
STATUTORY INSTRUMENTS

2011 No. 1856

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

PART 3

Amendments to the Companies Act 2006

Recognised supervisory bodies

5.—(1) Schedule 10 to the Companies Act 2006(1) (recognised supervisory bodies) is amended as follows.

(2) In paragraph 10A(4)(b) after “23” insert “, 23A”.

(3) In paragraph 13 (monitoring of audits)—

(a) in sub-paragraph (1)(a)—

(i) omit “in the case of members of the body who do not perform any statutory audit functions in respect of major audits,”;

(ii) after “of statutory audit functions” insert “, other than statutory audit functions in respect of major audits,”;

(b) omit the “and” at the end of sub-paragraph (1)(b);

(c) after sub-paragraph (1)(b) insert—

“(ba) in the case of members of the body who perform any third country audit functions, participate in arrangements within paragraph 23A(1); and”;

(d) in sub-paragraph (1)(c) after “statutory audit functions” insert “or third country audit functions”;

(e) for sub-paragraph (2) substitute—

“(2) Any monitoring of members of the body under the arrangements within paragraph 23(1) or 23A(1) is to be regarded (so far as their performance of statutory audit functions in respect of major audits, or of third country audit functions, is concerned) as monitoring of compliance with the body’s rules for the purposes of paragraph 12(1) and (1A).”;

(f) in sub-paragraph (10) at the end insert—

““third country audit function” means any function related to the audit of a UK-traded non-EEA company.”.

(4) After paragraph 23 (arrangements for independent monitoring of major audits) insert—

“Arrangements for independent monitoring of third country audits

23A.—(1) The arrangements referred to in paragraph 13(1)(ba) are appropriate arrangements—

- (a) for enabling the performance by members of the body of third country audit functions to be monitored by means of inspections carried out under the arrangements, and
 - (b) for ensuring that the carrying out of such monitoring and inspections is done independently of the body.
- (2) Those arrangements must provide that the body performing the inspections—
 - (a) may decide that an inspection referred to in sub-paragraph (1) is not required, or that part of an inspection is not required, in relation to a member, and
 - (b) may direct that the arrangements referred to in sub-paragraph (3) apply in relation to the member or apply to such extent as may be specified in the direction.
- (3) The supervisory body must have adequate arrangements for enabling the performance by its members of third country audit functions to be monitored by means of inspections for cases where a direction is given under sub-paragraph (2)(b).
- (4) In this paragraph “third country audit function” means any function related to the audit of a UK-traded non-EEA company.”
- (5) In paragraph 24 (arrangements for independent investigation for disciplinary purposes)—
 - (a) in sub-paragraph (1)(a) after “the performance of statutory audit functions” insert “or third country audit functions”;
 - (b) in sub-paragraph (2) at the end insert—
 - ““third country audit function” means any function related to the audit of a UK-traded non-EEA company.”.
- (6) In paragraph 25(1) (arrangements to operate independently of body)—
 - (a) omit the “or” at the end of paragraph (c);
 - (b) after paragraph (c) insert—
 - “(ca) paragraph 23A(1)(b), or”.
- (7) In paragraph 26 (funding of arrangements) after “23” insert “, 23A”.
- (8) In paragraph 27 (scope of arrangement) after “23” insert “, 23A”.