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STATUTORY INSTRUMENTS

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**2019 No. 177**

**EXITING THE EUROPEAN UNION  
AUDITORS**

**The Statutory Auditors and Third Country Auditors  
(Amendment) (EU Exit) Regulations 2019**

*Made - - - - 1st February 2019*

*Coming into force in accordance with regulation 2*

The Secretary of State makes these Regulations in exercise of the powers conferred by section 2(2) of the European Communities Act 1972 <sup>M1</sup> (“the 1972 Act”), sections 15 and 17 of the Limited Liability Partnerships Act 2000 <sup>M2</sup> (“the 2000 Act”), section 18A of the Companies (Audit, Investigations and Community Enterprise) Act 2004 <sup>M3</sup> (“the 2004 Act”), sections 484(1), 519A(5), 1239(1)(b), (2) and (5)(d), 1241(2)(c), 1246(1), 1252(1), (4)(a) and (8) and 1292(1) and (2) of the Companies Act 2006 <sup>M4</sup> (“the 2006 Act”) and sections 8(1) and 23(1) of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018 <sup>M5</sup> (“the 2018 Act”).

The Secretary of State is a Minister designated <sup>M6</sup> for the purposes of section 2(2) of the 1972 Act in relation to auditors and the audit of accounts.

In accordance with paragraph 2(2) of Schedule 2 to the 1972 Act, section 17(6) of the 2000 Act, section 18A(8) of the 2004 Act, sections 484(3), 1252(11) and 1290 of the 2006 Act, and paragraphs 1(1), 15 and 38(1) to (3) of Schedule 7 to the 2018 Act, a draft of this instrument has been laid before Parliament and approved by a resolution of each House of Parliament.

**Marginal Citations**

- M1** 1972 c. 68. Section 2(2) was amended by section 27(1) of the [Legislative and Regulatory Reform Act 2006](#) (c. 51) and by section 3 of, and Part 1 of the Schedule to, the [European Union \(Amendment\) Act 2008](#) (c. 7).
- M2** 2000 c. 12.
- M3** 2004 c. 27.
- M4** 2006 c. 46.
- M5** 2018 c. 16.
- M6** S.I. 2007/1679.

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Instrument contains provisions that are not valid for this point in time.

**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

VALID FROM 31/12/2020

## PART 1

### Introduction

#### Citation and commencement

1. These Regulations may be cited as the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019.

#### Commencement Information

**I1** Reg. 1 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

2. These Regulations come into force on exit day<sup>M7</sup>, except for—

[<sup>F1</sup>(a) regulation 14, which comes into force 21 days after the day on which the Statutory Auditors, Third Country Auditors and International Accounting Standards (Amendment) (EU Exit) Regulations 2019 are made; and

(b) Part 5, which comes into force on 22 February 2019].

#### Textual Amendments

**F1** Words in reg. 2 substituted (13.11.2019) by The Statutory Auditors, Third Country Auditors and International Accounting Standards (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1392), regs. 1(2), 3

#### Commencement Information

**I2** Reg. 2 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

**M7** See section 20(1) of the European Union (Withdrawal) Act 2018 for the meaning of “exit day”.

VALID FROM 13/11/2019

## PART 2

### Amendment of primary legislation

VALID FROM 31/12/2020

#### CHAPTER 1

##### Part 16 of the Companies Act 2006

##### Amendment of Part 16 of the Companies Act 2006

3. Part 16 of the Companies Act 2006 (audit) is amended in accordance with regulations 4 to 9.

##### Commencement Information

**I3** Reg. 3 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

4. In section 479A (subsidiary companies: conditions for exemption from audit) <sup>M8</sup>—
- (a) in subsection (1)(b), after “an EEA State” insert “ or part of the United Kingdom ”;
  - (b) in subsection (2)(c)—
    - (i) after “in accordance with” insert—
      - “(zi) if the undertaking is established in any part of the United Kingdom—
        - (aa) if the undertaking is a company, the requirements of Part 15 of this Act,
        - (bb) if the undertaking is not a company, the legal requirements which apply to the drawing up of consolidated accounts for that undertaking,”;
      - (ii) in sub-paragraph (i), at the beginning, insert “ if the undertaking is established in an EEA State, ”.

##### Commencement Information

**I4** Reg. 4 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

##### Marginal Citations

**M8** [Section 479A](#) was inserted by regulation 7 of [S.I. 2012/2301](#). Subsection (2)(c)(i) was substituted by regulation 10(2) of [S.I. 2015/980](#).

5. In section 494ZA (the maximum engagement period) <sup>M9</sup>—

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- (a) in subsection (5)(a)(ii), omit “and” at the end;
- (b) for subsection (5)(a)(iii) substitute—
  - “(iii) if the company is a private company and does not have an audit committee, a selection procedure that complies with the requirements of section 485B(4),
  - (iv) if the company is a public company and does not have an audit committee, a selection procedure that complies with the requirements of section 489B(4).”;
- (c) in subsection (5)(b) after “Audit Regulation” insert “ as it had effect immediately before exit day ”.

#### Commencement Information

- I5** Reg. 5 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

- M9** [Section 494ZA](#) was inserted by regulation 12(14) of [S.I. 2017/516](#). Subsection (5) was amended by paragraph 20 of Schedule 1 to [S.I. 2017/1164](#).

- 6.** In section 494A (interpretation) <sup>M10</sup>—
- (a) for the definition of “audit committee” substitute—
    - ““audit committee” means a body which performs—
    - (a) the functions referred to in—
      - (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority <sup>M11</sup> (audit committees and their functions) under the Financial Services and Markets Act 2000 <sup>M12</sup>, or
      - (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority <sup>M13</sup> (audit committee) under that Act,
    - as they have effect on exit day, or
    - (b) equivalent functions.”;
  - (b) omit the definition of “Audit Directive”;
  - (c) in the definition of “public interest entity”<sup>M14</sup>—
    - (i) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;
    - (ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “ which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation ”;
    - (iii) for paragraph (c), substitute—
      - “(c) a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive [91/674/EEC](#) of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings <sup>M15</sup>

as that Article had effect immediately before exit day, were the United Kingdom a member State;”;

(d) omit the definitions of “regulated market” and “transferable securities”<sup>M16</sup>.

#### Commencement Information

**I6** Reg. 6 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M10** [Section 494A](#) was inserted by paragraph 12 of Schedule 3 to [S.I. 2016/649](#).

**M11** Sourcebooks made by the Financial Conduct Authority are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where it is also available for inspection.

**M12** [2000 c. 8](#). Part 9A was inserted by section 24(1) of the [Financial Services Act 2012 \(c. 21\)](#).

**M13** The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where it is also available for inspection.

**M14** The expression of “public interest company” in this definition was amended to “public interest entity” by regulation 12(15) of [S.I. 2017/516](#).

**M15** OJ No. L 374 31.12.91, p. 7.

**M16** The definition of “transferable securities” was amended by paragraph 9(3) of Schedule 4 to [S.I. 2017/701](#).

7. In section 504(1) (senior statutory auditor)—

(a) omit paragraph (a) and the “or” after it;

(b) in paragraph (b), omit “if there is no applicable standard so issued.”.

#### Commencement Information

**I7** Reg. 7 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

8. In section 519A (meaning of “public interest company”, “non-public interest company” and “exempt reasons”) <sup>M17</sup>—

(a) in subsection (1), in the definition of “public interest company”<sup>M18</sup>—

(i) in paragraph (a), for “regulated market” substitute “UK regulated market”;

(ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation”;

(iii) for paragraph (c), substitute—

“(c) a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive [91/674/EEC](#) of 19 December 1991 of the European Parliament and of the Council on the annual

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accounts and consolidated accounts of insurance undertakings as that Article had effect immediately before exit day, were the United Kingdom a member State;”;

- (b) in subsection (2), omit the definitions of “regulated market”<sup>M19</sup> and “transferable securities”<sup>M20</sup>.

#### Commencement Information

- I8** Reg. 8 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

- M17** [Section 519A](#) was inserted by section 18(3) of the [Deregulation Act 2015 \(c. 20\)](#).  
**M18** The definition of “public interest company” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#).  
**M19** The definition of “regulated market” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#).  
**M20** The definition of “transferable securities” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#), and amended by paragraph 9(4) of Schedule 4 to [S.I. 2017/701](#).

9. In section 539 (minor definitions), in the definition of “MiFID investment firm”<sup>M21</sup>—

- (a) for “Article 4.1.1 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments,” substitute “Article 2(1A) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012<sup>M22</sup>”;
- (b) in paragraph (a), for “to which that Directive does not apply by virtue of Article 2 of that Directive” substitute “which is exempted from the definition of “investment firm” by Schedule 3 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544)<sup>M23</sup>”.

#### Commencement Information

- I9** Reg. 9 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

- M21** The definition of “MiFID investment firm” was inserted by regulation 3(7)(b) of [S.I. 2007/2932](#), and amended by paragraphs 9(5)(a), (b) and (c) of Schedule 4 to [S.I. 2017/701](#) and regulation 3 of [S.I. 2018/786](#).  
**M22** OJ No. L 173 12.06.2014, p. 84.  
**M23** [S.I. 2001/544](#).

