
STATUTORY INSTRUMENTS

2011 No. 1856

The Statutory Auditors and Third Country
Auditors (Amendment) Regulations 2011

PART 4

Amendments to the Statutory Auditors and Third
Country Auditors Regulations 2007 (S.I. 2007/3494)

Registration of third country auditors

7.—(1) The Statutory Auditors and Third Country Auditors Regulations 2007(1) are amended as follows.

(2) In regulation 29 (interpretation)—

(a) at the appropriate places insert the following definitions—

““company” means a UK-traded non-EEA company within the meaning of section 1241 of the Companies Act 2006;”

““equivalent third country” means any of the following countries and territories—

Australia, Canada, China, Croatia, Japan, Singapore, South Africa, South Korea, Switzerland and United States of America;”;

(b) for the definition of “the Commission Decision” substitute—

““the Commission Decision” means Commission Decision 2011/30/EU of 19 January 2011 on the equivalence of certain third country public oversight, quality assurance, investigation and penalty systems for auditors and audit entities and a transitional period for audit activities of certain third country auditors and audit entities;”;

(c) omit the definition of “exempt third country auditor”;

(d) for the definition of “specified third country” substitute—

““specified third country” means any of the Channel Islands, the Isle of Man and the following countries and territories—

Abu Dhabi, Bermuda, Brazil, Cayman Islands, The Dubai International Finance Centre, Egypt, Hong Kong, India, Indonesia, Israel, Malaysia, Mauritius, New Zealand, Russia, Taiwan, Thailand, and Turkey.”.

(3) In the definition of “equivalent third country” (inserted by sub-paragraph (2)(a) above) before “Switzerland” insert “and” and at the end omit “and United States of America” (see regulation 1(4)).

(4) In regulation 34 (register of third country auditors)—

(a) at the end of sub-paragraph (2)(e) insert “and”;

(b) in sub-paragraph (2)(f) omit “; and”;

- (c) omit sub-paragraph (2)(g);
 - (d) for sub-paragraph (3)(h) substitute—
 - “(h) the name and address of each individual who performs third country audits on behalf of the firm and the registered number allocated to that individual by the third country competent authority with which that individual is registered.”;
 - (e) at the end of sub-paragraph (3)(i) insert “and”;
 - (f) in sub-paragraph (3)(k) omit “; and”;
 - (g) omit sub-paragraph (3)(l).
- (5) In regulation 35 (application for registration of third country auditor)—
- (a) for sub-paragraph (3)(a) substitute—
 - “(a) the information required for entry in the register (see regulation 34), other than the registered number;”
 - (b) for paragraph (3A) substitute—
 - “(3A) An application for registration must include—
 - (a) in respect of each UK-traded non-EEA company for which it provides an audit report—
 - (i) the company’s name and any registered number it carries by virtue of its incorporation,
 - (ii) the third country or territory in which it is incorporated or under the law of which it is formed, and
 - (iii) the accounting period to which the audit report relates,
 - (b) where the company for which it provides an audit report is incorporated or formed in a specified third country or equivalent third country, a statement of the auditing standards and independence requirements applied to the audit,
 - (c) a description of the auditor’s internal quality control system,
 - (d) a statement of whether and (if so) when a quality assurance review has been carried out in respect of the auditor, and
 - (e) information required by the designated body about the outcome of a quality assurance review.”.
- (6) For regulation 39 (duty to provide updated information) substitute—
- “**39.**—(1) A registered third country auditor must take all reasonable steps to notify the designated body without undue delay of—
 - (a) any change or addition to the information specified in regulation 35(3A)(a);
 - (b) any information or event which may lead the designated body to consider that the statement required by regulation 36 (application statement) made by the third country auditor is not correct;
 - (c) any information necessary to ensure that the information in the register relating to the third country auditor is correct.
 - (2) A registered third country auditor who has provided to the designated body information falling within sub-paragraphs (a) to (d) and the first sentence of sub-paragraph (e) of Article 2.1 of the Commission Decision must take all reasonable steps to notify the designated body without undue delay of any change or addition to that information.”.
- (7) For regulation 40(3) (removal of third country auditor from the register) substitute—

- “(3) The designated body may remove a third country auditor from the register if—
- (a) it considers that the auditor—
 - (i) has failed—
 - (aa) to comply with the obligations of the auditor under regulation 39(2) (duty of registered third country auditor to provide updated information), or
 - (bb) to apply the auditing standards and independence requirements set out in the statement provided for in regulation 35(3A)(b), or
 - (ii) is not a fit and proper person to conduct audits of the accounts of UK-traded non-EEA companies, or
 - (b) it appears to the designated body that a competent authority which oversees or regulates the auditor considers that the auditor is not—
 - (i) a fit and proper person to conduct audits in the country in which the authority is established, or
 - (ii) eligible to conduct audits of the accounts of bodies corporate incorporated or formed under the law of that country.”.