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► **B**

**COMMISSION DECISION**

**of 19 January 2011**

**on the equivalence of certain third country public oversight, quality assurance, investigation and penalty systems for auditors and audit entities and a transitional period for audit activities of certain third country auditors and audit entities in the European Union**

*(notified under document C(2011) 117)*

**(Text with EEA relevance)**

(2011/30/EU)

(OJ L 15, 20.1.2011, p. 12)

Amended by:

		Official Journal		
		No	page	date
► <b><u>M1</u></b>	Commission Regulation (EU) No 519/2013 of 21 February 2013	L 158	74	10.6.2013
► <b><u>M2</u></b>	Commission Implementing Decision 2013/288/EU of 13 June 2013	L 163	26	15.6.2013
► <b><u>M3</u></b>	Commission Implementing Decision (EU) 2016/1223 of 25 July 2016	L 201	23	27.7.2016

**▼B****COMMISSION DECISION****of 19 January 2011****on the equivalence of certain third country public oversight, quality assurance, investigation and penalty systems for auditors and audit entities and a transitional period for audit activities of certain third country auditors and audit entities in the European Union***(notified under document C(2011) 117)***(Text with EEA relevance)**

(2011/30/EU)

*Article 1*

For the purpose of Article 46(1) of Directive 2006/43/EC, the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the following third countries shall be considered equivalent to the public oversight, quality assurance, investigation and penalty systems for auditors and audit firms of the Member States in relation to audit activities concerning the annual or consolidated accounts for financial years starting from 2 July 2010:

1. Australia
2. Canada
3. China

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5. Japan
6. Singapore
7. South Africa
8. South Korea
9. Switzerland
10. The United States of America.

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For the purpose of Article 46(1) of Directive 2006/43/EC, the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the following third countries and territories shall be considered equivalent to the public oversight, quality assurance, investigation and penalty systems for auditors and audit firms of the Member States in relation to audit activities concerning annual or consolidated accounts for financial years starting from 1 August 2012:

- (1) Abu Dhabi;
- (2) Brazil;
- (3) Dubai International Financial Centre;
- (4) Guernsey;

**▼ M2**

- (5) Indonesia;
- (6) Isle of Man;
- (7) Jersey;
- (8) Malaysia;
- (9) Taiwan;
- (10) Thailand.

**▼ M3**

For the purposes of Article 46(1) of Directive 2006/43/EC, the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the following third countries meet requirements which shall be considered equivalent to those of Articles 29, 30 and 32 of that Directive in relation to audit activities concerning annual or consolidated accounts for financial years starting from 1 August 2016:

- (1) Mauritius;
- (2) New Zealand;
- (3) Turkey.

**▼ B***Article 2*

1. Member States shall not apply Article 45 of Directive 2006/43/EC in relation to auditors and audit entities that provide audit reports concerning the annual or consolidated accounts of companies incorporated in the third countries and territories listed in ► M2 Annex I ◀ to this Decision, as referred to in Article 45(1) of that Directive, for financial years starting during the period from 2 July 2010 to 31 July 2012, in cases where the auditor or audit entity concerned provides the competent authorities of the Member State with all of the following:

- (a) the name and address of the auditor or audit entity concerned and information about its legal structure;
- (b) where the auditor or the audit entity belongs to a network, a description of the network;
- (c) the auditing standards and independence requirements which have been applied to the audit concerned;
- (d) a description of the internal quality control system of the audit entity;
- (e) an indication of whether and when the last quality assurance review of the auditor or audit entity was carried out and, unless this information is being provided by the third country competent authority, the necessary information about the outcome of the review. Where the necessary information about the outcome of the last quality assurance review is not public, the competent authorities of Member States shall treat such information on a confidential basis.

**▼ M3**

2. A Member State shall not apply Article 45 of Directive 2006/43/EC in relation to auditors and audit entities that provide audit reports concerning the annual or consolidated accounts of companies incorporated in the third countries listed in Annex II to this Decision and whose transferable securities are admitted to trading on a regulated market of that Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC of the European Parliament and of the Council<sup>(1)</sup>, for financial years starting during the period from 2 July 2010 to 31 July 2018, provided that the auditor or audit entity concerned provides the competent authorities of that Member State with all of the following:

- (a) the name and address of the auditor or the audit entity concerned and information about its legal structure;
- (b) where the auditor or the audit entity belongs to a network, a description of the network;
- (c) the auditing standards and independence requirements which have been applied to the audit concerned;
- (d) a description of the internal quality control system of the audit entity;
- (e) an indication of whether and when the last quality assurance review of the auditor or of the audit entity was carried out and, unless this information is being provided by the third country competent authority, the necessary information about the outcome of the review. Where the necessary information about the outcome of the last quality assurance review is not public, the competent authorities of Member States shall treat such information on a confidential basis.

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3. Member States shall ensure that the public is informed about the name and address of auditors and audit entities that provide audit reports concerning the annual or consolidated accounts of companies incorporated in the third countries listed in Annex II to this Decision and about the fact that the public oversight, quality assurance, investigation and penalty systems of those countries and territories are not yet recognised as equivalent under Article 46(2) of Directive 2006/43/EC. For those purposes, the competent authorities of Member States referred to in Article 45 of Directive 2006/43/EC may also register the auditors and audit entities that carry out audits of the annual or consolidated accounts of companies incorporated in the third countries listed in Annex II to this Decision.

4. Notwithstanding paragraph 2, Member States may apply their investigation and penalty systems to the auditors and audit entities that carry out audits of the annual or consolidated accounts of companies incorporated in third countries listed in Annex II.

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<sup>(1)</sup> Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (OJ L 145, 30.4.2004, p. 1).

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5. Paragraph 2 shall be without prejudice to cooperative arrangements on quality assurance reviews between the competent authorities of a Member State and the competent authorities of a third country listed in Annex II provided that such an arrangement meets all the following criteria:

- (a) it includes carrying out quality assurance reviews on the basis of equality of treatment;
- (b) it has been communicated in advance to the Commission;
- (c) it does not pre-empt any Commission decision under Article 47 of Directive 2006/43/EC.

**▼ B***Article 3*

The Commission shall monitor the situation of the third countries and territories listed in the Annex. In particular, the Commission shall monitor whether the competent administrative authorities of those third countries and territories listed in the Annex that made a public commitment to the Commission to establish public oversight, quality assurance, investigation and penalty systems for auditors and audit entities have established such systems, on the basis of the following principles:

- (a) the systems are independent from the audit profession;
- (b) they ensure adequate oversight for audits of listed companies;
- (c) their operation is transparent and ensures that the outcome of quality assurance reviews is reliable;
- (d) they are supported by investigations and penalties in an effective way.

With regard to Bermuda, Cayman Islands, Israel and New Zealand, the Commission shall, in particular, review the progress made in enacting legislation to establish a public oversight, quality assurance, investigation and penalty system for auditors and audit entities in 2011. Where necessary, the Commission shall amend the Annex to this Decision accordingly.

**▼ M2***Article 4*

Point 10 of the first paragraph of Article 1 shall cease to apply on 31 July 2013.

**▼ B***Article 5*

This Decision is addressed to the Member States.

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*ANNEX I*

**LIST OF THIRD COUNTRIES AND TERRITORIES**

Abu Dhabi

Brazil

Dubai International Financial Centre

Guernsey

Hong Kong

India

Indonesia

Isle of Man

Israel

Jersey

Malaysia

Taiwan

Thailand

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*ANNEX II*

**LIST OF THIRD COUNTRIES**

Bermuda

Cayman Islands

Egypt

Russia