

MEMORANDUM OF UNDERSTANDING BETWEEN *THE JERSEY FINANCIAL SERVICES COMMISSION* AND *THE COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER OF LUXEMBOURG* ON COOPERATION AND THE EXCHANGE OF INFORMATION RELATED TO THE OVERSIGHT OF AUDITORS

The Jersey Financial Services Commission (“JFSC”), based on its obligations and authority under Part 16 of the Companies (Jersey) Law 1991;

and

The Commission de Surveillance du Secteur Financier (“CSSF”), based on its obligations and authority under the law of July 23, 2016 relating to the audit profession;

Have agreed as follows:

Having regard to the law of July 23, 2016 relating to the audit profession as based on Article 47 of the Directive 2006/43/EC which allows the CSSF under certain conditions to transfer to the JFSC information held by Auditors approved by the CSSF;

Recognising that the European Commission has decided upon the adequacy referred to in Article 47, paragraph 1(c) of the Directive 2006/43/EC in respect of the JFSC (Decision No. 2016/1010/EU);

Recognising that the European Commission has decided upon the equivalence referred to in Article 46, paragraph 1 of the Directive 2006/43/EC in respect of the Jersey public oversight, quality assurance, investigation and penalty systems for auditors and audit entities (Decision No. 2013/288/EU);

Recognising that the transfer of personal data from Luxembourg to Jersey has to be in accordance with the Law of August 2, 2002 implementing Directive 95/46/EC and in particular Chapter IV of Directive 95/46/EC;

Recognising that the transfer of personal data from Jersey to Luxembourg has to be in accordance with the Data Protection (Jersey) Law 2005;

Recognising the Commission Decision of May 8, 2008 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequate protection of personal data in Jersey;

Having regard to the auditor oversight regime administered by the JFSC under Part 16 of the Companies (Jersey) Law 1991 and the designation of the United Kingdom’s Financial Reporting Council (“FRC”) under that regime, pursuant to the Companies (Designated Body) (Jersey) Order 2012, to perform certain functions under Jersey law relating to audit regulation, in particular audit quality inspections.

PURPOSE

1. Both Parties seek to improve the quality, accuracy and reliability of the audit of public companies through audit regulation and auditor oversight so as to protect investors, help strengthen public trust in the audit process and increase investor confidence in their respective capital markets.
2. Given the global nature of capital markets, the Parties recognise the need for mutual cooperation in matters related to the oversight of Auditors subject to the regulatory jurisdictions of both JFSC and CSSF.
3. The purpose of this MOU is to facilitate mutual cooperation between the Parties in the area of public oversight, Inspections and Investigations of Auditors subject to the oversight of the Parties. JFSC and CSSF believe it is in their common interest to cooperate in the oversight of Auditors that fall within the regulatory jurisdiction of both Parties to the extent such cooperation is compatible with the Parties' respective Laws or regulations, their important interests and their reasonably available resources. Cooperation is intended to permit the Parties to meet their respective statutory oversight mandates.

DEFINITIONS

4. For the purpose of this MOU,

"Party" or **"Parties"** means the Jersey Financial Services Commission and/or the Commission de Surveillance du Secteur Financier in Luxembourg.

"Auditor" means a natural person or an audit firm that is subject to the oversight of the Parties in accordance with the law of July 23, 2016 relating to the audit profession in Luxembourg and the Companies (Jersey) Law 1991.

"FRC" means the United Kingdom's Financial Reporting Council.

"Laws or regulations" mean any laws, rules or regulations in force in the respective countries of the Parties.

"Inspections" refers to external quality assurance reviews of Auditors generally undertaken on a regular basis with the aim of enhancing audit quality.

"Investigations" refers to investigations in response to a specific suspicion of infringement or violation of Laws or regulations.

"Information" means non-public information that relates to: (1) the outcome of Inspections and Investigations, including information on firm-wide quality control procedures and engagement reviews, (2) audit working papers or other documents held by Auditors, and (3) other areas of mutual interest for the purpose of supervision, provided that the information relates to matters that are subject to the regulatory jurisdictions of both Parties.

COOPERATION

Exchange of Information

5. Cooperation includes the exchange of Information between the Parties for the purposes permitted or required by Laws or regulations on public oversight, registration, Inspections, and Investigations of Auditors.

Mutual recognition

6. The Parties will rely on the supervision of the Auditors in their home country and:
 - (a) shall refrain from public oversight activities, Inspections, Investigations and penalties with respect to Auditors from the other country on the basis of reciprocity, to the extent permitted by their respective national Laws or regulations; and
 - (b) will endeavour to minimise the burden related to the registration of Auditors from the other country on the basis of reciprocity, to the extent permitted by their respective Laws or regulations¹.
7. To the extent permitted by Laws or regulations, the Parties will use their best endeavours to inform one another, prior to or immediately after taking any significant public oversight measures, in respect of relevant Auditors that are registered or seek registration in the other country.

Requests for Information

8. Each Party will provide the other Party with Information upon request.
9. Requests will be made in writing (including e-mail) and addressed to the contact person of the requested Party.
10. The requesting Party should specify the following:
 - (a) the Information requested;
 - (b) the purposes for which the Information will be used;
 - (c) the reasons why the Information is needed, and if applicable, the respective Laws or regulations that may have been violated;
 - (d) an indication of the date by which the Information is needed;
 - (e) to the best of the knowledge of the requesting Party, an indication of whether the Information requested might be subject to further use, transfer or disclosure under paragraphs 20 to 24.

¹ In any case, the CSSF requires a light registration process for a third-country audit entity which originates from a third-country which has been declared as equivalent by the European Commission as well as the disclosure of an annual transparency report.

