

*Status: Point in time view as at 30/06/2016.*

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## SCHEDULES

### SCHEDULE 10

#### RECOGNISED SUPERVISORY BODIES

##### **Modifications etc. (not altering text)**

- C1** Sch. 10 applied (with modifications) (4.4.2014 for specified purposes, 16.12.2014 in so far as not already in force) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 5 para. 28](#) (with [Sch. 13 para. 11](#)); [S.I. 2014/900](#), art. 2(j); [S.I. 2014/3319](#), art. 2(e)

#### **PART 1**

##### GRANT AND REVOCATION OF RECOGNITION OF A SUPERVISORY BODY

###### *Application for recognition of supervisory body*

- 1 (1) A supervisory body may apply to the Secretary of State for an order declaring it to be a recognised supervisory body for the purposes of this Part of this Act (“a recognition order”).
- (2) Any such application must be—
- (a) made in such manner as the Secretary of State may direct, and
  - (b) accompanied by such information as the Secretary of State may reasonably require for the purpose of determining the application.
- (3) At any time after receiving an application and before determining it the Secretary of State may require the applicant to furnish additional information.
- (4) The directions and requirements given or imposed under sub-paragraphs (2) and (3) may differ as between different applications.
- (5) The Secretary of State may require any information to be furnished under this paragraph to be in such form or verified in such manner as he may specify.
- (6) Every application must be accompanied by—
- (a) a copy of the applicant's rules, and
  - (b) a copy of any guidance issued by the applicant in writing.
- (7) The reference in sub-paragraph (6)(b) to guidance issued by the applicant is a reference to any guidance or recommendation—
- (a) issued or made by it to all or any class of its members or persons seeking to become members,
  - (b) relevant for the purposes of this Part, and
  - (c) intended to have continuing effect,

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including any guidance or recommendation relating to the admission or expulsion of members of the body, so far as relevant for the purposes of this Part.

*Grant and refusal of recognition*

- 2 (1) The Secretary of State may, on an application duly made in accordance with paragraph 1 and after being furnished with all such information as he may require under that paragraph, make or refuse to make a recognition order in respect of the applicant.
- [<sup>F1</sup>(2) The Secretary of State may make a recognition order only if it appears to him, from the information furnished by the body and having regard to other information in his possession, that—
- (a) the requirements of Part 2 of this Schedule are satisfied in the case of that body,
  - (b) the body is able to perform all of the tasks which can be delegated by the competent authority under regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016, and
  - (c) the body is organised in such a way that conflicts of interest are avoided.]
- (3) The Secretary of State may refuse to make a recognition order in respect of a body if he considers that its recognition is unnecessary having regard to the existence of one or more other bodies which—
- (a) maintain and enforce rules as to the appointment and conduct of statutory auditors, and
  - (b) have been or are likely to be recognised.
- (4) Where the Secretary of State refuses an application for a recognition order he must give the applicant a written notice to that effect—
- (a) specifying which requirements, in the opinion of the Secretary of State, are not satisfied, or
  - (b) stating that the application is refused on the ground mentioned in subparagraph (3).
- (5) A recognition order must state the date on which it takes effect.

**Textual Amendments**

**F1** Sch. 10 para. 2(2) substituted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 54(2)**

*Revocation of recognition*

- 3 [<sup>F2</sup>(1) A recognition order in respect of a body may be revoked by a further order made by the Secretary of State if at any time it appears to him—
- (a) that any requirement of Part 2 or 3 of this Schedule, other than a requirement relating to a task delegated to the body under regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016, is not satisfied in the case of the body,
  - (b) that the body has failed to comply with any obligation imposed on it by or by virtue of this Part of this Act, other than an obligation relating to a task

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delegated to the body under regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016, or

- (c) that the continued recognition of the body is undesirable having regard to the existence of one or more other bodies which have been or are to be recognised.]

[<sup>F3</sup>(1A) A recognition order in respect of a body may be revoked by a further order made by the Secretary of State if at any time—

- (a) one or more tasks delegated to the body under regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016 has been reclaimed by the competent authority, and
- (b) it appears to the Secretary of State that the continued recognition of the body is undesirable having regard to the circumstances in which the task or tasks were reclaimed.]

(2) An order revoking a recognition order must state the date on which it takes effect, which must be after the period of three months beginning with the date on which the revocation order is made.

(3) Before revoking a recognition order the Secretary of State must—

- (a) give written notice of his intention to do so to the recognised body,
- (b) take such steps as he considers reasonably practicable for bringing the notice to the attention of the members of the body, and
- (c) publish the notice in such manner as he thinks appropriate for bringing it to the attention of any other persons who are in his opinion likely to be affected.

(4) A notice under sub-paragraph (3) must—

- (a) state the reasons for which the Secretary of State proposes to act, and
- (b) give particulars of the rights conferred by sub-paragraph (5).

(5) A person within sub-paragraph (6) may, within the period of three months beginning with the date of service or publication of the notice under sub-paragraph (3) or such longer period as the Secretary of State may allow, make written representations to the Secretary of State and, if desired, oral representations to a person appointed for that purpose by the Secretary of State.

(6) The persons within this sub-paragraph are—

- (a) the recognised body on which a notice is served under sub-paragraph (3),
- (b) any member of the body, and
- (c) any other person who appears to the Secretary of State to be affected.

(7) The Secretary of State must have regard to any representations made in accordance with sub-paragraph (5) in determining whether to revoke the recognition order.

(8) If in any case the Secretary of State considers it essential to do so in the public interest he may revoke a recognition order without regard to the restriction imposed by sub-paragraph (2), even if—

- (a) no notice has been given or published under sub-paragraph (3), or
- (b) the period of time for making representations in pursuance of such a notice has not expired.

(9) An order revoking a recognition order may contain such transitional provision as the Secretary of State thinks necessary or expedient.

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- (10) A recognition order may be revoked at the request or with the consent of the recognised body and any such revocation is not subject to—
- (a) the restrictions imposed by sub-paragraphs (1) [<sup>F4</sup>, (1A)] and (2), or
  - (b) the requirements of sub-paragraphs (3) to (5) and (7).
- (11) On making an order revoking a recognition order in respect of a body the Secretary of State must—
- (a) give written notice of the making of the order to the body,
  - (b) take such steps as he considers reasonably practicable for bringing the making of the order to the attention of the members of the body, and
  - (c) publish a notice of the making of the order in such manner as he thinks appropriate for bringing it to the attention of any other persons who are in his opinion likely to be affected.

#### Textual Amendments

- F2** Sch. 10 para. 3(1) substituted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 55(2)**
- F3** Sch. 10 para. 3(1A) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 55(3)**
- F4** Words in Sch. 10 para. 3(10)(a) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 55(4)**

#### *Transitional provision*

- 4 A recognition order made and not revoked under—
- (a) paragraph 2(1) of Schedule 11 to the Companies Act 1989 (c. 40), or
  - (b) paragraph 2(1) of Schedule 11 to the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)),
- before the commencement of this Chapter of this Part of this Act is to have effect after the commencement of this Chapter as a recognition order made under paragraph 2(1) of this Schedule.

#### *Orders not statutory instruments*

- 5 Orders under this Part of this Schedule shall not be made by statutory instrument.

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