

**STATEMENT OF PROTOCOL  
BETWEEN  
THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD  
OF THE UNITED STATES  
AND  
THE AUDITORS' PUBLIC OVERSIGHT AUTHORITY  
OF THE MINISTRY FOR NATIONAL ECONOMY  
OF HUNGARY**

*The Public Company Accounting Oversight Board in the United States ("PCAOB"), based on its obligations and authority under the Sarbanes-Oxley Act of 2002, as amended ("the Sarbanes-Oxley Act"),*

and

*the Auditors' Public Oversight Authority of the Ministry for National Economy in Hungary ("APOA"), based on its obligations and authority under the Act on Audit, LXXV, 2007, as amended (the "Act on Audit"), and the determination by the European Commission pursuant to Article 47, paragraph 1(c) of the Directive 2006/43/EC in respect of the United States of America (Commission Decision of 11 June 2013 (2013/280/EU) (the "Adequacy Decision").*

have agreed as follows:

**Article I. Purpose of Statement**

- A. The PCAOB in the United States and the APOA in Hungary each seek to improve the accuracy and reliability of audit reports so as to protect investors and to help promote public trust in the audit process and investor confidence in their respective capital markets. Given the global nature of capital markets, the PCAOB and the APOA recognize the need for cooperation in matters related to the oversight of the auditors subject to the regulatory jurisdictions of both the PCAOB and the APOA.
- B. The purpose of this Statement of Protocol ("Statement") is to facilitate cooperation between the Parties in the oversight, including inspections and investigations, of auditors that fall within the regulatory jurisdiction of both Parties to the extent that such cooperation is compatible with the Parties' respective laws and/or regulations, their important interests and their reasonably available resources. Cooperation is intended to permit the parties to meet their respective statutory oversight mandates. Cooperation, including by joint inspections, also is intended to assist the Parties in determining the degree to which one Party may

rely in the future on the other Party's oversight activities with regard to auditors that fall within the regulatory jurisdiction of both Parties.

C. This Statement does not create any binding legal obligations or supersede domestic laws. This Statement does not give rise to a legal right on the part of the PCAOB, the APOA or any other governmental or non-governmental entity or any private person to challenge, directly or indirectly, the degree or manner of cooperation by the PCAOB or the APOA.

D. This Statement does not prohibit the PCAOB or the APOA from taking measures with regard to the oversight of auditors that are different from or in addition to the measures set forth in this Statement.

## Article II. Definitions

**"Party"** or **"Parties"** means the PCAOB and/or the APOA.<sup>1</sup>

**"Auditor"** means a public accounting or statutory audit firm that is subject to a Party's regulatory jurisdiction or a person associated with such a firm.

**"Information"** means public and non-public information which includes but is not limited to (1) reports on the outcome of inspections, including the results of firm-wide quality control reviews and engagement reviews, provided that the reports relate to auditors that are subject to the regulatory jurisdictions of both the PCAOB and the APOA, and (2) audit working papers or other documents held by auditors, provided that the documents relate to matters that are subject to the regulatory jurisdictions of both the PCAOB and the APOA.

**"Inspections"** refers to reviews of auditors to assess the degree of compliance of each auditor with applicable laws, rules and professional standards in connection with its performance of audits, the issuance of audit reports and related matters, pursuant to the Act on Audit in Hungary and the Sarbanes-Oxley Act in the United States.

**"Investigations"** refers to investigations undertaken by a Party of any act or practice, or omission to act, by auditors that may violate or may have violated applicable laws, rules or professional standards, pursuant to the Act on Audit in Hungary and/or the Sarbanes-Oxley Act in the United States, respectively.

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<sup>1</sup> Authority for the public oversight of auditors in Hungary is delegated to the Minister for National Economy and is carried out by the Auditors' Public Oversight Authority, a unit of the Ministry for National Economy ("MNE"). "APOA" as used in this SOP, encompasses the MNE as well as the unit.