## CHAPTER 2

### Part 42 of the Companies Act 2006

VALID FROM 31/12/2020

#### Amendment of Part 42 of the Companies Act 2006

**10.** Part 42 of the Companies Act 2006 (statutory auditors) is amended in accordance with regulations 11 to 26.

#### Commencement Information

**I10** Reg. 10 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

VALID FROM 31/12/2020

**11.** In section 1210 (meaning of “statutory auditor” etc)—

(a) in subsection (1)(c)(ii) <sup>M24</sup>, for “regulated market” substitute “UK regulated market”;

(b) in subsection (3)—

(i) omit the definition of “bank”<sup>M25</sup>;

(ii) for the definition of “insurer” substitute—

““insurer” means a person who would be an insurance undertaking, as defined in Article 2(1) of Council Directive [91/674/EEC](#) of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings as that Article had effect immediately before exit day, were the United Kingdom a member State;”;

(iii) omit the definition of “regulated market”<sup>M26</sup>.

#### Commencement Information

**I11** Reg. 11 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M24** [Section 1210\(1\)\(c\)](#) was substituted by regulation 13(2)(a) of [S.I. 2017/516](#).

**M25** The definition of “bank” was amended by paragraph 42(3) of Schedule 2 to [S.I. 2013/3115](#) and article 3(1) and Part 1 of the Schedule to [S.I. 2012/1809](#).

**M26** The definition of “regulated market” was inserted by regulation 13(2)(b) of [S.I. 2017/516](#).

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VALID FROM 31/12/2020

- 12.** In section 1223A (notification of matters relevant to other EEA States) <sup>M27</sup>—
- (a) in the heading, for “other EEA States” substitute “ approved third country competent authorities ”;
  - (b) in subsection (2)—
    - (i) in paragraph (a), for “any other EEA State or part of an EEA State, implementing the Audit Directive” substitute “ an equivalent third country or transitional third country ”;
    - (ii) in paragraph (b), for “EEA State other than the United Kingdom” substitute “ equivalent third country or transitional third country ”;
  - (c) in subsection (3)—
    - (i) in paragraph (a), for “an EEA auditor” substitute “ a third country auditor that has been approved by an approved third country competent authority ”;
    - (ii) in paragraph (b), for “EEA” substitute “ approved third country ”.

#### Commencement Information

**I12** Reg. 12 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M27** [Section 1223A](#) was inserted by regulation 7(1) of [S.I. 2007/3494](#).

VALID FROM 31/12/2020

- 13.** In section 1224A (restrictions on disclosure) <sup>M28</sup>, omit subsection (5).

#### Commencement Information

**I13** Reg. 13 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M28** [Section 1224A](#) was inserted by regulation 8(1) of [S.I. 2007/3494](#).

- 14.** After section 1240 (information to be made available to public), insert—



## “CHAPTER 4A

### Equivalent Third Countries and Transitional Third Countries

#### **1240A Power to approve third countries as equivalent or transitional third countries**

(1) The Secretary of State may by regulations grant to a third country, or make provision for the grant to a third country of—

- (a) approval as an equivalent third country,
- (b) provisional approval, for a period of up to seven years, as an equivalent third country, or
- (c) transitional approval, for a period of up to seven years, as a transitional third country,

in relation to the comparability of the third country's audit regulatory regime to the audit regulatory regime of the United Kingdom.

(2) Regulations under subsection (1) may (among other things)—

- (a) specify the procedure for assessing the audit regulatory regime of a third country;
- (b) set out the considerations which must be taken into account, or may be taken into account, by the Secretary of State when determining—
  - (i) whether the third country has an audit regulatory regime comparable to that of the United Kingdom,
  - (ii) whether to grant approval, provisional approval or transitional approval, and
  - (iii) the period for which provisional approval or transitional approval should be granted;
- (c) specify the procedure for the granting of approval, provisional approval or transitional approval;
- (d) set out a list of third countries that have been granted approval, provisional approval or transitional approval;
- (e) make provision for the amendment, suspension or withdrawal of approval, provisional approval or transitional approval.

(3) In this section, “audit regulatory regime” in relation to a country or territory, means the system of public oversight, quality assurance, investigations and sanctions for auditors in that country or territory.

(4) Regulations under this section are subject to negative resolution procedure.

## CHAPTER 4B

### Approved Third Country Competent Authorities

#### **1240B Power to approve third country competent authorities**

(1) The Secretary of State may by regulations grant to a third country competent authority, or make provision for the grant to a third country competent authority of—

- (a) approval as an approved third country competent authority, or
- (b) provisional approval, for a period of up to seven years, as an approved third country competent authority,

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in relation to the exchange of audit working papers and investigation reports.

- (2) Regulations under subsection (1) may (among other things)—
- (a) specify the procedure for assessing the adequacy of the third country competent authority, in relation to the authority's ability to co-operate with the competent authority on the exchange of audit working papers and investigation reports;
  - (b) set out the considerations which must be taken into account, or may be taken into account, by the Secretary of State when determining—
    - (i) whether to grant approval or provisional approval, and
    - (ii) in relation to the granting of provisional approval, the period of the approval;
  - (c) specify the procedure for the granting of an approval or a provisional approval;
  - (d) set out a list of third country competent authorities that have been granted an approval or a provisional approval;
  - (e) make provision for the amendment, suspension or withdrawal of an approval or a provisional approval.
- (3) Regulations under this section are subject to negative resolution procedure.”.

#### Commencement Information

**I14** Reg. 14 in force on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see [reg. 2](#)

VALID FROM 31/12/2020

**15.** In section 1241 (meaning of “registered third country auditor” and “UK-traded non-EEA company”)—

- (a) in the heading <sup>M29</sup>, for “UK-traded non-EEA company” substitute “UK-traded third country company”;
- (b) in subsection (2) <sup>M30</sup>—
  - (i) for “UK-traded non-EEA company” substitute “UK-traded third country company”;
  - (ii) in paragraph (b), for “regulated market” substitute “UK regulated market” and omit “situated or operating in the United Kingdom”;
- (c) omit subsection (3) <sup>M31</sup>.

#### Commencement Information

**I15** Reg. 15 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M29** The heading for section 1241 was substituted by regulation 31(2) of [S.I. 2007/3494](#).

**M30** [Section 1241\(2\)](#) was amended by regulation 31(4) of [S.I. 2007/3494](#).

**M31** Subsection (3) was amended by paragraph 9(8)(a) and (b) of Schedule 4 to [S.I. 2017/701](#).

VALID FROM 31/12/2020

**16.** In section 1242 (duties of registered third country auditors)—

- (a) in subsection (1) <sup>M32</sup>, for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
- (b) in subsection (2)(a) <sup>M33</sup>, for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”.

**Commencement Information**

**I16** Reg. 16 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

- M32** [Section 1242\(1\)](#) was amended by regulation 32(2)(a) and (b) of [S.I. 2007/3494](#) and regulation 14 of [S.I. 2013/1672](#).
- M33** [Section 1242\(2\)9a](#) was amended by regulation 32(3) of [S.I. 2007/3494](#).

VALID FROM 31/12/2020

**17.** In section 1253A (requests to foreign competent authorities) <sup>M34</sup>, omit “an EEA competent authority or”.

**Commencement Information**

**I17** Reg. 17 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M34** [Section 1253A](#) was inserted by regulation 14(1) of [S.I. 2007/3494](#).

VALID FROM 31/12/2020

**18.** In section 1253B (request from EEA competent authorities) <sup>M35</sup>—

- (a) in the heading, for “EEA competent authorities” substitute “ approved third country competent authorities ”;
- (b) in subsection (1) <sup>M36</sup>—
  - (i) for “EEA competent authority” substitute “ approved third country competent authority ”;

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- (ii) omit the words from “or a European supervisory authority (“the requesting authority”),” to the end;
- (c) after subsection (1), insert—
  - “(1A) Where the request includes a request for the transfer of audit working papers and investigation reports, the Secretary of State must act in accordance with section 1253D.”;
- (d) omit subsection (4) <sup>M37</sup>.

### Commencement Information

**I18** Reg. 18 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

### Marginal Citations

**M35** Section 1253B was inserted by regulation 14(1) of [S.I. 2007/3494](#).

**M36** Subsection (1) was substituted by paragraph 41(2) of Schedule 3 to [S.I. 2016/649](#).

**M37** Subsection (4) was substituted by paragraph 41(4) of Schedule 3 to [S.I. 2016/649](#).

VALID FROM 31/12/2020

- 19.** In section 1253C (notification to competent authorities of other EEA States) <sup>M38</sup>—
- (a) in the heading, after “to” insert “ approved third country ” and omit “of other EEA States”;
  - (b) in subsection (1) <sup>M39</sup>—
    - (i) for “other EEA States” substitute “ approved third country competent authorities ”;
    - (ii) for “EEA competent authority” substitute “ approved third country competent authority ”;
  - (c) in subsection (2) <sup>M40</sup>—
    - (i) for “EEA competent authority” in both places substitute “ approved third country competent authority ”;
    - (ii) omit “in accordance with the Audit Directive”;
    - (iii) omit “required by EU law”;
  - (d) in subsection (4)—
    - (i) for “EEA competent authority” substitute “ approved third country competent authority ”;
    - (ii) in paragraph (a), for “other EEA State or part of an EEA State, implementing the Audit Directive” substitute “ equivalent third country or transitional third country, relating to audit ”;
    - (iii) in paragraph (b), for “an EEA State other than the United Kingdom” substitute “ an equivalent third country or transitional third country ”;
  - (e) in subsection (5)—

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- (i) for “EEA competent authority” in both places substitute “ approved third country competent authority ”;
- (ii) for “EEA State” substitute “ country or territory ”.

