



## IFIAR 2017 Member Profile – CMVM

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Portugal
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  Comissão do Mercado de Valores Mobiliários (CMVM)  Portuguese Securities Market Commission
	<b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b>  Postal address: Rua Laura Alves, nº 4 - Apartado 14258 1064-003 Lisboa, Portugal  Telephone number: +351 213 177 000 Fax number: +351 213 537 077 E-mail address: <a href="mailto:cmvm@cmvm.pt">cmvm@cmvm.pt</a>  Website: <a href="http://www.cmvm.pt/en/Pages/homepage.aspx">http://www.cmvm.pt/en/Pages/homepage.aspx</a>
	<b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b>  Pursuant to the Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 and the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, new legislation has been recently passed in Portugal: Law no. 140/2015 of 7 September 2015 (which approved the new Statute of the Portuguese Institute of Statutory Auditors / Ordem dos Revisores Oficiais de Contas) and Law no.

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



	<p>148/2015 of 9 September 2015 (which approved the legal framework of audit oversight).</p> <p>Such new legislation has, inter alia, (i) determined the extinction of Conselho Nacional de Supervisão de Auditoria (CNSA), and (ii) conferred Comissão do Mercado de Valores Mobiliários (CMVM), as from 1 January 2016, the powers for the public oversight of statutory auditors (sole practitioners), statutory audit firms, auditors and audit entities from Member States and third countries registered in Portugal as well as all audit activity undertaken by them.</p> <p>CMVM has the exclusive power , among others legally defined by national and European legislation:</p> <ul style="list-style-type: none"> <li>a) To ensure quality control and oversight of statutory auditors and statutory audit firms carrying out the statutory audit of public-interest entities, as well as oversight on other auditors arising from any grievance of other national or foreign authorities;</li> <li>b) To assess the performance of public interest entities' supervisory bodies, in accordance with article 27 of Regulation (EU) No 537/2014, of the European Parliament and of the Council of 16 April 2014;</li> <li>c) To issue the necessary regulations on matters within the scope of its powers, consulting the Portuguese Institute of Statutory Auditors / <i>Ordem dos Revisores Oficiais de Contas</i> (OROC) for such purpose;</li> <li>d) To examine and decide administrative infraction proceedings, including the enforcement of the respective penalties;</li> <li>e) To oversee the duties carried by OROC, especially with regards to all procedures concerning auditors' registry and the quality control carried out by the latter.</li> </ul> <p>CMVM is the designated national authority in accordance with article 20 of Regulation (EU) No 537/2014, of the European Parliament and of the Council of 16 April 2014.</p> <p><b>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>
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<b>3. Governing Body Composition and members</b>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>2</sup></b></p> <p>The Executive Board of the CMVM is currently composed by:</p> <p>Gabriela Figueiredo Dias (Chair)          Filomena Pereira de Oliveira (Vice-Chair)          Rui Correia Pinto (Board Member)          João Gião (Board Member)          Afonso Silva (Board Member)</p> <p>All of the board members are independent from the audit profession.</p>
	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>According to the CMVM's Statutes, the members of the CMVM's Management Board are chosen from among individuals with renowned suitability, technical competence, fitness, professional experience and training that is adequate for exercising their duties. They should have, as a whole, adequate knowledge in matters relevant to the oversight of audit activity. Their appointment is carried out by the Portuguese Finance Cabinet Member, and is subject to a public hearing before the competent committee of the Portuguese Parliament and profile evaluation in the Portuguese Recruitment and Selection Committee for Public Administration (CRESAP).</p>
	<p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>3</sup></b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>3.4 If the answer to question 3.3 is "No", is the majority of the members of the governing body non-practitioner?</b></p>

<sup>2</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

<sup>3</sup> Ibid.



	<p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p>N/A</p> <hr/> <p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p> <p>N/A</p> <hr/> <p><b>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>Notwithstanding the response “No” to the above, we understand it is important to clarify that CMVM’s Management Board members carry out their duties on an exclusive basis and may not, in particular: (i) maintain any relationship or contractual relationship either directly or indirectly, paid or unpaid, with companies, groups of companies or other entities of the regulatory body activity or hold any shares or interests in companies, groups of companies or other entities recipients of the CMVM activity; or (ii) maintain, directly or indirectly, any relationship or contractual relationship, whether paid or unpaid, with other entities whose activities may conflict with their duties and powers.</p> <p>As such, according to the Portuguese law, the members of the Management Board of the CMVM cannot be auditors. In theory, they may have been auditors in the past, but the legal requirements as well as the profile evaluation undertaken by the Portuguese Recruitment and Selection Committee for Public Administration (CRESAP), as mentioned above, prevent the appointment of Board members who may have conflicts of interest.</p>
	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (e.g., in a management or inspection function)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>