## **Article III. Cooperation**

### ***A. Scope of Cooperation***

1. Cooperation may include one Party sharing with the other Party information relating to auditors that fall within the regulatory jurisdiction of both the PCAOB and the APOA.
2. Cooperation may include one Party assisting the other Party in an inspection or an investigation by performing activities that may include but are not limited to (i) facilitating access to information, and/or, if requested, (ii) reviewing audit work papers and other documents; interviewing auditor personnel; reviewing an auditor's quality control system and/or performing other testing of the audit, supervisory and quality control procedures of an auditor.
3. Cooperation in the context of an inspection or investigation does not cover a request for assistance or information to the extent that it involves a Party obtaining on behalf of the other Party information to which the requesting Party is not entitled under its own laws or regulations.
4. The scope of cooperation may vary over time and with each inspection or investigation.
5. Cooperation in the context of an inspection also may include the exchange of information with respect to each Party's respective inspection programs.
6. The Parties may at the request of either Party consult on issues related to the matters covered by this Statement, and otherwise exchange views and share experiences and knowledge gained in the discharge of their respective duties to the extent consistent with their respective laws and regulations.

### ***B. Requests for Information***

1. Each Party may provide the other Party with information upon request.
2. Requests for such information shall be made in writing (including e-mail) and addressed to an appropriate contact person of the requested Party. The requesting party shall specify the following, to the extent appropriate:
  - a) The information requested;

- b) The reasons why the information is needed and, if applicable, the relevant provisions that may have been violated;
  - c) The purposes for which the information will be used;
  - d) An indication of the date by which the information is needed; and
  - e) To the best of the knowledge of the requesting Party, an indication of whether the information requested might be subject to further use or transfer to one or more third parties under Article V below.
3. Other than routine requests such as for payment of annual fees and in connection with registration and annual or special reporting requirements, and barring exceptional circumstances, requests for non-public information from an auditor in the other Party's jurisdiction shall be sent to the other Party, which will pass on the request (in the form provided by the requesting Party) to the auditor.<sup>2</sup>
4. If a Party denies a request in part or in full or withholds any requested information for any reason (either on its own initiative or at the request of an auditor or other person), the requested Party shall inform the requesting Party of the nature of the information being withheld and the reason(s) for its denial. In the event a Party or an auditor or other person refuses to provide requested information, the Parties shall consult to determine if there are alternative ways to meet the requirements of the requesting Party. The Parties are aware that if the information is not provided, and the requesting Party determines that it cannot satisfy its regulatory obligations without the requested information, the requesting Party may take certain actions as allowed by its domestic laws, rules and regulations against the relevant auditor(s) for refusing to provide the requested information.
5. While the Parties may transfer information received in the course of cooperation to other entities in accordance with Sections C and D of Article V, the Parties themselves may use information received in the course of cooperation only as permitted or required by the Sarbanes-Oxley Act in the United States or Act on Audit in

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<sup>2</sup> The APOA has informed the PCAOB, that according to the Hungarian Act on Audit, Hungarian auditors are not permitted to transfer audit working papers and other non-public documents directly to the PCAOB, but must only transfer such information via the APOA on the request from the PCAOB. The PCAOB has informed the APOA that it would be willing to pass on requests from the APOA to auditors in the U.S. but that the APOA may make requests for information directly to any such auditor without sending the request to or through the PCAOB.

Hungary, i.e. for the purpose of inspection, investigation and oversight of auditors. If the requesting Party intends to use information received in the course of cooperating for any purpose *other* than that stated in the original request under Article III.B.2., it must obtain the prior written consent of the requested Party on a case by case basis. If the requested Party consents, it may subject it to conditions. The provisions of this paragraph apply to information received under this Statement which is reflected in documents created by either Party.

### **C. Joint Inspections**

1. If consistent with each Party's respective national legislation and in order to assist the Parties in determining the degree to which one Party may rely in the future on the other Party's inspections of auditors that fall within the regulatory jurisdiction of both Parties, the Parties may conduct joint inspections.
2. Before an inspection is carried out jointly, the Parties shall consult on a work plan for the inspection, which may include, in general, the steps and procedures expected to be performed during the inspection, including the audit engagements to be reviewed and the allocation of work that each Party expects to perform.
3. For each inspection carried out jointly, the Party in whose jurisdiction the inspection is conducted may choose to lead the inspection, meaning that the Party will manage communications with the auditors, organize the logistics of the inspections, and receive all audit working papers and other documents from the auditors in the first instance before transferring them to the other Party.
4. A Party may take copies of working papers or other documents held by an auditor in the other Party's jurisdiction to its own jurisdiction as necessary to comply with its documentation requirements, to support its inspection findings or for purposes of an investigation. The Party will identify the working papers or other documents copied for the other Party before transferring them.