#### Commencement Information

**I19** Reg. 19 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

#### Marginal Citations

**M38** Section 1253C was inserted by regulation 14(1) of **S.I. 2007/3494**. Subsection (2) was amended by article 6(2) of **S.I. 2011/1043**.

**M39** Subsection (1) was substituted by paragraph 42(2) of Schedule 3 to **S.I. 2016/649**.

**M40** Subsection (2) was amended by article 6(2) of **S.I. 2011/1043**.

VALID FROM 31/12/2020

**20.** In section 1253D (restriction on transfer of audit working papers to third countries) <sup>M41</sup>—

- (a) in subsection (1) <sup>M42</sup>, for “except” substitute “ unless the third country competent authority is an approved third country competent authority and the transfers are made ”;
- (b) omit subsection (2) <sup>M43</sup>.

#### Commencement Information

**I20** Reg. 20 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

#### Marginal Citations

**M41** Section 1253D was inserted by regulation 15(1) of **S.I. 2007/3494**, and substituted by regulation 2 of **S.I. 2010/2537**.

**M42** Subsection (1) was amended by paragraph 43(2) of Schedule 3 to **S.I. 2016/649**.

**M43** Subsection (2) was amended by regulation 13(5) of **S.I. 2017/516**.

VALID FROM 31/12/2020

**21.** In section 1253DD (agreement of EEA competent authority) <sup>M44</sup>—

- (a) in the heading, for “EEA competent authority” substitute “ third country competent authority ”;
- (b) in subsection (1)(b)(i) <sup>M45</sup>, for “another EEA State” substitute “ an equivalent third country or transitional third country ”;

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- (c) in subsections (2) and (3), for “EEA competent authority” substitute “ third country competent authority ”.

#### Commencement Information

- I21** Reg. 21 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

- M44** Section 1253DD was inserted by regulation 15(1) of S.I. 2007/3494, and substituted by regulation 2 of S.I. 2010/2537. Subsection (1) was amended by paragraph 47(1) of Schedule 3 to S.I. 2016/649.
- M45** Subsection (1) was amended by paragraph 47(1) of Schedule 3 to S.I. 2016/649.

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- 22.** In section 1253DE(1)(a) (transfer by means of inspection) <sup>M46</sup>, omit “listed in section 1253D(2)(a), (f) or (g)”.

#### Commencement Information

- I22** Reg. 22 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

- M46** Section 1253DE was inserted by regulation 15(1) of S.I. 2007/3494, and substituted by regulation 2 of S.I. 2010/2537. Subsection (1) was amended by paragraph 48(2) of Schedule 3 to S.I. 2016/649.

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- 23.** In section 1253E (working arrangements for transfer of papers) <sup>M47</sup>—
- (a) in subsection (4)—
- (i) in paragraph (a), for “Article 29 of the Audit Directive (quality assurance)” substitute “ regulation 9 of the Statutory Auditors and Third Country Auditors Regulations 2016 <sup>M48</sup> ”;
- (ii) in paragraph (b), for “Article 30 of the Audit Directive (investigations and penalties)” substitute “ regulations 5 to 8 and 10 of the Statutory Auditors and Third Country Auditors Regulations 2016 ”;
- (iii) in paragraph (c), for “Article 32 of the Audit Directive (principles of public oversight)” substitute “ regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016 ”;
- (b) in subsection (7), omit “of the European Union or”;
- (c) omit subsections (8) <sup>M49</sup> and (9).

### Commencement Information

- I23** Reg. 23 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

### Marginal Citations

- M47** Section 1253E was inserted by regulation 15(1) of **S.I. 2007/3494**, and substituted by regulation 3 of **S.I. 2010/2537**.
- M48** **S.I. 2016/649**.
- M49** Subsection (8) was amended by paragraph 49(2) of Schedule 3 to **S.I. 2016/649** and regulation 13(6) of **S.I. 2017/516**.

VALID FROM 31/12/2020

**24.** In section 1254(1)(a) (directions to comply with international obligations)<sup>M50</sup>, for “EU obligations” substitute “retained EU obligations”.

### Commencement Information

- I24** Reg. 24 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

### Marginal Citations

- M50** Section 1254(1)(a) was substituted by regulation 13(7)(a) of **S.I. 2017/516**.

VALID FROM 31/12/2020

**25.** In section 1261 (minor definitions)—

(a) in subsection (1)—

- (i) omit the definition of “the Audit Directive”<sup>M51</sup>;
- (ii) in the definition of “audit working papers and investigation reports”<sup>M52</sup>, in paragraphs (a), (b) and (c) omit “, an EEA auditor”;
- (iii) omit the definitions of “EEA auditor” and “EEA competent authority”<sup>M53</sup>;
- (iv) after the definitions of “parent undertaking” and “subsidiary undertaking”, insert—  
““regulated market” has the meaning given in Article 2(1)(13) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012<sup>M54</sup>.”;
- (v) in the definition of “third country”<sup>M55</sup>, for “that is not an EEA State or part of an EEA State” substitute “other than the United Kingdom”;
- (vi) in the definition of “third country auditor”, omit “an EEA auditor or”;
- (vii) after the definition of “transfer”<sup>M56</sup>, insert—

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**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

“transferable securities” has the meaning given in Article 2(1)(24) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012;

“UK regulated market” has the meaning given in Article 2(1)(13A) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012;”;

(b) omit subsection (2A) <sup>M57</sup>.

### Commencement Information

**I25** Reg. 25 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

### Marginal Citations

**M51** The definition of “the Audit Directive” was inserted by regulation 2(2) of **S.I. 2007/3494**.

**M52** The definition of “audit working papers” was inserted by regulation 2(2) of **S.I. 2007/3494** and substituted to “audit working papers and investigation reports” by paragraph 51(2)(a) of Schedule 3 to **S.I. 2016/649**.

**M53** The definitions “EEA auditor” and “EEA competent authority” were inserted by regulation 2(2) of **S.I. 2007/3494**.

**M54** OJ No. L 173 12.06.2014, p. 84.

**M55** The definition of “third country” was inserted by regulation 2(2) of **S.I. 2007/3494**.

**M56** The definition of “transfer” was inserted by regulation 6(4) of **S.I. 2010/2537**, and amended by paragraph 51(2)(e) of Schedule 3 to **S.I. 2016/649**.

**M57** **Section 1261(2A)** was inserted by regulation 2(3) of **S.I. 2007/3494**.

VALID FROM 31/12/2020

**26.** In section 1262 (index of defined expressions), in the Table—

(a) at the appropriate places, insert the following entries—

“approved third country qualification	section 1221(1)”;
“audit regulatory regime	section 1240A(3)”;
“equivalent third country	section 1240A(1)”;
“regulated market	section 1261(1)”;
“transferable securities	section 1261(1)”;
“transitional third country	section 1240A(1)”;
“UK regulated market	section 1261(1)”;



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- (b) in the entry for “approved third country competent authority”<sup>M58</sup>, in the right-hand column for “section 1253D(2)” substitute “ section 1240B(1) ”;
- (c) in the entry for “Audit Directive”, in the right-hand column for “section 1261(1)” substitute “ paragraph 20A of Schedule 10 ”;
- (d) in the entry for “EEA auditor”, in the right-hand column for “section 1261(1)” substitute “ paragraph 20A of Schedule 10 ”;
- (e) in the entry for “EEA competent authority”, in the right-hand column for “section 1261(1)” substitute “ paragraph 20A of Schedule 10 ”;
- (f) in the entry for “UK-traded non-EEA company”<sup>M59</sup>, in the left-hand column for “UK-traded non-EEA company” substitute “ UK-traded third country company ”.

#### Commencement Information

**I26** Reg. 26 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M58** The definition of “approved third country competent authority” was inserted by regulation 6(5) of [S.I. 2010/2537](#).

**M59** The row containing the expression “UK-traded non-EEA company” was inserted by regulation 3(2) of [S.I. 2007/3494](#).

VALID FROM 31/12/2020

## CHAPTER 3

### Schedules 10, 11, 11A and 12 to the Companies Act 2006

#### Amendment of Schedule 10 to the Companies Act 2006

**27.** Part 2 (requirements for recognition of a supervisory body) of Schedule 10 (recognised supervisory bodies) to the Companies Act 2006 is amended in accordance with regulations 28 to 32.

#### Commencement Information

**I27** Reg. 27 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**28.** In paragraph 6 (holding of appropriate qualification)—

(a) for sub-paragraph (1)(c) <sup>M60</sup>, substitute—

“(c) in the case of a firm which is an EEA auditor—

(i) each individual responsible for statutory audit work on behalf of the firm is eligible for appointment as a statutory auditor, and

(ii) the firm would be eligible—

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- (aa) for appointment as a statutory auditor if it were not an EEA auditor, or
- (bb) for a corresponding appointment as an auditor under the law of an EEA State or part of an EEA State, and the firm provides proof of its eligibility in the form of a certificate, dated not more than three months before it is provided as proof by the firm, from the EEA competent authority of the EEA State concerned.”;
- (b) for sub-paragraph (1A) <sup>M61</sup> substitute—
  - “(1A) The requirements of this sub-paragraph are that—
    - (a) the individual holds a professional qualification which covers all the subjects that are covered by a recognised professional qualification and that are subjects of which knowledge is essential for the pursuit of the profession of statutory auditor, or
    - (b) the individual—
      - (i) on or before 31 December 2020, holds a professional qualification which does not cover all those subjects and is in the process of seeking approval from the body, and
      - (ii) has met whichever of the requirements of sub-paragraph (1B) is specified in the body's rules.”;
- (c) for sub-paragraph (1B) <sup>M62</sup>, substitute—
  - “(1B) For the purposes of sub-paragraph (1A)(b)(ii), the body's rules must specify one of the following requirements—
    - (a) a requirement to pass an aptitude test in accordance with sub-paragraph (2),
    - (b) a requirement to complete an adaptation period in accordance with sub-paragraphs (2B) and (2C), or
    - (c) a requirement either to pass an aptitude test in accordance with sub-paragraph (2) or to complete an adaptation period in accordance with sub-paragraphs (2B) and (2C), according to the choice of the individual.”;
- (d) in sub-paragraph (2C) <sup>M63</sup>, for “that the condition in sub-paragraph (1A)(b) can be satisfied by completing an adaptation period” substitute “ a requirement that may or must be met by completing an adaptation period ”;
- (e) after sub-paragraph (2C), insert—
  - “(2D) Sub-paragraph (1)(c)(ii)(bb) ceases to apply on 1 January 2021.”.

