



# Companies Act 2006

## 2006 CHAPTER 46

### PART 42

#### STATUTORY AUDITORS

### CHAPTER 5

#### REGISTERED THIRD COUNTRY AUDITORS

#### *Introductory*

#### 1241 [<sup>F1</sup>Meaning of “registered third country auditor” and “UK-traded non-EEA company”]

(1) In this Part—

<sup>F2</sup>

“registered third country auditor” means a third country auditor who is entered in the register kept in accordance with regulations under section 1239(1).

(2) [<sup>F3</sup> In this Part “UK-traded non-EEA company” means a body corporate— ]

- (a) which is incorporated or formed under the law of [<sup>F4</sup> a third country] ,
- (b) whose transferable securities are admitted to trading on a regulated market situated or operating in the United Kingdom, and
- (c) which has not been excluded, or is not of a description of bodies corporate which has been excluded, from this definition by an order made by the Secretary of State.

(3) For this purpose—

“regulated market” has the meaning given by Article 4.1(14) of Directive [2004/39/EC](#) of the European Parliament and of the Council on markets in financial instruments;

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“transferable securities” has the meaning given by Article 4.1(18) of that Directive.

(4) An order under this section is subject to negative resolution procedure.

#### Textual Amendments

- F1** S. 1241 heading substituted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 31\(2\)](#)
- F2** S. 1241(1): definition omitted (6.4.2008) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 31\(3\)](#)
- F3** Words in s. 1241(2) substituted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 31\(4\)\(a\)](#)
- F4** Words in s. 1241(2)(a) substituted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 31\(4\)\(b\)](#)

#### Commencement Information

- I1** S. 1241 wholly in force at 6.4.2008; s. 1241 not in force at Royal Assent, see s. 1300; s. 1241 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 1241 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(u\)](#) (with savings in [arts. 7, 12](#), [Sch. 4 paras. 37-42](#))

### *Duties*

#### 1242 Duties of registered third country auditors

- (1) A registered third country auditor [<sup>F5</sup>who audits the accounts of a UK-traded non-EEA company] must participate in—
- (a) arrangements within paragraph 1 of Schedule 12 (arrangements for independent monitoring of audits <sup>F6</sup>. . . ), and
  - (b) arrangements within paragraph 2 of that Schedule (arrangements for independent investigation for disciplinary purposes <sup>F7</sup>...).
- (2) A registered third country auditor must—
- (a) take such steps as may be reasonably required of it to enable its performance of [<sup>F8</sup>audits of accounts of UK-traded non-EEA companies] to be monitored by means of inspections carried out under the arrangements mentioned in subsection (1)(a), and
  - (b) comply with any decision as to disciplinary action to be taken against it made under the arrangements mentioned in subsection (1)(b).
- (3) Schedule 12 makes further provision with respect to the arrangements in which registered third country auditors are required to participate.
- (4) The Secretary of State may direct in writing that subsections (1) to (3) are not to apply, in whole or in part, in relation to
- [<sup>F9</sup>(a)] a particular registered third country auditor or class of registered third country auditors.
  - [<sup>F10</sup>(b)] audits of the accounts of a particular UK-traded non-EEA company or class of UK-traded non-EEA companies;

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- (c) audits by a particular registered third country auditor or class of registered third country auditors of the accounts of a particular UK-traded non-EEA company or class of UK-traded non-EEA companies.]

#### Textual Amendments

- F5** Words in s. 1242(1) inserted (29.6.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 32(2)(a)** (as amended by S.I. 2008/499, reg. 2)
- F6** Words in s. 1242(1)(a) omitted (29.6.2008) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 32(2)(b)** (as amended by S.I. 2008/499, reg. 2)
- F7** Words in s. 1242(1)(b) omitted (1.10.2013) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2013 \(S.I. 2013/1672\)](#), **regs. 3, 14**
- F8** Words in s. 1242(2)(a) substituted (29.6.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 32(3)** (as amended by S.I. 2008/499, reg. 2)
- F9** Letter in s. 1242(4) inserted (1.9.2011 with application in accordance with reg. 1(5)) by [The Statutory Auditors and Third Country Auditors \(Amendment\) Regulations 2011 \(S.I. 2011/1856\)](#), **reg. 4(a)**
- F10** S. 1242(4)(b)(c) inserted (1.9.2011 with application in accordance with reg. 1(5)) by [The Statutory Auditors and Third Country Auditors \(Amendment\) Regulations 2011 \(S.I. 2011/1856\)](#), **reg. 4(b)**

#### Information

#### 1243 Matters to be notified to the Secretary of State

- (1) The Secretary of State may require a registered third country auditor—
- to notify him immediately of the occurrence of such events as he may specify in writing and to give him such information in respect of those events as is so specified;
  - to give him, at such times or in respect of such periods as he may specify in writing, such information as is so specified.
- (2) The notices and information required to be given must be such as the Secretary of State may reasonably require for the exercise of his functions under this Part.
- (3) The Secretary of State may require information given under this section to be given in a specified form or verified in a specified manner.
- (4) Any notice or information required to be given under this section must be given in writing unless the Secretary of State specifies or approves some other manner.

#### 1244 The Secretary of State's power to call for information

- (1) The Secretary of State may by notice in writing require a registered third country auditor to give him such information as he may reasonably require for the exercise of his functions under this Part.
- (2) The Secretary of State may require that any information which he requires under this section is to be given within such reasonable time and verified in such manner as he may specify.

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## Enforcement

### 1245 Compliance orders

- (1) If at any time it appears to the Secretary of State that a registered third country auditor has failed to comply with an obligation imposed on him by or by virtue of this Part, the Secretary of State may make an application to the court under this section.
- (2) If on an application under this section the court decides that the auditor has failed to comply with the obligation in question, it may order the auditor to take such steps as the court directs for securing that the obligation is complied with.
- (3) In this section “the court” means the High Court or, in Scotland, the Court of Session.

### 1246 Removal of third country auditors from the register of auditors

- (1) The Secretary of State may, by regulations, confer on the person keeping the register in accordance with regulations under section 1239(1) power to remove a third country auditor from the register.
- (2) Regulations under this section must require the person keeping the register, in determining whether to remove a third country auditor from the register, to have regard to the auditor's compliance with obligations imposed on him by or by virtue of this Part.
- (3) Where provision is made under section 1239(4) (different parts of the register to be kept by different persons), references in this section to the person keeping the register are to the person keeping that part of the register which relates to third country auditors.
- (4) Regulations under this section are subject to negative resolution procedure.

#### Commencement Information

- I2** S. 1246 wholly in force at 6.4.2008; s. 1246 not in force at Royal Assent, see s. 1300; s. 1246 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 1246 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(u\)](#) (with savings in [arts. 7, 12](#), [Sch. 4 paras. 37-42](#))

### 1247 Grants to bodies concerned with arrangements under Schedule 12

In section 16 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27) (grants to bodies concerned with accounting standards etc), after subsection (2)(ka) (inserted by section 1238) insert—

“(kb) establishing, maintaining or carrying out arrangements within paragraph 1 or 2 of Schedule 12 to the Companies Act 2006;”.

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