

Status: Point in time view as at 01/12/2001. This version of this part contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1989, Part 3. (See end of Document for details)

SCHEDULES

SCHEDULE 11

RECOGNITION OF SUPERVISORY BODY

VALID FROM 06/04/2005

PART 3

ARRANGEMENTS IN WHICH SUPERVISORY BODIES ARE REQUIRED TO PARTICIPATE

Arrangements for setting standards relating to professional integrity and independence

- 17 The arrangements referred to in paragraph 7(1A) are appropriate funded arrangements—
- (a) for the determining of standards for the purposes of the rules and practices mentioned in paragraph 7(1), and
 - (b) for ensuring that the determination of those standards is done independently of the body.

Arrangements for setting technical standards

- 18 The arrangements referred to in paragraph 8(2) are appropriate funded arrangements—
- (a) for the determining of standards for the purposes of the rules and practices mentioned in paragraph 8(1), and
 - (b) for ensuring that the determination of those standards is done independently of the body.

Arrangements for independent monitoring of audits of listed and other major companies

- 19 (1) The arrangements referred to in paragraph 10A(1) are appropriate funded arrangements—
- (a) for enabling the performance by members of the body of company audit functions in respect of major audits to be monitored by means of inspections carried out under the arrangements, and
 - (b) for ensuring that the carrying out of such monitoring and inspections is done independently of the body.
- (2) In this paragraph—
- “company audit function” means any function performed as a company auditor;
 - “major audit” means an audit conducted in respect of—

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- (a) a company any of whose securities have been admitted to the official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000), or
- (b) any other company in whose financial condition there is a major public interest.

Arrangements for independent investigation for disciplinary purposes of public interest cases

20 (1) The arrangements referred to in paragraph 12A(1) are appropriate funded arrangements—

- (a) for the carrying out of investigations into public interest cases arising in connection with the performance of company audit functions by members of the body,
- (b) for the holding of disciplinary hearings relating to members of the body which appear to be desirable following the conclusion of such investigations,
- (c) for requiring such hearings to be held in public except where the interests of justice otherwise require,
- (d) for the persons before whom such hearings have taken place to decide whether (and, if so, what) disciplinary action should be taken against the members to whom the hearings related, and
- (e) for ensuring that the carrying out of those investigations, the holding of those hearings, and the taking of those decisions are done independently of the body.

(2) In this paragraph—

“company audit function” means any function performed as a company auditor;

“public interest cases” means matters which raise or appear to raise important issues affecting the public interest.

Supplementary: arrangements to operate independently of body

21 (1) This paragraph applies for the purposes of—

- paragraph 17(b),
- paragraph 18(b),
- paragraph 19(1)(b), or
- paragraph 20(1)(e).

(2) Arrangements cannot be regarded as appropriate for the purpose of ensuring that the thing or things mentioned in that provision is or are done independently of the body unless they are designed to ensure that the body—

- (a) will have no involvement in the appointment or selection of any of the persons who are to be responsible for doing the thing or things in question, and
- (b) will not otherwise be involved in the doing of that thing or those things.

(3) Sub-paragraph (2) imposes a minimum requirement and does not preclude the possibility that additional criteria may need to be satisfied in order for the arrangements to be regarded as appropriate for the purpose in question.

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Supplementary: “funded” arrangements etc.

- 22 (1) For the purposes of any of paragraphs 17, 18, 19 and 20, arrangements are “funded” arrangements if, in the event of their providing for the payment of costs of maintaining the arrangements, such costs are to be paid by the body in accordance with the arrangements.
- (2) Arrangements can qualify as arrangements within any of paragraphs 17, 18, 19(1) and 20(1) even though the matters for which they provide are more extensive in any respect than those mentioned in that provision.

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