#### Commencement Information

**I28** Reg. 28 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M60** Sub-paragraph (1)(c) was inserted by paragraph 57(4) of Schedule 3 to [S.I. 2016/649](#).

**M61** Sub-paragraph (1A) was inserted by paragraph 57(5) of Schedule 3 to [S.I. 2016/649](#).

**M62** Sub-paragraph (1B) was inserted by paragraph 57(5) of Schedule 3 to [S.I. 2016/649](#).

**M63** Sub-paragraph (2C) was inserted by regulation 17(4) of [S.I. 2007/3494](#), substituted by paragraph 57(7) of Schedule 3 to [S.I. 2016/649](#), and amended by regulation 13(8)(a) of [S.I. 2017/516](#).

**29.** In paragraph 7 (holding of appropriate qualification)—

(a) in sub-paragraphs (2)(a)(ii) <sup>M64</sup> and (b)(ii) <sup>M65</sup>, omit “, other than the United Kingdom”;

(b) after sub-paragraph (2), insert—

“(2A) Sub-paragraph (2)(b)(ii) ceases to apply on 1 January 2021.”.

#### Commencement Information

**I29** Reg. 29 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M64** Sub-paragraph (2)(a)(ii) was amended by regulation 18(2) of [S.I. 2007/3494](#).

**M65** Sub-paragraph (2)(b)(ii) was amended by regulation 18(2) of [S.I. 2007/3494](#).

**30.** In paragraph 13(5) (monitoring of audits) <sup>M66</sup>—

(a) in paragraph (b)(i), omit “or”;

(b) for paragraph (b)(ii), substitute—

“(ii) equivalent work, for the purposes of an appointment of a person to conduct inspections made prior to exit day, on the audit of accounts under the law of an EEA State, or part of an EEA State, or

(iii) equivalent work, for the purpose of an appointment of a person to conduct inspections, on the audit of accounts under the law of—

(aa) an equivalent third country or part of an equivalent third country,  
or

(bb) a transitional third country or part of a transitional third country;”.

#### Commencement Information

**I30** Reg. 30 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M66** [Paragraph 13](#) was substituted by paragraph 65 of Schedule 3 to [S.I. 2016/649](#).

**31.** In paragraph 16AA(b) (transfer to approved third country competent authority) <sup>M67</sup>, omit “in the case of an approved third country competent authority listed in section 1253D(2) (a), (b), (c), (d) or (e).”.

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### Commencement Information

- I31** Reg. 31 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

### Marginal Citations

- M67** [Paragraph 16AA](#) was inserted by regulation 5 of [S.I. 2010/2537](#), and amended by regulation 13(8)(b) of [S.I. 2017/516](#).

### 32. In paragraph 20A (interpretation)<sup>M68</sup>—

- (a) at the beginning, insert “ (1) ”;
- (b) after “In this Part of this Schedule—” insert—  
 ““the Audit Directive” means Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives [78/660/EEC](#) and [83/349/EEC](#) and repealing Council Directive [84/253/EEC](#)”;
- (c) after the definition of “audit reporting requirements”, insert—  
 ““EEA auditor” means an individual or firm approved in accordance with the Audit Directive by an EEA competent authority to carry out audits of annual accounts or consolidated accounts required by European Union law;  
 “EEA competent authority” means a competent authority within the meaning of Article 2(10) of the Audit Directive of an EEA State”;
- (d) in the definition of “public interest entity”—  
 (i) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;  
 (ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “ which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation ”;  
 (iii) for paragraph (c), substitute—  
 “(c) a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive [91/674/EEC](#) of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings as that Article had effect immediately before exit day, were the United Kingdom a member State”;
- (e) omit the definition of “regulated market”;
- (f) in the definition of “third country audit function”—  
 (i) for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;  
 (ii) for “an equivalent body corporate” substitute “ a body corporate ”;  
 (iii) for “another EEA State” substitute “ an equivalent third country or transitional third country; ”;
- (g) omit the definition of “transferable securities”<sup>M69</sup>;
- (h) after the definition of “third country audit function” insert—

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“(2) For the purposes of this Schedule, Gibraltar is to be treated as if it were an EEA State and subject to the Audit Directive.”.

**Commencement Information**

**I32** Reg. 32 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M68** [Paragraph 20A](#) was inserted by paragraph 71 of Schedule 3 to [S.I. 2016/649](#).

**M69** The definition of “transferable securities” was amended by paragraph 9(9) of Schedule 4 to [S.I. 2017/701](#).

**Amendment of Schedules 11, 11A and 12 to the Companies Act 2006**

**33.** Schedules 11, 11A and 12 to the Companies Act 2006 are amended in accordance with regulations 34 to 36.

**Commencement Information**

**I33** Reg. 33 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**34.** In Schedule 11 (recognised professional qualifications), in paragraph 9 (practical training)—

- (a) in sub-paragraph (4)(b), omit “other than the United Kingdom”;
- (b) after sub-paragraph (4), insert—

“(5) For the purpose of sub-paragraph (4), Gibraltar is to be treated as if it were an EEA State.”.

**Commencement Information**

**I34** Reg. 34 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**35.** In Schedule 11A (specified persons, descriptions, disclosures etc for the purposes of section 1224A) <sup>M70</sup>—

- (a) in Part 2 (specified descriptions of disclosures), in paragraph 78 <sup>M71</sup>, for “EU obligation” substitute “retained EU obligation”; and
- (b) in Part 3 (overseas regulatory bodies), in paragraph 79—
  - (i) for “EEA competent authority” substitute “approved third country competent authority”;
  - (ii) for “EEA competent authorities” substitute “approved third country competent authorities”.

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Instrument contains provisions that are not valid for this point in time.

**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

#### Commencement Information

**I35** Reg. 35 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

**M70** Schedule 11A was inserted by regulation 8(2) and the Schedule to S.I. 2007/3494. Paragraph 78 was amended by article 6(1) of S.I. 2011/1043.

**M71** Paragraph 78 was amended by article 6(1) of S.I. 2011/1043.

36. In Schedule 12 (arrangements in which registered third country auditors are required to participate)—

- (a) in the italic cross-heading above paragraph 1<sup>M72</sup>, for “UK-traded non-EEA companies” substitute “UK-traded third country companies”;
- (b) in paragraph 1 (arrangements for independent monitoring of audits of UK-traded non-EEA companies), in sub-paragraph (1)(a)<sup>M73</sup>, for “UK-traded non-EEA companies” substitute “UK-traded third country companies”;
- (c) in paragraph 2(1)(a) (arrangements for independent investigations for disciplinary purposes)<sup>M74</sup>, for “UK-traded non-EEA companies” substitute “UK-traded third country companies”.

#### Commencement Information

**I36** Reg. 36 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

**M72** The cross-heading was amended by regulation 33(2) of S.I. 2007/3494.

**M73** Sub-paragraph (1)(a) was amended by regulation 33(3)(a) of S.I. 2007/3494.

**M74** Sub-paragraph (2)(1)(a) was substituted by regulation 17(2) of S.I. 2013/1672.

VALID FROM 31/12/2020

## CHAPTER 4

### Amendment of other primary legislation

#### Amendment of the Building Societies Act 1986

37. The Building Societies Act 1986<sup>M75</sup> is amended in accordance with regulation 38.

#### Commencement Information

**I37** Reg. 37 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### **Marginal Citations**

**M75** [1986 c. 53.](#)

**38.** In paragraph 3E(5)(b) (appointment) <sup>M76</sup> of Schedule 11 (auditors: appointment, tenure), after “Audit Regulation” insert “ as it had effect immediately before exit day ”.

#### **Commencement Information**

**I38** Reg. 38 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **Marginal Citations**

**M76** [Paragraph 3E](#) was inserted by regulation 2(6)(d) of [S.I. 2017/516](#).

#### **Amendment of the Friendly Societies Act 1992**

**39.** The Friendly Societies Act 1992 <sup>M77</sup> is amended in accordance with regulation 40.

#### **Commencement Information**

**I39** Reg. 39 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **Marginal Citations**

**M77** [1992 c. 40.](#)

**40.** In paragraph 5(5)(b) (the maximum engagement period) of Schedule 14A (appointment and removal of auditors: societies to which audit directive applies) <sup>M78</sup>, after “Audit Regulation” insert “ as it had effect immediately before exit day ”.

