

GLOSSARY — ABBREVIATIONS, ACRONYMS AND CAST OF CENTRAL CHARACTERS

AICPA

The American Institute of Certified Public Accountants, which represents the profession in the United States, traces its history to 1887. Its activities include advocacy, certification and licensing, communications, recruitment and education, and standards and performance. Until 2002, when the PCAOB was created by Sarbanes-Oxley and given authority to set generally accepted auditing standards and to inspect and oversee auditors of public companies in the United States, these functions were carried out under the auspices of the AICPA.

CAQ

The Center for Audit Quality is a policy advocacy organization, affiliated with the AICPA, whose members are US accounting firms registered with the PCAOB. It formulates and advances positions on policy issues facing the public company auditing profession and the capital markets.

EU

In 2002, the European Union adopted IFRS as the required financial reporting standards for the consolidated financial statements of all European companies whose debt or equity securities trade in a regulated market in Europe, effective in 2005. The adoption of IFRS was done by enactment of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The portfolio of the EU Commissioner for Internal Market and Services, a member of the European Commission, concerns the development of the European single market and its movement of people, goods, services and capital.

The tenures of Commissioners Charlie McGreevy (2004–2010) and Michele Barnier (2010–2014) led eventually to the passage by the European Parliament in April 2014 of legislation having potentially far-reaching effect on auditor tenure, non-audit services by auditors, and the form and content of auditor reports.

FASB

The stated mission of the Financial Accounting Standards Board is to establish financial accounting and reporting standards for publicly held companies in the United States (US GAAP). Although having statutory authority to do so under the Securities Exchange Act of 1934, the SEC has throughout its history relied on the private sector for this function — designating the FASB to establish standards of private sector financial accounting that govern the preparation of financial reports by nongovernmental entities. The FASB's standards are thus officially recognized as authoritative by the SEC and the AICPA.

Chairmen of the FASB over the relevant years:

Robert Herz (2002–2010)

Leslie Seidman (2010–2013)

Russell Golden (2013–)

FRC

The Financial Reporting Council sets the standards framework within which auditors, actuaries and accountants operate in the United Kingdom, and sponsors the UK Corporate Governance Code for companies. It sets, monitors and enforces standards for corporate reporting, audit and actuarial practice.

FSA/FCA/PRA

In 2012, the responsibilities of the Financial Services Authority, as the national financial services regulator in the United Kingdom, were divided between the Financial Conduct Authority and the Prudential Regulation Authority. The FCA now has responsibility for regulating financial firms, market infrastructure and listings for securities issuers. The PRA, as a subsidiary of the Bank of England, is responsible for the supervision and regulation of banks, building societies, credit unions, insurers and investment firms.

IAASB

The International Auditing and Assurance Standards Board develops auditing and assurance standards and guidance, including the international standards on auditing (ISAs), which are used or are in the process of adoption in more than 90 countries. The structures and processes supporting the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC), a global organization whose 175 members and associates are

professional accountancy organizations in some 130 countries and jurisdictions — examples would include the AICPA in the United States and the ICAEW in the United Kingdom.

IASB

The International Accounting Standards Board is responsible for the development and publication of the International Financial Reporting Standards (IFRS) and related interpretations. Its 14 members have a mix of experience in preparing, auditing, or using financial reports and in accounting education.

Chairmen of the IASB over the relevant years:

David Tweedie (2001–2011)

Hans Hoogervorst (2011–)

ICAEW

The Institute of Chartered Accountants in England and Wales was given a royal charter by Queen Victoria in 1880. It seeks to achieve its vision on behalf of the accountancy and finance profession, through advancing the theory and practice of accountancy, finance, business, and commerce; recruiting, educating, and training the profession's members; preserving professional independence; and maintaining high standards of practice and conduct.

IFIAR

The International Forum of Independent Audit Regulators was established in 2006 by audit regulators from 17 jurisdictions, and has grown to have members from 51 jurisdictions with the establishment of new audit regulators around the world. Its focus

includes sharing knowledge and experience concerning audit regulatory activity with a focus on inspections of auditors and audit firms, and promoting collaboration and consistency in regulatory activity.

IFRS

The International Financial Reporting Standards comprise a set of accounting standards, developed and maintained by the IASB, intended for application on a globally consistent basis. IFRS are mandated for use by more than 100 countries, including the European Union and by more than two-thirds of the G20.

IFRS are developed and issued by the IASB, the standard-setting body of the London-based IFRS Foundation, through an international consultation process, involving interested individuals and organizations.

PCAOB

The Sarbanes-Oxley Act of 2002 created the Public Company Accounting Oversight Board, as a nonprofit corporation to oversee the audits of public companies, requiring for the first time that auditors of public companies in the United States be subject to governmental agency inspection and oversight. As part of its mandate, Sarbanes-Oxley gave the PCAOB final authority over generally accepted auditing standards (GAAS), regulation and professional practices for auditors and audits of public companies — functions previously and traditionally exercised under the auspices of the AICPA.

The SEC has oversight authority over the PCAOB, including the approval of the Board's rules, standards and budget. The members of the PCAOB Board are appointed to staggered five-year terms by the SEC, after consultation with the Chairman of

the Board of Governors of the Federal Reserve System and the Secretary of the Treasury.

Chairmen of the PCAOB:

William McDonough (2003–2005)

Mark Olson (2005-2009)

Daniel Goelzer (acting, 2009–2011)

James Doty (2011–)

Sarbanes-Oxley

The Sarbanes-Oxley Act of 2002 (Pub.L.107-204, 116 Stat. 745, enacted July 30, 2002) was also known as the “Public Company Accounting Reform and Investor Protection Act” (in the US Senate) and the “Corporate and Auditing Accountability and Responsibility Act” (in the House). It is known after its principal legislative sponsors, Senator Paul Sarbanes (D-Md.) and Representative Michael Oxley (R-Ohio), sometimes also Sarbox or SOX.

The law created the PCAOB, charging that agency with overseeing, regulating, inspecting and disciplining auditors of public companies, and also addressed auditor independence, corporate governance, internal control assessment and reporting and financial disclosure.

SEC

The Securities and Exchange Commission is the primary overseer and regulator of the securities markets in the United States. The two principal pieces of legislation framing the American regulatory scheme are the Securities Act of 1933 and the Securities Exchange Act of 1934.

The 1933 Act established the requirement of registration of securities offered for public sale, intending that investors receive financial and other significant information. The 1934 Act created the Securities and Exchange Commission, giving it broad authority over the securities industry, brokerage firms, transfer agents, and clearing agencies as well as the nation's securities exchanges. The 1934 Act also identifies and prohibits certain types of conduct in the markets and provides the Commission with disciplinary powers over regulated entities and persons associated with them, and empowers the SEC to require periodic reporting of information by companies with publicly traded securities.

The SEC is authorized to set national accounting standards — US GAAP — a function it has traditionally delegated to the private sector in the role of the FASB. Under Sarbanes-Oxley, it exercises supervision over the PCAOB and its functions in respect of auditors and audits.

Chairs of the SEC over the relevant years:

Harvey Pitt (2001–2003)

William Donaldson (2003–2005)

Christopher Cox (2005–2009)

Mary Schapiro (2009–2012)

Mary Jo White (2013–2017)