



# Auditors Oversight Authority

CAYMAN ISLANDS

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## Code of Ethics (for the AOA's Board of Directors)

### Introduction

The Auditors Oversight Authority of the Cayman Islands (AOA) is an independent regulatory organisation established under The Auditors Oversight Law (2017 Revision) to regulate and supervise auditors of the financial statements of market traded or designated companies and to regulate auditors of Authority specified companies who have voluntarily registered as recognized auditors. AOA is committed to conducting business with integrity, in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations.

The purpose of this Code of Ethics (for the AOA's Board of Directors) is to maintain the highest standards of ethical conduct among members of the Board of Directors ("Board"), and to provide the public with confidence in the objectivity of the AOA's decisions by seeking to avoid both actual and perceived conflicts of interest among Board members and, more generally, among the spouses and dependents of Board members.. In this respect, Board members should be vigilant concerning the possible conflicts or perception of conflicts which might arise because of the involvement, through employment or otherwise, of spouses, dependents and other close family members with audit firms within the jurisdiction of the AOA.

All Board members are expected to read and comply with this Code. Each individual is responsible to the public as a representative of the AOA and is expected to represent the public interest with integrity.

### EC1. Application of Code

The provisions of this Code of Ethics apply, according to their terms, to present Board members and, as appropriate, to the spouses and dependents of present Board members.

EC 3(c) and EC 10 apply to former Board members.

### EC2. Definitions

(a) Code

The term "Code" means this Code of Ethics (for the AOA's Board of Directors), as it may be amended from time to time.

(b) Honoraria

The term "honoraria" means anything received by a Board member 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 on behalf of the AOA. Neither the waiver of conference fees nor acceptance of a modest speakers-only meal constitutes "honoraria."

Note: Items that are provided to all conference participants, including speakers, are not provided "in exchange for" a speech and thus not considered to be "honoraria."

### EC3. General Principles

- (a) 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 shall apply the principles set forth in this Section, and may consult with the Ethics Officer in determining whether their conduct is proper.



## Auditors Oversight Authority

CAYMAN ISLANDS

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- (1) Board members should at all times be mindful of their responsibilities to the AOA, the sensitivity of their positions, and the need for public confidence in the objectivity and deliberative due process of the AOA.
  - (2) Board members should recognize that the degree of public confidence in the function and activities of the AOA depends heavily upon the observance of both the letter and spirit of this Code.
- (b) No Board member 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 Board member is:
- (1) using his or her official position with the AOA, or confidential information obtained through service for the AOA , for the private gain of any person;
  - (2) giving preferential treatment to any person with respect to his or her work for the AOA ;
  - (3) losing independence or objectivity with respect to his or her work for the AOA ;
  - (4) adversely affecting the public confidence in, or the integrity, independence or objectivity of the AOA ; or
  - (5) otherwise hindering the interests or reputation of the AOA.
- (c) No former Board member may use confidential information obtained through service for the AOA, for the private gain of any person.

### **EC4. Financial Interests**

Subject to sections 12 and 13 of the Auditors Oversight Law (2017 Revision) and notwithstanding any other provision of this Code, no Board member may share in any of the profits of, or receive payments from, a public accounting firm that is a participant in AOA's oversight program, other than fixed continuing payments under standard arrangements for retirement from public accounting firms.

### **EC5. Investments**

Subject to sections 12 and 13 of the Auditors Oversight Law (2017 Revision), nothing in this Code prohibits Board members 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 may have any financial interest in a public accounting firm that is a participant in AOA's oversight program.

### **EC6. Outside Activities**

- (a) No Board member shall engage in any outside activity, whether or not for compensation that:



## Auditors Oversight Authority

CAYMAN ISLANDS

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- (1) affects or reasonably creates the appearance of affecting his or her independence or objectivity;
  - (2) interferes with his or her responsibilities to the AOA; or
  - (3) otherwise hinders the interests or reputation of the AOA.
- (b) In determining whether a proposed activity by a Board member represents a threat to independence, the individual's responsibilities to the AOA or the interests or reputation of the AOA as prohibited by EC 6(a), the Ethics Officer of the AOA shall identify the threat, evaluate the significance of the threat and, if the threat is other than clearly insignificant, consider whether any proposed safeguards would eliminate the threat or reduce it to an acceptable level.

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

- (a) No Board member shall, directly or indirectly, solicit or accept any gift, reimbursement, honoraria or anything of monetary value from any source that might reasonably be viewed as:
- (1) interfering with his or her independence, objectivity or responsibilities to the AOA ; or
  - (2) otherwise hindering the interests or reputation of the AOA.
- (b) In connection with his or her AOA role or responsibilities, no Board member shall accept payment for or reimbursement of travel-related expenses from any organisation other than the AOA, except:
- (1) for travel that is in direct connection with the Board member'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 governmental body, or an association of such bodies,
    - (B) an accredited institution of higher learning,
    - (C) a registered charity or a non-profit organization provided such organisation is not principally funded from one or more public accounting firms that are participants in the AOA's oversight program or reposting issuers, or
    - (D) institutions equivalent to those in EC7(b)(2)(A) – (C) located outside the Cayman Islands.



