorized to speak on behalf of the Board, Board members and professional staff shall include a disclaimer for any private publication or public statement by indicating that the views expressed are those of the author or speaker and do not necessarily reflect the view of the Board or other Board members or staff.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

EC11. Ethics Officer

The Board shall designate an Ethics Officer who shall be empowered to –

(a) counsel Board members and staff regarding compliance with or potential violation of this Code;

(b) issue advisory opinions, as deemed necessary, to Board members and staff regarding potential violations of this Code; and

(c) make recommendations to the Board regarding waiver requests and potential violations of, or amendments to, this Code.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

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EC12. Post-Employment Restrictions

- (a) Negotiating Prospective Employment
- (1) Board members and professional staff may not negotiate prospective employment with a public accounting firm, issuer, broker, or dealer, without first disclosing (pursuant to the procedures in Section EC8(b)) the identity of the prospective employer and recusing himself or herself from all Board matters directly affecting that prospective employer.
 - (2) For purposes of this section, "negotiating prospective employment" means participating in an employment interview; discussing an offer of employment; or accepting an offer of employment, even if the precise terms are still to be developed. Submitting a resume or job application to a group of employers or receiving an unsolicited inquiry of interest that is rejected, do not alone constitute "negotiating prospective employment."
- (b) Prohibition on Practice Before the Board or Commission
- (1) Board members and professional staff shall be restricted from practice before the Board, and the Commission with respect to Board-related matters, for one year following termination of employment or Board membership.
 - (2) Former Board members and professional staff shall not practice before the Board, or the Commission with respect to Board-related matters, on a particular matter in which the Board member or professional staff participated personally and substantially as a Board or staff member and which involved a specific party or specific parties at the time of such participation.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

EC13. Waiver

Unless otherwise prohibited by law, the Board (or person to whom the Board may delegate this responsibility as to staff) may grant a request for waiver of any provision of this Code. Such waivers must be requested in writing by the Board member or staff, and evaluated by the Ethics Officer. The Board will only grant waiver requests after a finding that the waiver would not otherwise hinder the interests or reputation of the Board. Waivers will be made available to the public, subject to the withholding of information that would constitute a clearly unwarranted invasion of personal privacy.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]

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EC14. Certification

Board members, staff and designated contractors and consultants agree to comply with this Code at the commencement of their service or contract with the Board and shall, throughout the term of their appointment, employment or contract, certify annually in writing their continuing compliance with it.

[Effective pursuant to SEC Release No. 34-48755, File No. PCAOB-2003-04 (November 7, 2003)]