
EXPLANATORY NOTE

(This note is not part of the Order)

This Order authorises the Financial Reporting Review Panel established under the articles of association of the Financial Reporting Council Limited for the purposes of section 456 of the Companies Act 2006 (application to court in respect of defective accounts or directors' reports) (article 2). It replaces the Companies (Defective Accounts) (Authorised Person) Order 2005 and the Companies (Defective Accounts) (Authorised Person) Order (Northern Ireland) 1991 under which the Financial Reporting Review Panel as established under the articles of association of the Financial Reporting Review Panel Limited was authorised for the purposes of section 245B of the Companies Act 1985 and Article 253B of the Companies (Northern Ireland) Order 1986.

Article 3 of the Order also appoints the Financial Reporting Review Panel established under the articles of association of the Financial Reporting Council Limited to exercise the functions mentioned in section 14(2) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c.27) as amended by the Companies Act 2006 (c.46). These functions are the keeping under review of periodic accounts and reports that are produced by issuers of transferable securities and are required to comply with any accounting requirements imposed by Part 6 rules made under the Financial Services and Markets Act 2000 (c.8), and informing the Financial Services Authority of any conclusions the Panel reaches if it thinks fit. It replaces the Supervision of Accounts and Reports (Prescribed Body) Order 2007 (S.I. 2007/2583) and continues the partial implementation of Directive 2004/109/EC of the European Parliament and of the Council relating to the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ L 390, 31.12.2004, p.38) ("the Directive").

Article 3 limits the appointment to issuers of transferable securities admitted to trading on a regulated market which are bodies corporate and of which the United Kingdom is the home Member State for the purposes of the Directive. Article 4 limits the appointment to periodic accounts and reports required to be produced under Articles 4 and 5 of the Directive (annual and half-yearly financial reports).

Article 5 contains a requirement for record keeping in relation to the functions conferred by this Order.

Articles 6 and 7 contain revocations and transitional provisions.

A transposition note which sets out how the main elements of the Directive have been transposed into United Kingdom law is at Annex A to the notes accompanying the Companies Act 2006 and is available on the Office of Public Sector Information's website at www.opsi.gov.uk/acts.htm. An assessment of the effects of the Directive on the costs of and benefits to business is included in the Regulatory Impact Assessment for the Companies Act 2006 and is available on the Department for Business, Enterprise and Regulatory Reform's website at www.berr.gov.uk/bbf/co-act-2006 or from the Corporate Law and Governance Directorate, 5th Floor, 1 Victoria Street, London SW1H 0ET. A full impact assessment has not been produced for this Order as no impact on the private or voluntary sectors is foreseen.