#### **Commencement Information**

**I40** Reg. 40 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **Marginal Citations**

**M78** [Schedule 14A](#) was inserted by regulation 11 of [S.I. 2017/516](#).

#### **Amendment of the Companies (Audit, Investigations and Community Enterprise) Act 2004**

**41.** Part 1 (auditors, accounts, directors' liabilities and investigations) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 <sup>M79</sup> is amended in accordance with regulations 42 and 43.

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Instrument contains provisions that are not valid for this point in time.

**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

#### Commencement Information

**I41** Reg. 41 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M79** 2004 c. 27.

42. In section 15D(4) (permitted disclosure of information obtained under compulsory powers)<sup>M80</sup>—

- (a) in paragraph (aa)(i), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
- (b) in paragraph (h), for “EU obligation” substitute “ retained EU obligation ”.

#### Commencement Information

**I42** Reg. 42 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M80** Section 15D(4)(aa)(i) was inserted by paragraph 232(2) of Schedule 1 to [S.I. 2008/948](#), and substituted by paragraph 1(2)(a) of Schedule 5 to [S.I. 2016/649](#).

43. In section 16 (grants to bodies concerned with accounting standards etc)—

- (a) after subsection (2)(ea)<sup>M81</sup>, insert—
  - “(eb) assessing, and reporting to the Secretary of State on, the comparability of the audit regulatory regimes of third countries to the audit regulatory regime of the United Kingdom;
  - (ec) assessing, and reporting to the Secretary of State on, the adequacy of third country competent authorities, in relation to their ability to co-operate with the competent authority on the exchange of audit working papers and investigation reports;”;
- (b) in subsection (5)—
  - (i) after the definition of “accountancy functions” insert—
    - ““audit regulatory regime” in relation to a country or territory, means the system of public oversight, quality assurance, investigations and sanctions for auditors in that country or territory;”;
  - (ii) after the definition of “company”<sup>M82</sup> insert—
    - ““the competent authority” means the Financial Reporting Council Limited<sup>M83</sup>.”;
  - (iii) after the definition of “subsidiary”<sup>M84</sup> insert—
    - ““third country” means a country or territory other than the United Kingdom;



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“third country competent authority” means a body established in a third country exercising functions related to the regulation or oversight of auditors.”.

#### **Commencement Information**

**I43** Reg. 43 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **Marginal Citations**

**M81** Sub-section (2)(ea) was inserted by paragraph 1(3) of Schedule 5 to [S.I. 2016/649](#).

**M82** The definition of “company” was amended by paragraph 222(2) of Schedule 1 to [S.I. 2009/1941](#).

**M83** A company registered in England and Wales with number 02486368.

**M84** The definition of “subsidiary” was amended by paragraph 222(3) of Schedule 1 to [S.I. 2009/1941](#).

#### **Amendment of the Local Audit and Accountability Act 2014**

**44.** The Local Audit and Accountability Act 2014 <sup>M85</sup> is amended in accordance with regulation 45.

#### **Commencement Information**

**I44** Reg. 44 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **Marginal Citations**

**M85** [2014 c. 2](#).

**45.** In Schedule 5 (eligibility and regulation of local auditors), in paragraph 1(3)(b), after “the Statutory Auditors and Third Country Auditors Regulations 2016” insert “ and the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 ”.

#### **Commencement Information**

**I45** Reg. 45 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

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*Changes to legislation: There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)*

VALID FROM 31/12/2020

## PART 3

### Amendment of subordinate legislation

#### Amendment of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008

46. The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008<sup>M86</sup> is amended in accordance with regulations 47 and 48.

##### Commencement Information

**I46** Reg. 46 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

##### Marginal Citations

**M86** [S.I. 2008/565](#).

47. In Part 1 (introduction), in regulation 2(4)(a) (interpretation)<sup>M87</sup>—

- (a) for “is excluded” substitute “ would be excluded ”;
- (b) after “that Directive,” insert “ were the United Kingdom a member State ”.

##### Commencement Information

**I47** Reg. 47 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

##### Marginal Citations

**M87** [Regulation 2\(4\)\(a\)](#) was amended by paragraph 27(2)(a) of Schedule 2 to the Solvency 2 Regulations 2015 ([S.I. 2015/575](#)).

48. In Part 3 (final provisions), in regulation 17 (review), omit paragraph (4).

##### Commencement Information

**I48** Reg. 48 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Amendment of Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

49. The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008<sup>M88</sup> is amended in accordance with regulations 50 to 55.

**Commencement Information**

**I49** Reg. 49 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M88** [S.I. 2008/1911](#).

**50.** In Part 10 (audit requirement)—

- (a) in regulation 34 (exemption from audit: small LLPs), in the modified section 478(a), for “regulated market in an EEA State” substitute “UK regulated market”;
- (b) in regulation 34A (exemption from audit: qualifying subsidiaries) <sup>M89</sup>, in the modified section 479A—
  - (i) in subsection (1)(b), after “an EEA State” insert “or part of the United Kingdom”;
  - (ii) in subsection (2)(c) <sup>M90</sup>—
    - (aa) before sub-paragraph (i) insert—

“(zi) if the undertaking is established in any part of the United Kingdom—

      - (aa) if the undertaking is a company, the requirements of Part 15 of this Act,
      - (bb) if the undertaking is not a company, the legal requirements which apply to the drawing up of consolidated accounts for that undertaking.”;
    - (bb) in sub-paragraph (i), at the beginning, insert “if the undertaking is established in an EEA State,”.

**Commencement Information**

**I50** Reg. 50 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M89** [Regulation 34A](#) was inserted by regulation 20(4) of the [Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#).

**M90** Subsection (2)(c)(i) of section 479A of the Companies Act 2006, as set out in regulation 34A, was substituted by regulation 22(2) of the [Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#).

**51.** In Part 11 (appointment of auditors)—

- (a) in regulation 38A (the maximum engagement period) <sup>M91</sup>, in the modified section 494ZA—
  - (i) in subsection (5)(a)(ii), for “Article 16(3) and (4) of the Audit Regulation” substitute “section 485B(4)”;

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- (ii) in subsection (5)(b), after “Audit Regulation” insert “ as it had effect immediately before exit day ”;
- (b) in regulation 38B (interpretation) <sup>M92</sup>, in the modified section 494A—
  - (i) for the definition of “audit committee” substitute—
    - ““audit committee” means a body which performs—
      - (a) the functions referred to in—
        - (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority <sup>M93</sup> (audit committees and their functions) under the Financial Services and Markets Act 2000 <sup>M94</sup>, or
        - (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority <sup>M95</sup> under that Act, as they have effect on exit day, or
      - (b) equivalent functions.”;
  - (ii) in the definition of “public interest entity”—
    - (aa) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;
    - (bb) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “ which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation <sup>M96</sup> ”;
  - (iii) omit the definitions of “regulated market” and “transferable securities”.

#### Commencement Information

- I51** Reg. 51 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

#### Marginal Citations

- M91** Regulation 38A was inserted by paragraph 12 of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).
- M92** Regulation 38B was inserted by paragraph 12 of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).
- M93** Sourcebooks made by the Financial Conduct Authority are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where it is also available for inspection.
- M94** 2000 c. 8. Part 9A was inserted by section 24(1) of the [Financial Services Act 2012 \(c. 21\)](#).
- M95** The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where it is also available for inspection.
- M96** Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, OJ No. L 176, 27.6.2013, p. 1.

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**52.** In Part 12 (functions of auditors), in regulation 41 (signature of auditor's report), in the modified section 504(1)—

- (a) omit paragraph (a);
- (b) in paragraph (b) <sup>M97</sup>, omit “if there is no applicable standard so issued”.

**Commencement Information**

**I52** Reg. 52 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M97** Subsection (1)(b)(ii) of the Companies Act 2006, as set out in regulation 41, was substituted by paragraph 15(b) of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**53.** In Part 13 (removal, resignation, etc of auditors), in regulation 46 (auditor statements), in the modified section 519A <sup>M98</sup>—

- (a) in subsection (1), in the definition of “public interest LLP”—
  - (i) in paragraph (a), for “regulated market” substitute “UK regulated market”;
  - (ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “which is a CRR firm within the meaning of Article 4(1)(2A) of the same Regulation”;
- (b) in subsection (2), omit the definitions of “regulated market” and “transferable securities”.

**Commencement Information**

**I53** Reg. 53 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M98** [Section 519A](#) of the Companies Act 2006, as set out in regulation 46, was inserted by paragraph 19(b) of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**54.** In Part 14 (LLP audit: supplementary provisions), in regulation 47 (minor definitions), in the modified section 539, for the definition of “MiFID investment firm”, substitute—

““MiFID investment firm” means an investment firm within the meaning of Article 2(1A) of Regulation (EU) No.600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No.648/2012, other than—

- (a) an LLP which is exempted from the definition of “investment firm” by Schedule 3 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544),
- (b) an LLP which is an exempt investment firm as defined by regulation 8 (meaning of exemption of investment firm in Chapter 1) of the Financial

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Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), and

- (c) any other LLP which fulfils all the requirements set out in regulation 6(3) of those Regulations;”.

#### Commencement Information

- I54** Reg. 54 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

- 55.** In Part 18 (final provisions), in regulation 59 (review), omit paragraph (1A).

#### Commencement Information

- I55** Reg. 55 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

### Amendment of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012

**56.** Part 3 (transfer of functions of the Secretary of State) of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012<sup>M99</sup> is amended in accordance with regulation 57.

#### Commencement Information

- I56** Reg. 56 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

- M99** [S.I. 2012/1741](#).

