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Press Release

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Signing of Statement of Protocol with U.S. PCAOB

The Financial Supervisory Commission and the Financial Supervisory Service announced the signing of Statement of Protocol (“Statement”) with the U.S. Public Company Accounting Oversight Board (PCAOB) on March 21. The Statement, signed by Mr. Yoon Jeung-Hyun, Chairman of the FSC and Governor of the FSS, and Mr. Mark Olsen, Chairman of the PCAOB, in Seoul, is intended to facilitate cooperation in matters related to the oversight of the auditors of both countries and thereby contribute to improved accuracy and reliability of audit reports.

The Statement consists of four key provisions on cooperation relating to inspection, investigation, sanction, and confidentiality. In respect of cooperation in an inspection, the Statement provides that each regulatory authority may, on behalf of or in support of the other, review audit papers, conduct interviews of an audit firm’s personnel, and assess an audit firm’s quality control system. In determining sanctions for accounting firms that fall within the regulatory jurisdiction of both the FSC/FSS and the PCAOB, the Statement provides that each regulatory authority shall endeavor to take into account the laws and regulations of the other. In respect of confidentiality, the Statement calls on both the FSC/FSS and the PCAOB to hold confidential documents and information created or received in the course of cooperation.

For the FSC/FSS, the signing of the Statement is the first ever with a foreign audit oversight authority, and the expectation is that the Statement will contribute to enhanced cooperation on the oversight of accounting firms between the two countries. With regulators elsewhere stepping up oversight of auditors of multinational companies whose securities are traded in their markets, the FSC/FSS will endeavor to enter into similar cooperative arrangements with other foreign regulatory authorities in order to avoid duplicate audit supervision and reduce compliance cost.

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