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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**

**90.** In Article 16 (appointment of statutory auditors or audit firms)—

(a) in paragraph 1—

(i) in the first subparagraph—

(aa) for “Article 37(1) of [Directive 2006/43/EC](#)” substitute “the provisions”;

(bb) omit “or audit firms”;

(cc) for “paragraphs 2 to 5” substitute “paragraph 3”;

(dd) omit “but may be subject to paragraph 7”;

(ii) in the second subparagraph—

(aa) for “Article 37(2) of [Directive 2006/43/EC](#) applies” substitute “the provisions for the appointment of statutory auditors by public interest entities do not apply”;

(bb) for “the alternative systems” substitute “applicable alternative systems”;

(cc) omit “referred to in that Article”;

(dd) for “paragraphs 2 to 5” substitute “paragraph 3”;

(b) in paragraph 3, in the first subparagraph—

(i) for “shall” substitute “, or the proposal of the management body where required by the provisions for the appointment of statutory auditors by public interest entities, must”;

(ii) for “audited entity” substitute “audited person”;

(iii) for point (a), substitute—

“(a) the audited person is free to invite any persons who are eligible for appointment as statutory auditors to submit proposals for the provision of the statutory audit on the condition that—

(i) the maximum engagement periods in the provisions for the appointment of statutory auditors by public interest entities and the restrictions on appointments in those provisions are respected; and

(ii) that the organisation of the tender process does not in any way preclude the participation in the selection procedure of firms which

received less than 15 % of the total audit fees from public-interest entities concerned in the previous calendar year.”;

- (iv) in point (b)—
  - (aa) for “audited entity” in all three places substitute “audited person”;
  - (bb) for “invited statutory auditors or audit firms” substitute “invited persons”;
  - (cc) omit “or audit firms”;
- (v) in point (c)—
  - (aa) for “audited entity” substitute “audited person”;
  - (bb) for “interested tenderers” substitute “applicants”;
- (vi) in point (d)—
  - (aa) for “Union or national law” substitute “legislation of any part of the United Kingdom”;
  - (bb) for “competent authorities referred to in Article 20” substitute “competent authority”;
  - (cc) for “require statutory auditors and audit firms” substitute “requires statutory auditors”;
- (vii) in point (e)—
  - (aa) for “audited entity” in all three places substitute “audited person”;
  - (bb) for “statutory auditors or the audit firms” substitute “applicants”;
  - (cc) omit “statutory auditor or audit firm”;
- (viii) in point (f)—
  - (aa) for “audited entity” substitute “audited person”;
  - (bb) omit “referred to in Article 20”;
- (c) in paragraph 3, in the third subparagraph—
  - (i) omit “referred to in Article 20(1)”;
  - (ii) for “statutory auditors and the audit firms” substitute “persons”;
  - (iii) after “concerned” insert “who are eligible for appointment as statutory auditors”;
  - (iv) omit “and audit firms”;
- (d) in paragraph 6—
  - (i) in the first subparagraph—
    - (aa) omit “general meeting of shareholders or”;
    - (bb) omit “, as referred to in Article 37 of [Directive 2006/43/EC](#)”;
    - (cc) for “statutory auditors or audit firms” substitute “persons who are eligible for appointment as statutory auditor”;
    - (dd) omit “or audit firm”;
    - (ee) for “null and void” substitute “of no effect”;
  - (ii) in the second subparagraph—
    - (aa) for “competent authorities referred to in Article 20” substitute “competent authority”;
    - (bb) omit “general meeting of shareholders or”;
    - (cc) after “members” insert “of the public interest entity”;

- (dd) omit “or an audit firm”;
- (e) omit paragraphs 7 and 8.