
EXPLANATORY NOTE

(This note is not part of the Order)

This Order appoints and authorises the Conduct Committee established under the articles of association of the Financial Reporting Council Limited for certain purposes under the Companies (Audit, Investigations and Community Enterprise) Act 2004 (“the 2004 Act”) and the Companies Act 2006 (“the 2006 Act”). It extends to the whole of the United Kingdom.

Article 2 appoints the Conduct Committee to exercise the functions described in section 14(2) of the 2004 Act. These functions are keeping certain periodic accounts and reports under review, and informing the Financial Services Authority of any conclusions the Committee reaches as regards those accounts and reports. Article 2 limits the appointment to accounts and reports produced by relevant corporate bodies issuing transferable securities which are admitted to trading on a regulated market. The relevant corporate bodies are those whose home Member State is the United Kingdom for the purposes of Directive [2004/109/EC](#) of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (“the Directive”). Under article 3 the appointment only relates to periodic accounts and reports which must be produced under Articles 4 and 5 of the Directive i.e. to annual and half-yearly reports.

Article 4 authorises the Conduct Committee for the purposes of section 456 of the 2006 Act i.e. authorises the Committee to apply to the court for a declaration (or declarator in Scotland) etc in respect of defective accounts or directors' reports.

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

Article 6(1) amends the 2004 Act to permit certain information obtained by the body exercising the functions described at section 14(2) of that Act to be shared more widely. Article 6(2) amends the 2006 Act to permit certain information obtained by the person authorised for the purposes of section 456 of that Act to be shared more widely.

Subject to transitional provision, Article 7 revokes the Companies (Defective Accounts and Directors' Reports) (Authorised Person) and Supervision of Accounts and Reports (Prescribed Body) Order 2008 (S.I. 2008/623) whereby a body known as the Financial Reporting Review Panel performed the roles now conferred upon the Conduct Committee. Article 8 contains consequential amendments in respect of limited liability partnerships.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from Business Environment Directorate, Department for Business, Innovation and Skills, 1 Victoria Street, London SW1H 0ET or at www.bis.gov.uk and is annexed to the Explanatory Memorandum which is available alongside the instrument on www.legislation.gov.uk.

Changes to legislation:

There are currently no known outstanding effects for the The Supervision of Accounts and Reports (Prescribed Body) and Companies (Defective Accounts and Directors' Reports) (Authorised Person) Order 2012.