- 57.** In article 7 (transfer of functions)—

- (a) in paragraph (2)—

(i) in sub-paragraph (h) omit “and”;

(ii) after sub-paragraph (i) insert—

“(j) section 1240A(1) of the Act (power to approve third countries as equivalent or transitional third countries), and

(k) section 1240B(1) of the Act (power to approve third country competent authorities);”;

- (b) in paragraph (4)(a), for “overseas qualification” substitute “third country qualification”;

- (c) in paragraph (4)(c), for “EEA competent authorities” substitute “approved third country competent authorities”;

- (d) in paragraph (5), for “UK-traded non-EEA company” substitute “UK-traded third country company”;

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- (e) in paragraphs (6)(a) and (b) <sup>M100</sup>, for “and the Statutory Auditors Regulations 2017” substitute “, the Statutory Auditors Regulations 2017 <sup>M101</sup> and the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019”.

#### Commencement Information

- I57** Reg. 57 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

- M100** Paragraph 6 was inserted by regulation 19(2) of the [Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#). Sub-paragraphs (a) and (b) were amended by regulation 18(a) and (b) of the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).
- M101** [S.I. 2017/1164](#).

### Amendment of the Statutory Auditors and Third Country Auditors Regulations 2013

**58.** The Statutory Auditors and Third Country Auditors Regulations 2013 <sup>M102</sup> is amended in accordance with regulations 59 to 62.

#### Commencement Information

- I58** Reg. 58 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

- M102** [S.I. 2013/1672](#).

**59.** In regulation 6 (register of third country auditors)—

- (a) in paragraph (2)(e), after “EEA competent authority” insert “ under Article 45(1) of the Audit Directive ”;
- (b) in paragraph (2)(f)—
- (i) for “any body which” substitute “ each third country competent authority that ”;
  - (ii) after “law of a third country” insert “ and the registration number (if any) which each one has allocated to the individual ”;
- (c) in paragraph (3)(b), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
- (d) in paragraph (3)(h)—
- (i) for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
  - (ii) after “registration number” insert “ (if any) ”;
  - (iii) for “body” substitute “ third country competent authority or other body ”;
- (e) in paragraph (3)(j), after “EEA competent authority” insert “ under Article 45(1) of the Audit Directive ”;
- (f) in paragraph (3)(k)—
- (i) for “any body which” substitute “ each third country competent authority that ”;

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- (ii) after “law of a third country” insert “ and the registration number (if any) which each one has allocated to the firm ”;
- (g) for paragraph (7) substitute—
- “(7) In this regulation—
- “Audit Directive” means Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts;
- “EEA competent authority” means a competent authority within the meaning of Article 2(10) of the Audit Directive of an EEA State;
- “network” means an association of persons other than a firm co-operating in audit work by way of—
- (a) profit sharing,
  - (b) cost sharing,
  - (c) common ownership, control or management,
  - (d) common quality control policies and procedures,
  - (e) common business strategy, or
  - (f) use of a common brand name.
- (8) For the purposes of this regulation, Gibraltar is to be treated as if it were an EEA State and subject to the Audit Directive.”.

#### Commencement Information

**I59** Reg. 59 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**60.** In regulation 7 (application for registration of third country auditor), in paragraph (3)(d), for “UK-traded non-EEA company” substitute “ UK-traded third country company ”.

#### Commencement Information

**I60** Reg. 60 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

- 61.** In regulation 8 (application statement)—
- (a) in paragraph (b)(ii), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
  - (b) in paragraph (c), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
  - (c) in paragraph (d) <sup>M103</sup>—
    - (i) for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
    - (ii) in sub-paragraph (i), after “Audit Directive” insert “ before exit day ”;
    - (iii) after sub-paragraph (i) insert—



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- “(ia) the UK-adopted international standards adopted by the competent authority in accordance with regulation 4(3)(za) of the Statutory Auditors and Third Country Auditors Regulations 2016, or with standards, procedures or requirements which are equivalent,”;
- (iv) in sub-paragraph (ii), for “regulation 4(3)(a)” substitute “ regulation 4(3) ”;
- (v) for sub-paragraph (iii), substitute—
- “(iii) any auditing standards, procedures or requirements imposed by the competent authority in accordance with the requirements set out in paragraphs 1 to 6 and 8 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016, or with any other equivalent standards, procedures or requirements.”.

#### Commencement Information

**I61** Reg. 61 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M103** Paragraph (d) was substituted by regulation 20(2)(a) of the [Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#).

**62.** In regulation 12(3)(a)(ii) (removal of registered third country auditor from the register), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”.

#### Commencement Information

**I62** Reg. 62 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

### Amendment of the Companies (Bodies Concerned with Auditing Standards etc.) (Exemption from Liability) Regulations 2016

**63.** The Companies (Bodies Concerned with Auditing Standards etc.) (Exemption from Liability) Regulations 2016 <sup>M104</sup> is amended in accordance with regulation 64.

#### Commencement Information

**I63** Reg. 63 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M104** [S.I. 2016/571](#).

**64.** In regulation 2(2) (exemption from liability) <sup>M105</sup>, after “subsection 2(a) to (d), (ea)” insert “, (eb), (ec) ”.

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**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

#### Commencement Information

**I64** Reg. 64 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

**M105** Regulation 2(2) was amended by regulation 23(2) of the Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649).

### Amendment of the Statutory Auditors and Third Country Auditors Regulations 2016

**65.** The Statutory Auditors and Third Country Auditors Regulations 2016<sup>M106</sup> is amended in accordance with regulations 66 to 74.

#### Commencement Information

**I65** Reg. 65 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

#### Marginal Citations

**M106** S.I. 2016/649.

**66.** In regulation 2 (interpretation)—

- (a) in the second definition paragraph beginning with “appropriate qualification”—
  - (i) omit “EEA auditor” and “EEA competent authority”;
  - (ii) after “ “audited person”, ” insert “ “equivalent third country”, ”;
  - (iii) after “ “parent undertaking”, ” insert “ “regulated market”, ”;
  - (iv) for “ “third country” and “third country auditor”” substitute “ “third country”, “third country auditor”, “transferable securities”, “transitional third country” and “UK regulated market””;
- (b) in the definition of “audit reporting requirements”, in paragraph (h), for “to which the Audit Directive applies (“friendly society to which the Audit Directive applies” has the meaning given by section 78A(3) of that Act)” substitute “ which is subject to special requirements under that Act<sup>M107</sup> (see section 78A(3) of that Act) ”;
- (c) after the definition of “group auditor”, insert—
 

““international auditing standards” means International Standards on Auditing<sup>M108</sup>, International Standard on Quality Control<sup>M109</sup> and other related Standards issued from time to time by the International Federation of Accountants<sup>M110</sup> through the International Auditing and Assurance Standards Board<sup>M111</sup>, in so far as they are relevant to the statutory audit;”;
- (d) in the definition of “public interest entity”—
  - (i) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;
  - (ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit

institutions and investment firms” substitute “ which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation <sup>M112</sup>”;

(iii) for paragraph (c), substitute—

“(c) a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts of insurance undertakings <sup>M113</sup> as that Article had effect immediately before exit day, were the United Kingdom a member State;”;

(e) in the definition of “issuer”—

(i) omit “and “regulated market””;

(ii) for “have” substitute “ has ”;

(f) omit the definition of “transferable securities”;

(g) after the definition of “sanction”, insert—

““third country competent authority” means a body established in a third country exercising functions related to the regulation or oversight of auditors;

“UK-adopted international standards” means the international auditing standards adopted by the competent authority in accordance with regulation 4(3)(za).”.

#### **Commencement Information**

**I66** Reg. 66 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see **reg. 2**

#### **Marginal Citations**

**M107** 1992 c. 40. Section 78A was inserted by paragraph 3 of the Schedule to **S.I. 2005/2211**. Subsection (3) was inserted by paragraph 15(3) of Schedule 1 to **S.I. 2008/948**, substituted by regulation 9 of **S.I. 2017/516** and amended regulation 7(b) of **S.I. 2018/1039**.

**M108** The International Standards on Auditing (“ISAs”) are found in the 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements made by the International Auditing and Assurance Standards Board (“IAASB”) and available on <https://www.ifac.org/publications-resources/2016-2017-handbook-international-quality-control-auditing-review-other>.

**M109** The International Standards on Quality Control (“ISQC 1”) are found in the 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements made by the International Auditing and Assurance Standards Board (“IAASB”) and available on <https://www.ifac.org/publications-resources/2016-2017-handbook-international-quality-control-auditing-review-other>.

**M110** The International Federation of Accountants (“IFAC”) is an international membership organisation for the accountancy profession, based in New York, which supports the development, adoption and implementation of international standards in auditing and other relevant sectors (see <https://www.ifac.org>).

**M111** The International Auditing and Assurance Standards Board (“IAASB”) is an independent standard-setting board, supported by the IFAC, that sets standards for auditing, assurance and other relevant areas (see <https://www.iaasb.org>).

**M112** Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, OJ No. L 176, 27.6.2013, p. 1.

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**M113** OJ No. L 374, 31.12.1991, p. 7.