### **Article IV. Confidentiality**

With respect to any non-public information, including, but not limited to, all personal data, professional secrets and sensitive commercial information provided to another Party, the Parties agree that:

- A. Except as provided in Article V of this Statement, the requesting Party, and all current and former members of its governing body, employees and other persons affiliated with that Party, shall maintain as confidential the non-public information received from the other Party, including information received under this Statement that is reflected in documents created by either Party;
- B. Only individuals and entities that are independent of the auditing profession will have access to the non-public information provided. "Independent of the auditing profession" means that the individual or entity is not a practicing auditor, affiliated with an audit firm or a member of the governing body or staff of a professional organization;
- C. The requesting Party has established and will maintain such safeguards as are necessary and appropriate to protect the confidentiality of the information, including storing the information in a secure location when not in use;
- D. The requesting Party has provided to the other Party a description of its applicable information systems and controls and a description of the laws and regulations of the government of the requesting Party that are relevant to information access;
- E. The requesting Party will inform the other Party if the safeguards, information systems, controls, laws or regulations referenced in paragraphs C and D above change in a way that would weaken the protection for the information provided by the other Party.

#### **Article V. Exceptions to Confidentiality**

- A. A Party may issue public inspection reports as permitted or required by the law of that Party's jurisdiction, including reports that identify the auditor inspected and the inspection results, but do not identify the names of clients whose audit engagements were reviewed.
- B. A Party may publicly announce sanctions imposed upon auditors as permitted or required by the law of that Party's jurisdiction. Before publicly announcing any sanctions imposed on an auditor that is located in the other Party's jurisdiction and subject to the other Party's authority, the Party shall give advance notice of the publication to the other Party.
- C. The PCAOB may share with the U.S. Securities and Exchange Commission ("SEC") non-public information that the PCAOB has

obtained from the APOA, or from an auditor with the approval of the APOA, in the course of cooperating under this Statement as follows:

1. Upon the PCAOB's own initiative, any information obtained in connection with the PCAOB's audit regulatory functions, i.e., auditor oversight, quality assurance (including inspections), and investigations and discipline of auditors, that it considers relevant to (i) the SEC's oversight of auditors, or (ii) the SEC's oversight over the PCAOB.
2. Upon request by the SEC, information shared for purposes of: (i) the SEC's oversight of auditors or (ii) the SEC's oversight over the PCAOB; and
3. For information not available to the SEC under (1) or (2) above, the PCAOB shall follow the procedures set forth below in paragraph D of this Article V.

D. Except as set out in paragraph C (1) and (2) of this Article V above, a Party that intends to transfer to a third party any non-public information received in the course of cooperation shall request the prior written consent of the Party which provided the information.

1. The Party that intends to transfer this information shall indicate the reasons and the purposes for which the information is to be transferred.
2. The PCAOB may share such information only with those entities identified in section 105(b)(5)(B) of the Sarbanes-Oxley Act, which states that these entities shall maintain such information as confidential and privileged.
3. The APOA will not share such information received from the PCAOB with any third party.
4. A Party shall *respond within ten days upon receiving notice from the other Party that it seeks to transfer information to a third party.* The Party receiving such notice shall endeavor to provide its consent in response to requests to the transfer of information to third parties, if its applicable law does not preclude it from providing consent. Where the Party receiving notice concludes that it cannot give consent, it shall set out its reasons to the other Party. The Party seeking to transfer the information shall consider the other Party's objections and will consult further with the other Party before deciding whether it should transfer the information, despite the objections of the other Party.

## Article VI. The Transfer Of Personal Data

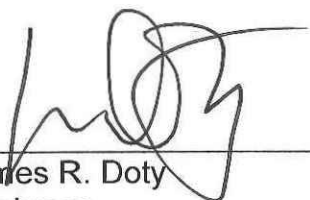
The transfer of personal data pursuant to this Statement is subject to the establishment of appropriate arrangements on the transfer of personal data, including the Data Protection Agreement, dated the date of this Statement, by and between the APOA and the PCAOB.

## Article VII. Entry into Force, Expiration and Termination

A. This Statement comes into force from the date of signature but will have effect only during the period that a European Commission Decision as required by Section 183(2) of the Act on Audit is also in force.

B. The Parties may consult and revise the terms of this Statement in the event of a substantial change in the laws, regulations, or practices affecting the operation of this Statement.

C. This Statement may be terminated by either Party by written notice to the other Party at any time. After termination of this Statement, the Parties shall continue to maintain as confidential, consistent with Articles IV and V, any information provided under this Statement.

  
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James R. Doty  
Chairman  
Public Company Accounting  
Oversight Board  
Date: 2-20-15

  
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Mihály Varga  
Minister for National Economy  
Date: 19. 03. 2015