11. In the case where Information is exclusively held by the relevant Auditor, the Parties will not request direct transfer of such Information by the Auditor. Such Information will be requested from the other Party in each case.
12. In cases where the Information requested may be maintained or available at another Party within the country of the requested Party, the requested Party will endeavour to provide the Information to the extent permitted by national Laws or regulations.

Execution of requests for Information

13. Each request will be assessed on a case by case basis by the requested Party to determine whether Information can be provided under the terms of this MOU. In any case where the request cannot be met in full within the desired time period, the requested Party will inform the requesting Party accordingly and will consider whether other relevant Information or assistance can be given.
14. Each Party shall endeavour to provide a prompt and adequate response to requests for Information.
15. In order to avoid unnecessary delays, the requested Party will provide as appropriate parts of the requested Information as they become available.
16. The requested Party may refuse to act on a request where:
 - (a) it concludes that the request is not in accordance with this MOU;
 - (b) acceding to the request would contravene the Laws or regulations of the requested Party's country;
 - (c) it would burden the requested Party disproportionately;
 - (d) it concludes that it would be contrary to the public interest of the requested Party's country for assistance to be given;
 - (e) the provision of Information would adversely affect the sovereignty, security or public order of the requested Party's country; or
 - (f) judicial, administrative or disciplinary proceedings have already been initiated or have become legally effective in respect of the same actions and against the same persons before the authorities of the country of the requested Party.
 - (g) final judgment has already been passed in respect of the same actions and on the same Auditor by the competent authorities of the requested Party.

17. The requested Party will promptly inform the requesting Party of the reasons where it refuses to act on a request made under this MOU.
18. Any document or other material provided in response to a request under this MOU and any copies thereof shall be returned on request to the extent permitted by national Laws or regulations.

CONFIDENTIALITY

19. Each Party shall keep confidential all Information received or created in the course of cooperation, to the extent consistent with Laws or regulations. The obligation of confidentiality shall apply to all persons who are or have been:
 - (a) employed by the Parties;
 - (b) involved in the governance of the Parties; or
 - (c) otherwise associated with the Parties.

USE OF INFORMATION

20. The Parties may use Information received or created in the course of cooperation only for the exercise of their functions of public oversight, Inspections and Investigations of Auditors. If any Party intends to use Information received or created in the course of cooperation for any purposes other than those stated in the request, it must obtain the prior written and specific consent of the requested Party. If the requested Party consents to the use of Information for a purpose other than that stated, it may subject it to conditions.
21. The JFSC may disclose Information received from the CSSF under the provisions of this MOU to the FRC for the purposes of the FRC carrying out the audit quality inspection function designated to it pursuant to the Companies (Designated Body) (Jersey) Order 2012. For the purposes of its audit quality inspection function it may be necessary for the FRC to share information it receives with the audited company (including its audit committee), the relevant Auditor and the Institute of Chartered Accountants of England and Wales in its capacity as the Crown Dependencies² Audit Registration Committee.

EXCEPTIONS TO CONFIDENTIALITY

22. In the event that a Party is required to disclose or to transfer the Information received or created in order to comply with its obligation under its national Laws or regulations or by a court order, it will provide, wherever possible, at least fifteen working days advance written notice to the other Party prior to its disclosure or transfer, stating the reasons as to why the Party is required to disclose or transfer such Information.
23. If the other Party objects to the disclosure or the transfer, the requesting Party will make best efforts to resist the disclosure or transfer of the Information.

² The Crown Dependencies are Jersey, Guernsey and the Isle of Man.

24. A Party that intends to disclose or to transfer any Information received or created in the course of cooperation, other than in cases referred to in paragraphs 21 and 22, must obtain the prior written and specific consent of the Party which provided the Information. The Party which intends to disclose or transfer the Information shall indicate the reasons and the purposes for which it would be disclosed or transferred. The requested Party may make its consent to the disclosure or transfer of the Information subject to conditions.

THE TRANSFER OF PERSONAL DATA

25. The Parties will only transfer personal data in accordance with their respective Laws or regulations on data protection.

OTHER

26. This MOU does not create any binding legal obligations, nor does it modify or supersede any Laws or regulations in Luxembourg or in Jersey. This MOU does not give rise to a right on the part of the CSSF, the JFSC 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 CSSF or the JFSC.
27. This MOU does not prohibit the Parties from taking measures with regard to the supervision of Auditors that are different from or in addition to the measures set forth in this MOU.
28. The Parties shall at the request of either Party consult on issues related to the matters covered by this MOU and share experiences and knowledge gained in the discharge of their respective duties to the extent permitted by their respective Laws or regulations.
29. The Parties may consult informally, at any time, about a request or proposed request or about any Information provided.
30. The Parties may consult and revise the terms of this MOU in the event of a substantial change in Laws or regulations and/or practices affecting the operation of this MOU.

ENTRY INTO EFFECT AND TERMINATION

31. This MOU will come into force from the date of signature by both Parties.
32. This MOU may be terminated by either Party at any time. The provisions concerning confidentiality (paragraphs 19 to 24) and on the transfer of personal data (paragraph 25) shall remain in force thereafter.

PUBLICATION

33. Either, or both, Parties may make a copy of this MOU or the text of it publically available.

Luxembourg, 30 November 2016

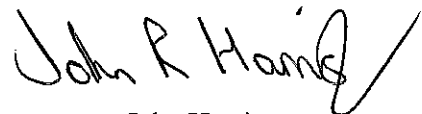
Commission de Surveillance du
Secteur Financier



Claude Marx
(Director General)

Jersey, 6th December 2016

Jersey Financial Services
Commission



John Harris
(Director General)

