

Federal Ministry of Justice

Standardisation Agreement

The following

Agreement

is entered into by the Federal Ministry of Justice (Bundesministerium der Justiz – BMJ), represented by the Federal Minister of Justice, Sabine Leutheusser-Schnarrenberger,

and

the Accounting Standards Committee of Germany – ASCG – (Deutsches Rechnungslegungs Standards Committee – DRSC), represented by its President, Liesel Knorr, and its Vice-President, Dr. Rolf Ulrich.

Section 1

(1) The BMJ recognises the ASCG in accordance with section 342 of the German Commercial Code (HGB) as the competent standardisation organisation for Germany. In accordance with the enclosed Constitution, the ASCG undertakes to establish an independent accounting and financial reporting body to which the functions in accordance with section 342(1) of the German Commercial Code are to be transferred and to finance it in such a way that it is able to perform its functions in an orderly manner within the framework of the budget prepared by the responsible governing body of the ASCG. The functions in accordance with section 342 of the German Commercial Code shall be performed at no cost to the BMJ. The public interest, and in particular the general economic interest, shall be taken into account in performing the functions assigned. The interests of the legislature, public administration and legal relations shall be taken into consideration in developing accounting and financial reporting recommendations for consolidated financial reporting (standards).

(2) The ASCG shall guarantee the independence and proper functioning of the accounting and financial reporting body and the working groups it establishes. The BMJ shall recognise the independence of these bodies; it may attend their meetings without a right to vote.

(3) The BMJ shall take suitable measures to involve the accounting and financial reporting body of the ASCG in all planned legislation concerned with accounting and financial reporting. The ASCG shall provide the BMJ with all drafts and adopted standards and interpretations. In doing so, it shall also notify the BMJ if it is proposing that the BMJ should publish the adopted standards.

Section 2

In addition to advising the BMJ, the ASCG shall be entitled to submit comment letters to other parties via its accounting and financial reporting body.

Section 3

(1) The ASCG shall ensure by suitable means that requests by the BMJ to implement standardisation projects are afforded preferential treatment. The BMJ may set a reasonable deadline to implement a standardisation project.

(2) During this period, the BMJ shall neither itself draft corresponding rules and regulations nor have such requirements drafted by third parties, unless these are intended to serve the legislative process or the enforcement of laws, or are dictated by other public interests.

(3) If a standard is not completed within the set period, the ASCG shall submit a report to the BMJ. The BMJ shall decide whether to consent to an extension of the period or to develop its own rules and regulations.

Section 4

(1) The ASCG undertakes to inform the public about its activities. In developing standards and interpretations, the choice of topics, the definition of benchmark data and adopted drafts shall be published in a suitable manner.

(2) A standard or an interpretation may only be adopted if

1. a draft has been previously discussed and resolved at a public meeting and it has been published with a comment period of at least six weeks,

2. the comments received have been evaluated and significant objections and proposed amendments have been discussed at a public meeting, and

3. in the event of significant amendments to the draft, it has been re-exposed with a comment period of at least four weeks.

(3) When standards are prepared, care should be taken to ensure that they do not contradict statutory provisions. This does not rule out the enhancement of German principles of proper accounting where this makes sense. Sentence 1 above also applies to interpretations, with the necessary modifications.

(4) The composition of the accounting and financial reporting body must ensure that the interests of preparers, auditors and users of financial statements are safeguarded. Only accountants may be members of the accounting and financial reporting body or of working groups.

(5) The ASCG shall ensure that the provisions of the above subsections are complied with by its governing bodies and other bodies.

Section 5

(1) The ASCG shall inform the BMJ via its accounting and financial reporting body about national and international standardisation activities and, on request, shall make available its accounting and financial reporting body at no cost for advisory activities and expert reports in the area of accounting and financial reporting.

(2) The BMJ shall inform the ASCG's accounting and financial reporting body about significant events and developments in the area of accounting and financial reporting, related rules and regulations, and EU Directives in the area of accounting and financial reporting, insofar as these affect the interests of the ASCG and there are no important reasons for not doing so.

(3) The BMJ shall inform the ASCG's accounting and financial reporting body about, or involve it in, significant events and developments in international agreements and the activities of official international organisations involved in matters of standardisation and related technical rules and regulations, where this is necessary for the ASCG to fulfil its functions and there are no important reasons for not doing so.

Section 6

The ASCG undertakes to advise the BMJ at the latter's request via its accounting and financial reporting body or experts appointed by this body and to represent it in international organisations. The ASCG undertakes to bear the costs incurred for these advisory activities.

Section 7

The ASCG shall make every effort to contribute to international understanding in the area of standardisation. It shall support, through its standards, commitments entered into by the Federal Government to harmonise and standardise accounting and financial reporting in the form of international agreements.

Section 8

The ASCG shall maintain an information system on the standardisation of accounting and financial reporting as a central, generally accessible information and documentation facility on the body of German accounting and financial reporting standards and – where significant for German accounting and financial reporting – the bodies of accounting and financial reporting standards of foreign and internationally recognised standardisation organisations.

The Federal Government shall be able to use this system at no cost.

Section 9

Without prejudice to the validity of this Agreement, separate arrangements or agreements may be entered into by the BMJ and the ASCG in respect of individual technical areas.

Section 10

This Agreement is entered into for an indefinite period. Each party may terminate this Agreement at the end of a year by giving notice of one year.

Berlin, 2 December 2011

(signed)

Sabine Leutheusser-Schnarrenberger

(signed)

Liesel Knorr

(signed)

Dr. Rolf Ulrich