**67.** In regulation 3 (the competent authority)—

- (a) in paragraph (1)(c), after “meet the requirements of” insert “ regulation 4(3) and ”;
- (b) in paragraph (1)(e), for “application” substitute “ imposition ”;

#### **Commencement Information**

**I67** Reg. 67 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**68.** In regulation 4 (general requirements of auditors)—

- (a) in paragraph (2)(b), after “European Commission” insert “ , before exit day, ”;
- (b) after paragraph (2)(b), insert—
  - “(ba) any UK-adopted international standards adopted and imposed by the competent authority in accordance with paragraph (3)(za);”;
- (c) in paragraph (3), after “The competent authority may—” insert—
  - “(za) adopt and impose international auditing standards (“UK-adopted international standards”) where those standards—
    - (i) have been developed with proper due process, public oversight and transparency;
    - (ii) are generally accepted internationally;
    - (iii) contribute a high level of credibility and quality to accounts of audited persons;
    - (iv) contribute to the public good; and
    - (v) are consistent with the relevant requirements listed in regulation 5(11);”;
- (d) in paragraphs (3)(a) and (b), for “Commission-adopted international standards” substitute “ Commission-adopted or UK-adopted international standards ”;
- (e) in paragraph (3)(b)(ii), for “financial statements” substitute “ accounts ”;
- (f) after paragraph (3), insert—

“(3A) The Secretary of State may by regulations amend the requirements set out in Articles 7, 8 and 18 of the Audit Regulation and in paragraphs 1 to 15 of Schedule 1 to these Regulations, for the purpose of ensuring that, where the competent authority wishes to adopt international auditing standards under regulation 4(3)(za), those requirements are consistent with the standards that the competent authority wishes to adopt.

(3B) Regulations made under paragraph (3A) must not be made unless a draft of the statutory instrument containing them has been laid before Parliament and approved by a resolution of each House of Parliament.”.

**Commencement Information**

**I68** Reg. 68 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**69.** In regulation 5(11)(j) (the competent authority: sanctioning powers)<sup>M114</sup>, for “an insurance undertaking within the meaning given by Article 2.1 of Council Directive [1991/674/EEC](#) on the annual accounts and consolidated accounts of insurance undertakings” substitute “ a friendly society that is subject to special requirements under that Act (see section 78A(3) of that Act ) ”.

**Commencement Information**

**I69** Reg. 69 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M114** Paragraph (11)(j) was amended by regulation 14(2) of the [Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#).

**70.** In regulation 9 (monitoring of audits by the competent authority)—

(a) for paragraph (6)(b)(ii) substitute—

“(ii) equivalent work, for the purposes of an appointment of a person to conduct inspections made prior to exit day, on the audit of accounts under the law of an EEA State, or part of an EEA State, or Gibraltar, or

(iii) equivalent work, for the purposes of an appointment of a person to conduct inspections, on the audit of accounts under the law of—

(aa) an equivalent third country, or part of an equivalent third country, or

(bb) a transitional third country, or part of a transitional third country;”;

(b) in paragraph (7)(b)(i) for “set by” substitute “ determined by ”;

(c) in paragraph (12), for “adopted” substitute “ determined ”.

**Commencement Information**

**I70** Reg. 70 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**71.** In regulation 11 (performance, monitoring and enforcement of third country audit functions)—

(a) for paragraph (2)(a) substitute—

“(a) for an audited entity which—

(i) is incorporated in an equivalent third country, or

(ii) is incorporated in a transitional third country; or”;

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- (b) in paragraph (2)(b)(i), for “an EEA auditor” substitute “ eligible for appointment as an auditor of bodies corporate incorporated or formed under the law of an equivalent third country or a transitional third country ”;
- (c) in paragraph (2)(b)(ii), for “EEA competent authority that approved the EEA auditor in accordance with the Audit Directive” substitute “ third country competent authority in that equivalent third country or transitional third country ”;
- (d) in paragraph (4), in the provisions being substituted for regulations 4(2) to (4) of these Regulations for the purposes of applying regulation 4 with modifications—
  - (i) in paragraph (2)(a), after “Audit Directive” insert “ before exit day ”;
  - (ii) after paragraph (2)(a), insert—
    - “(aa) the UK-adopted international standards adopted by the competent authority in accordance with regulation 4(3)(za), or standards which are equivalent.”;
  - (iii) in paragraph (2)(b), for “paragraph (a)” substitute “ paragraphs (a) or (aa), ”;
  - (iv) for paragraph (2)(c), substitute—
    - “(c) any auditing standards, procedures or requirements imposed by the competent authority in accordance with the requirements set out in paragraphs 1 to 6 and 8 of Schedule 1, or with any other equivalent standards, procedures or requirements.”;
- (e) in paragraph (8)—
  - (i) for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
  - (ii) for “an equivalent body corporate” substitute “ a body corporate ”;
  - (iii) for “another EEA state” substitute “ an equivalent third country or a transitional third country ”.

#### Commencement Information

**I71** Reg. 71 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

**72.** In regulation 21 (exclusion of large debt securities issuer from definition of “UK-traded non-EEA company”)—

- (a) in the heading, for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
- (b) in paragraph (1), for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
- (c) in paragraph (2), for “regulated market” in all three places substitute “ UK regulated market ”.

#### Commencement Information

**I72** Reg. 72 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

73. In regulation 24 (review), omit paragraph (3).

#### Commencement Information

**I73** Reg. 73 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

74. In Schedule 1 (requirements for professional ethics, independence, objectivity, confidentiality, auditing standards and audit reporting)—

- (a) in paragraph 8(1)(d)—
  - (i) after “approved” insert “ as eligible for appointment ”;
  - (ii) omit “in the Member State where the statutory audit is required to be carried out”;
- (b) in paragraph 10(1)(g)(ii)—
  - (i) omit “either”;
  - (ii) omit “or holds a corresponding qualification to audit accounts under the law of an EEA State, or part of an EEA State, other than the United Kingdom”;
- (c) in paragraph 15—
  - (i) in sub-paragraph (1)(c)(i), omit “, EEA auditors”;
  - (ii) in sub-paragraph (1)(e)(i), omit “, EEA auditor” in both places;
  - (iii) in sub-paragraph (2)(a), omit “, EEA auditors”;
- (d) in paragraph 16(2), for paragraph (a) substitute—
  - “(a) the documents and information referred to, as appropriate, in—
    - (i) articles 4(3), 6, 7, 8(4) to (7), 10, 11, 14 and 16(3) of the Audit Regulation,
    - (ii) any rules made under section 340 of the Financial Services and Markets Act 2000 <sup>M115</sup>,
    - (iii) the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001 <sup>M116</sup>,
    - (iv) sections 485A to 485C, 489A to 489C and 494ZA of the Companies Act 2006 <sup>M117</sup>,
    - (v) paragraphs 3B to 3E of Schedule 11 to the Building Societies Act 1986 <sup>M118</sup>,
    - (vi) paragraphs 2 to 5 of Schedule 14A to the Friendly Societies Act 1992 <sup>M119</sup>,
    - (vii) sections 485A to 485C and 494ZA of the Companies Act, as applied to—
      - (aa) limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 <sup>M120</sup> (see in particular regulation 36 and 38A), or
      - (bb) insurance undertakings by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 <sup>M121</sup> (see in particular regulation 6(1A)) (“insurance undertaking” has the meaning given by regulation 2 of those Regulations),”.

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#### Commencement Information

**I74** Reg. 74 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M115** [2000 c. 8](#).

**M116** [S.I. 2001/2587](#).

**M117** [2006 c. 46](#). Sections 485A and 485B were inserted by paragraph 4 of Schedule 3 to [S.I. 2016/649](#) and amended by regulation 12(2)(a) to (d), and (3)(a) and (b) respectively, of [S.I. 2017/516](#). Section 485C was inserted by regulation 12(4) of [S.I. 2017/516](#). Sections 489A and 489B were inserted by paragraph 8 of Schedule 3 to [S.I. 2016/649](#) and amended by regulation 12(8)(a) to (d), and (9)(a) and (b) respectively, of [S.I. 2017/516](#). Section 489C was inserted by regulation 12(10) of [S.I. 2017/516](#). Section 494ZA was inserted by regulation 12(14) of [S.I. 2017/516](#) and amended by paragraph 20 of Schedule to [S.I. 2017/1164](#).

**M118** [1986 c. 53](#). Paragraphs 3B and 3C of Schedule 11 were inserted by paragraph 8(a) of Schedule 4 to [S.I. 2016/649](#) and amended by regulation 2(6)(b)(i) to (v) of [S.I. 2017/516](#). Paragraphs 3D and 3E of Schedule 11 were inserted by regulation 2(6)(d) of [S.I. 2017/516](#). Paragraph 3DA of Schedule 11 was inserted by paragraph 3 of Schedule 1 to [S.I. 2017/1164](#).

**M119** [1992 c. 40](#). Schedule 14A was inserted by regulation 1 of [S.I. 2017/516](#). Paragraph 4A of Schedule 14A was inserted by paragraph 6 of Schedule 1 to [S.I. 2017/1164](#).

**M120** [S.I. 2008/1911](#).

**M121** [S.I. 2008/565](#).

VALID FROM 31/12/2020

## PART 4

### Amendment of retained direct EU legislation

#### Amendment of Regulation 537/2014

**75.** Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision [2005/909/EC](#) is amended in accordance with regulations 76 to 104.

#### Commencement Information

**I75** Reg. 75 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**76.** In Article 1 (subject matter)—

- (a) for “annual and consolidated financial statements” substitute “ accounts and consolidated accounts ”;
- (b) for “organisation and selection of” substitute “ organisation of statutory auditors and selection of persons for appointment as ”;



- (c) omit “and audit firms” in both places.