	<p><b>If yes, please describe their role with an appropriate level of detail:</b></p> <p>CMVM's Supervisory Board, appointed by the Portuguese Finance Cabinet Member, is the body that supervises and monitors the financial management and the legal compliance of CMVM, and is composed by three members, one of which must be a statutory auditor (sole practitioner).</p>
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p>According to the Portuguese law, the CMVM's audit oversight activity is financed by own revenue, notably through contributions, fees and other charges due under the CMVM's Statutes, which are approved through a ministerial order. In addition, the CMVM is also entitled to receive an amount equal to 40% of the proceeds from fines, seizures and costs of processes within the context of audit oversight.</p> <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>N/A</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</b></p> <p>N/A</p>



	<p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>The CMVM exercises quality control under the terms set forth in Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014. In this context, as foreseen in the article 26, the quality assurance reviews of statutory auditors and audit firms that carry out statutory audits of public-interest entities on the basis of an analysis of the risk and: (a) in the case of statutory auditors and audit firms carrying out statutory audits of public-interest entities other than those defined in points (17) and (18) of Article 2 of Directive 2006/43/EC at least every three years; and, (b) in cases other than those referred to in point (a), at least every six years.</p>
<p><b>6. Audit and Financial Market</b></p>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</b></p> <p>As of December 31, 2015 are registered a total of:</p> <ul style="list-style-type: none"> <li>- 1378 statutory auditors (1241 of them are practicing), of which 802 are employed by or associated as partners or otherwise with an audit firm and 2 auditing public interest entities (PIE);</li> <li>- 229 audit firms, of which 58 auditing PIE.</li> </ul> <p>With reference to December 31, 2015 there are a total of 1189 PIE, of which 467 collective investment schemes, 224 pension funds, 143 banks, 86 private equity funds/companies, 65 listed companies and 46 insurance companies.</p> <p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</b></p> <p>For the year ended December 31, 2015, the total turnover of the 4 most representative audit firms in Portugal (Deloitte, KPMG, EY and PwC) represented 86% of the total turnover of the network auditing PIE and for those firms the fees from statutory audit and charged for other assurance services corresponded to a 35% of the total turnover.</p>





<b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b>	<b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b>  <input checked="" type="checkbox"/> <b>Registration/Licensing</b> <input type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b> <input type="checkbox"/> <b>Permanent Education of Auditors</b> <input checked="" type="checkbox"/> <b>Enforcement</b> <input checked="" type="checkbox"/> <b>Other: Oversight of the audit quality control carried out by OROC</b>
	<b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b>  <input checked="" type="checkbox"/> <b>Directly</b> <input type="checkbox"/> <b>Through Oversight</b>  <b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>4</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b>  <p>CMVM has the legal competence to oversee all registration procedures carried out by OROC and additionally Statutory auditors who do not intend to carry out public interest activities may not be registered in CMVM.</p> <p>However for all those auditors who intend to carry out public interest activities, the registration in CMVM is mandatory, and is made directly by CMVM based, but not limited to, OROC's registration file, whose copy must be sent to CMVM within five days of its request.</p>
	<b>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b>  <input type="checkbox"/> <b>Directly</b> <input type="checkbox"/> <b>Through Oversight</b>  <b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the</b>

<sup>4</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p>audit profession<sup>5</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>
	<p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>6</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>
	<p><b>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>7</sup> are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>
	<p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p> <p>CMVM has the responsibility for the supervision of the audit quality control carried out by OROC over the statutory auditors and audit firms that do not auditing PIE.</p>

<sup>5</sup> Ibid.

<sup>6</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

<sup>7</sup> Ibid.





<b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b>	<b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b>
	<p>In addition to the audit oversight, CMVM regulates and supervises the markets in financial instruments, as well as the entities that act therein, in accordance with the Portuguese Securities Code and the relevant complementary legislation. In particular, CMVM's duties are to: (a) regulate and supervise the markets in financial instruments by promoting investor protection; (b) ensure financial market stability by contributing towards the identification and prevention of systemic risk; (c) contribute towards the development of the markets in financial instruments; (d) provide information and support to retail investors; (e) to assist the Portuguese Government and the relevant member responsible for finances, at the formers' request or via own initiative, in the setting of policies in financial instruments, markets and the relevant entities involved therein.</p>
<b>9. Major Events and Activities</b>	<b>9.1 Describe any recent major events and activities:</b>
	<p>Current major initiatives:</p> <ul style="list-style-type: none"> <li>a) The implementation of the EU Audit Reform, i.e., the Audit Regulations and Directive;</li> <li>b) Set up of an independent oversight entity.</li> </ul>