## Auditors Oversight Authority

CAYMAN ISLANDS

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### **EC8. Use of AOA Assets**

Board members should protect the AOA's assets and use them solely for purposes of conducting AOA business.

### **EC9. Disqualification**

Subject to sections 12 and 13 of the Auditors Oversight Law (2017 Revision), if a Board member becomes aware of circumstances or facts that in his or her judgement might lead a reasonable person to believe that he or she may have a financial interest or other relationship that might affect, or reasonably create the appearance of affecting, his or her independence or objectivity with respect to the AOA's purpose or activities, then he or she shall, at the earliest possible date:

- (a) disclose such financial interest or other relationship to the Board Chairman;
- (b) take appropriate measures to eliminate the financial interest or other relationship at the earliest practical date but no later than 30 days or such longer period as may be agreed upon by the Board (see EC15) after the person has knowledge of the financial interest or other relationship and the right or ability to eliminate it; and
- (c) if the financial interest or other relationship has not been eliminated in accordance with EC9(b), recuse himself or herself from further AOA activities involving or affecting the financial interest or other relationship.

Note: For the purposes of applying this provision upon commencement of their appointment, Board members must report to the Ethics Officer any financial interests or other relationships that might affect, or reasonably create the appearance of affecting, his or her independence or objectivity with respect to the AOA's purpose or activities, within the first 60 days of their appointment, or 60 days from the effective date of this Code, whichever is later.

### **EC10. Non-Public Information**

- (a) Subject to section 26 of the Auditors Oversight Law (2017 Revision), unless authorised by the Board, no Board member shall disseminate or otherwise disclose any information obtained in the course of his or her Board membership and that has not been released, announced, or otherwise made available publicly.
- (b) The provisions of this Section shall continue in effect after the termination of Board membership.

### **EC11. Speaking for AOA**

Subject to sections 26 and 7(2) (a) of the Auditors Oversight Law (2017 Revision), unless authorised to speak on behalf of the AOA, Board members 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 AOA or other Board members.

### **EC12. Ethics Officer**

The Board shall designate the Chairman of the Board or, in his absence, the Deputy Chairman and/or the Managing Director as the Ethics Officer who shall be empowered to:

- (a) counsel Board members regarding compliance with or personal violations of this Code:



## Auditors Oversight Authority

CAYMAN ISLANDS

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- (b) issue advisory opinions, as requested, to Board members 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.

### **EC13. Post-Appointment Restrictions**

- (a) For a period of one year following termination of Board membership, an individual may not:
  - (1) knowingly act as an agent or counsel for, or otherwise represent, any other person in any formal or informal appearance before the AOA with respect to a review proceeding or arbitration; or
  - (2) make any oral or written communication on behalf of any other person to, and with the intent to, influence the AOA with respect to a review proceeding or arbitration.
- (b) Former Board members shall not represent before the AOA or communicate to the AOA, as set forth in EC13(a) (1) and (2), on a particular matter in which the Board member participated personally and substantially as a Board member.
- (c) For purposes of this Section, participating in the financial reporting process as the officer or director of a market traded, designated or Authority specified company or participating in an engagement to audit a market traded, designated or Authority specified company's financial statements does not, in and of itself, constitute representation before or communication to the AOA as set forth in EC13(a) (1) and (2).

### **EC14. Compliance**

Board members are encouraged to seek guidance from the Chairman when in doubt about the best course of action in a particular situation. Additionally, Board members are required to report violations of this Code to the Chairman and will suffer no adverse consequences when making reports in good faith.

### **EC15. Waiver**

Unless otherwise prohibited by law, the Board (or person to whom the Board may delegate this responsibility) may grant a request for waiver of any provision of this Code. Such waivers must be requested in writing by the Board member and evaluated by the Chairman. The Board will grant waiver requests only after a finding that the waiver would not otherwise hinder the interests or reputation of the AOA or violate any of the provisions of the Auditors Oversight Law (2017 Revision). The nature of any waivers granted will be promptly made available to the public through the AOA website, subject to the withholding of information that would constitute a clearly unwarranted invasion of personal privacy.

### **EC16. Certification**

Board members shall agree in writing to comply with this Code at the commencement of their appointment, or from the effective date of this Code, whichever is the later, and shall, throughout the term of their appointment, certify annually in writing to the Chairman their continuing compliance with it.



## Auditors Oversight Authority

CAYMAN ISLANDS

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### **EC17. Failure to Comply**

A Board member who does not comply with the requirements of this Code could be subject to termination of his or her appointment.

### **EC18. The Auditors Oversight Law (2017 Revision)**

Nothing in this Code shall be construed as augmenting, replacing or restricting the application of any provision of the Auditors Oversight Law (2017 Revision). Consequently, if there is any conflict between this Code and the provisions of the Law, the latter shall prevail.