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DRAFT STATUTORY INSTRUMENTS

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**2018 No.**

**The Statutory Auditors and Third Country Auditors  
(Amendment) (EU Exit) Regulations 2018**

**PART 4**

Amendment of retained direct EU legislation

**Amendment of Regulation 537/2014**

**100.** In Article 26 (quality assurance)—

- (a) in paragraph 1—
  - (i) in point (a)—
    - (aa) omit “and audit firms”;
    - (bb) for “Article 32(5) of [Directive 2006/43/EC](#)” substitute “regulation 3(1)(l) of the Statutory Auditors and Third Country Auditors Regulations 2016”;
  - (ii) in point (b), for “a reviewer” substitute “an individual”;
  - (iii) in point (c)—
    - (aa) for “a natural person” substitute “an individual”;
    - (bb) for “financial reporting” substitute “accounting”;
- (b) in paragraph 2—
  - (i) in the first subparagraph, for “competent authorities designated under Article 20(1)” substitute “competent authority”;
  - (ii) in the second subparagraph—
    - (aa) for “statutory auditors and audit firms” substitute “individuals and firms”;
    - (bb) for point (a), substitute—
      - “(a) in the case of statutory auditors carrying out audits of public interest entities, which but for being public interest entities, would qualify (or would if they were companies) as small or medium-sized under sections 382 and 383 or sections 465 and 467 of the Companies Act 2006, at least every three years; and”;
- (c) in paragraph 4—
  - (i) omit “reviewed”;
  - (ii) for “and audit firms” substitute “that are the subject of the inspection”;
- (d) in paragraph 5, in the first subparagraph—
  - (i) in point (a), for “financial reporting” substitute “accounting”;
  - (ii) in point (b), omit “or an audit firm”;
  - (iii) in point (c)—

- (aa) omit “or an audit firm”;
- (bb) omit “or of that audit firm”;
- (cc) omit “or audit firm”;
- (iv) in point (d), omit “and the audit firm”;
- (e) in paragraph 5, in the second subparagraph—
  - (i) for “a competent authority” substitute “the competent authority”;
  - (ii) for “the competent authorities” substitute “the competent authority”;
- (f) after paragraph 5, insert—
 

“(5A) In point (a) of the first subparagraph of paragraph (5), “relevant experience” means having experience of—

  - (a) statutory audit work;
  - (b) equivalent work, for the purposes of an appointment of a person to conduct inspections made prior to exit day, on the audit of accounts under the law of an EEA State, or part of an EEA State, or Gibraltar; or
  - (c) equivalent work, for the purposes of an appointment of a person to conduct inspections, on the audit of accounts under the law of—
    - (i) an equivalent third country, or part of an equivalent third country; or
    - (ii) a transitional third country, or part of a transitional third country.”;
- (g) in paragraph 6—
  - (i) in point (a), omit “or of the audit firm”;
  - (ii) in point (c), omit “or an audit firm”;
- (h) in paragraph 7, in the first subparagraph —
  - (i) in the opening words, omit “or the audit firm”;
  - (ii) in point (a)—
    - (aa) omit “or the audit firm”;
    - (bb) for “those set out in Chapter IV of [Directive 2006/43/EC](#)” substitute “the relevant standards listed in regulation 4(2) of the Statutory Auditors and Third Country Auditors Regulations 2016”;
    - (cc) omit “, as well as relevant laws” to the end;
  - (iii) in point (b), for “Article 13 of [Directive 2006/43/EC](#)” substitute “paragraph 11 of Schedule 10 to the Companies Act 2006”;
- (i) in paragraph 7, in the third subparagraph—
  - (i) for “Competent authorities” substitute “The competent authority”;
  - (ii) omit “and audit firms”;
- (j) in paragraph 7, in the fourth subparagraph, for “competent authorities” substitute “the competent authority”;
- (k) in paragraph 8—
  - (i) in the first subparagraph, omit “or audit firm”;
  - (ii) in the second subparagraph—
    - (aa) omit “or audit firm”;
    - (bb) omit “or of the audit firm”.