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International Organization of Securities Commissions
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IOSCO Issues Survey Report on Audit Committee Oversight of Auditors

The Board of the International Organization of Securities Commissions (IOSCO) today published the [Survey Report on Audit Committee Oversight of Auditors](#), which seeks to help identify audit committee practices that could improve audit quality at publicly listed entities.

The report summarizes the results of an IOSCO survey of its members regarding the existing legal, regulatory and other requirements related to the oversight by audit committees of the auditor and the audit process of domestic publicly-listed entities. The report also serves to inform interested stakeholders and IOSCO members of the audit committee requirements in force in different jurisdictions, as of 31 December 2014.

In many jurisdictions, the audit committee of a publicly listed entity plays a key role in appointing external auditors and overseeing the financial reporting process and external audits. The survey results indicate that 96% of the 47 responding jurisdictions require publicly listed entities to establish an audit committee or another similar governance body that is separate from the executive management and acts in the interest of investors.

The report includes IOSCO's observations regarding the survey responses on the following:

- *Audit Committee Independence*

At least one member of the audit committee is required to be independent of both the management of the publicly listed entity and the auditor in 100 per cent of responding jurisdictions, and 76 per cent of jurisdictions require a majority of audit committee members or all audit committee members to be independent.

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- *Audit Committee Special Skills or Experiences*
At least one audit committee member is required to have special skills or experience in 87 per cent of responding jurisdictions.
- *Audit Committee Assessments of Auditor Independence*
Over 90 per cent of responding jurisdictions require that the audit committee be explicitly responsible for assessing the auditor's independence.
- *Audit Committee Assessment of Auditor Performance*
A periodic assessment of auditor performance by the audit committee is required in 71 per cent of responding jurisdictions, although the guidance provided to audit committees to consider in assessing auditor performance varies significantly by jurisdiction.
- *Auditor communications to the audit committee*
Communications from the auditor to the audit committee are required in 80 per cent of responding jurisdictions.
- *Transparency Reporting*
Requirements that audit firms provide transparency reporting exist in 61 per cent of countries with developed capital markets, while 15 per cent of growth and emerging market jurisdictions have this requirement.
- *Shareholder Vote and Reporting to Shareholders*
An active involvement by shareholders is evident in that 79 per cent of responding jurisdictions require a shareholder vote on auditor selection.

The survey also highlighted a notable increase in the role and responsibility of the audit committee related to auditor oversight since 2004 when IOSCO last conducted a stock taking of audit committee requirements.

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NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United Kingdom, and the United States.
3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 10 of the G20 members. Mr. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
4. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
 - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
 - to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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