

SCHEDULE 5

AUDITORS

Resignation

16.—(1) This paragraph applies where a notice of resignation of an auditor is accompanied by a statement of circumstances which he considers ought to be brought to the attention of the shareholders or creditors of the company.

(2) An auditor may deposit with the notice a signed requisition that a general meeting of the company be convened forthwith for the purpose of receiving and considering such explanation of the circumstances connected with his resignation as he may wish to place before the meeting.

(3) The company must, not later than 21 days after the date of the deposit of a requisition under this paragraph, proceed to convene a meeting for a day not later than 28 days after the date on which the notice convening the meeting is given.

(4) The auditor may request the company to circulate a statement in writing (not exceeding a reasonable length) of the circumstances connected with his resignation to each of the shareholders of the company whose name appears on the register of shareholders (other than the designated person)

- (a) before the meeting convened on his requisition; or
- (b) before any general meeting at which his term of office would otherwise have expired or at which it is proposed to fill the vacancy caused by his resignation;

and to take such steps as FSA rules may require for the purpose of bringing the fact that the statement has been made to the attention of the holders of any bearer shares.

- (5) The company must (unless the statement is received by it too late for it to do so)—
- (a) in any notice or advertisement of the meeting given or made to shareholders of the company, state the fact of the statement having been made;
 - (b) send a copy of the statement to every shareholder of the company to whom notice of the meeting is or has been sent; and
 - (c) at the request of any holder of bearer shares, provide a copy of the statement.

(6) If a copy of the statement is not sent out or provided as required because it was received too late or because of the company's default the auditor may (without prejudice to his right to be heard orally) require that the statement be read out at the meeting.

(7) Copies of a statement need not be sent out or provided and the statement need not be read out at the meeting if, on the application of the company or any other person claiming to be aggrieved, the court is satisfied that the rights conferred by this paragraph are being abused to secure needless publicity for defamatory matter; and the court may order the costs of the company on such an application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.