**Commencement Information**

**I76** Reg. 76 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**77.** In Article 2 (scope)—

- (a) in paragraph 1, in point (a), omit “and audit firms”;

- (b) for paragraph 2, substitute—

“(2) This Regulation shall apply without prejudice to—

- (a) Part 16 of the Companies Act 2006 and any corresponding provision in Part 6 of the Friendly Societies Act 1992 and Part 8 of the Building Societies Act 1986,

- (b) Part 42 of the Companies Act 2006,

- (c) any subordinate legislation made under legislation in subparagraphs (a) or (b), and

- (d) the Statutory Auditors and Third Country Auditors Regulations 2016.”;

- (c) omit paragraphs 3, 4 and 5.

**Commencement Information**

**I77** Reg. 77 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**78.** For Article 3 (definitions), substitute—

“**1.** For the purposes of this Regulation, the definitions laid down in the following legislation apply—

- (a) Part 16 of the Companies Act 2006 and any corresponding provision in Part 6 of the Friendly Societies Act 1992 and Part 8 of the Building Societies Act 1986,

- (b) Part 42 of the Companies Act 2006,

- (c) any subordinate legislation made under legislation in subparagraphs (a) or (b), and

- (d) the Statutory Auditors and Third Country Auditors Regulations 2016.

**2.** The following definitions also apply—

“the competent authority's tasks” means the competent authority's tasks under—

- (a) this Regulation,

- (b) the provisions for the appointment of statutory auditors of public interest entities,

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- (c) the public interest entity audit reporting requirements,
  - (d) Part 42 of the Companies Act 2006 and any subordinate legislation made under that Part, or
  - (e) the Statutory Auditors and Third Country Auditors Regulations 2016;
- “management body” means, in relation to a company, the board of directors, and in relation to any other kind of undertaking, the persons or body of persons responsible for the management of the undertaking concerned;
- “public interest entity audit reporting requirements” means the audit reporting requirements applicable to public interest entities, excluding the reference to Articles 10 and 11 of this Regulation;
- “provisions for the appointment of statutory auditors by public interest entities” means—
- (a) for a company, sections 485A to 485C, 489A to 489C, and 494ZA of the Companies Act 2006;
  - (b) for a building society, paragraphs 3B to 3E of Schedule 11 to the Building Societies Act 1986;
  - (c) for a friendly society that is subject to special requirements, paragraphs 2 to 5 of Schedule 14A to the Friendly Societies Act 1992;
  - (d) for an insurance undertaking under the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008, sections 485A to 485C, and 494ZA of the Companies Act 2006 as applied by regulation 6(1A) of those Regulations;
  - (e) for a limited liability partnership, sections 485A to 485C, and 494ZA of the Companies Act 2006 as applied by regulation 36 and 38A of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.”.

#### Commencement Information

**I78** Reg. 78 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 79. In Article 4 (audit fees)—

- (a) in paragraph 1, in the second subparagraph—
  - (i) omit “Without prejudice to Article 25 of Directive [2006/43/EC](#), ”;
  - (ii) for “the first subparagraph, contingent” substitute “ paragraph 13 of Schedule 1 to the Statutory Auditor and Third Country Auditors Regulations 2016, ”;
  - (iii) after the first instance of “fees” insert “ “based on any form of contingency” ”;
  - (iv) for “being contingent” substitute “ being based on any form of contingency ”;
  - (v) for “a competent authority” substitute “ the competent authority ”;
- (b) in paragraph 2, in the first subparagraph—
  - (i) omit “or the audit firm”;
  - (ii) for “audited entity” in both places substitute “ audited person ”;

- (iii) for “controlled undertakings” in both places substitute “ subsidiary undertakings ”;
- (iv) for “financial statements” substitute “ accounts ”;
- (c) in paragraph 2, in the second subparagraph, for “Union or national legislation” substitute “ legislation of any part of the United Kingdom ”;
- (d) in paragraph 3, in the first subparagraph—
  - (i) omit “or the audit firm or, where applicable, by the group auditor carrying out the statutory audit,”;
  - (ii) omit “or audit firm or, as the case may be, group auditor,”;
  - (iii) for “their independence” substitute “ its independence ”;
  - (iv) omit “engagement”;
  - (v) for “statutory auditor or audit firm” substitute “ person who is eligible for appointment as a statutory auditor ”;
- (e) in paragraph 3, in the second subparagraph—
  - (i) omit “or audit firm or, as the case may be, by a group auditor carrying out the statutory audit”;
  - (ii) for “or the audit firm or the group auditor, of such an entity or group of entities” substitute “ of the public interest entity ”;
- (f) omit paragraph 4.

#### **Commencement Information**

**I79** Reg. 79 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **80. In Article 5 (prohibition of the provision of non-audit services)—**

- (a) in paragraph 1, in the first subparagraph—
  - (i) omit “or an audit firm”;
  - (ii) omit “or the audit firm”;
  - (iii) for “audited entity” substitute “ audited person ”;
  - (iv) after “parent undertaking” insert “ (incorporated or formed in any part of the United Kingdom) ”;
  - (v) for “controlled undertakings” substitute “ subsidiary undertakings ”;
  - (vi) omit “within the Union”;
  - (vii) in point (a), for “period audited” substitute “ financial year of the accounts to be audited ”;
  - (viii) in point (b), for “the period referred to in point (a)” substitute “ that period ”;
- (b) in paragraph 1, in the second subparagraph—
  - (i) in point (a)(iv), omit “or the audit firm”;
  - (ii) in point (a)(v), omit “or the audit firm”;
  - (iii) in point (b), for “audited entity” substitute “ audited person ”;
  - (iv) in point (c), for “financial statements” substitute “ accounts ”;

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- (v) in point (g)(ii), for “audited entity” substitute “ audited person ”;
- (vi) in point (h), for “audited entity's” substitute “audited person's”;
- (vii) in point (i)—
  - (aa) for “audited entity” in both places substitute “ audited person ”;
  - (bb) for “financial statements” substitute “ accounts ”;
- (viii) in point (j), for “audited entity” substitute “ audited person ”;
- (ix) in point (k)(i), for “financial statements” substitute “ the accounts ”;
- (c) omit paragraph 2;
- (d) in paragraph 4, in the first subparagraph—
  - (i) omit “or an audit firm”;
  - (ii) omit “or the audit firm”;
  - (iii) for “audited entity” substitute “ audited person ”;
  - (iv) after “parent undertaking” insert “ (incorporated or formed in any part of the United Kingdom) ”;
  - (v) for “controlled undertakings” substitute “ subsidiary undertakings ”;
  - (vi) for “Article 22b of Directive 2006/43/EC” substitute “ paragraph 8 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016 ”;
- (e) in paragraph 4, omit the second subparagraph;
- (f) omit paragraph 5.

#### Commencement Information

**180** Reg. 80 in force on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see [reg. 2](#)

#### 81. In Article 6 (preparation for the statutory audit and assessment of threats to independence)

- (a) in paragraph 1—
  - (i) for “accepting or continuing an engagement for a” substitute “ appointment as a statutory auditor for the ”;
  - (ii) for “a statutory auditor or an audit firm shall” substitute “ a person who is eligible for appointment as a statutory auditor must ”;
  - (iii) for “the provisions of Article 22b of Directive 2006/43/EC” substitute “ what is required by paragraph 8 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016 ”;
  - (iv) in point (a), for “he, she or it” substitute “ the person who is eligible for appointment as a statutory auditor ”;
  - (v) in point (b), for “Article 17 of this Regulation” substitute “ the provisions for the appointment of statutory auditors by public interest entities and Article 17(7) ”;
  - (vi) in point (c)—
    - (aa) for “Directive 2005/60/EC” substitute “ the relevant legislation ”;
    - (bb) for “supervisory, administrative and management bodies” substitute “ management body ”;

(b) after paragraph 1, insert—

“**1A.** In point (c) of paragraph 1, “relevant legislation” means—

- (a) the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 <sup>M122</sup>;
- (b) sections 330(6), 330(7A), 333A and 342 of the Proceeds of Crime Act 2002 <sup>M123</sup>;
- (c) sections 45 and 46 of the Criminal Finances Act 2017 <sup>M124</sup>;
- (d) the Terrorism Act 2000 <sup>M125</sup>.

**1B.** The reference to appointment as a statutory auditor for the statutory audit of a public interest entity in paragraph 1 means any appointment of the auditor by public interest entities and includes any deemed reappointment of the statutory auditor under section 487 of the Companies Act 2006 <sup>M126</sup>”;

(c) in paragraph 2—

(i) omit “or an audit firm”;

(ii) in point (a)—

(aa) omit “the audit firm”;

(bb) for “and partners, senior managers and managers” substitute “and, where the statutory auditor is a firm, any associated persons”;

(cc) for “audited entity” substitute “audited person”;

(iii) in point (b)—

(aa) for “their independence” substitute “the statutory auditor's independence”;

(bb) for “by them” substitute “by the statutory auditor”;

(d) after paragraph 2, insert—

“**3.** In this Article, “associated persons” means—

- (a) partners if the firm is a partnership, general partners if the firm is a limited partnership, or members if the firm is a limited liability partnership;
- (b) members of the management body of the firm; or
- (c) individuals who are responsible for statutory audit work on behalf of the firm.”.

#### Commencement Information

**I81** Reg. 81 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M122** [S.I. 2017/692](#); amended by [S.I. 2017/752](#), [2017/1064](#) and paragraphs 411 to 419 of Schedule 9 to the [Data Protection Act 2018 \(c. 12\)](#).

**M123** [2002 c. 79](#). Section 330(6) was substituted by section 104(3) of the [Serious Organised Crime and Police Act 2005 \(c. 15\)](#) and amended by article 2(2) and (3) of [S.I. 2006/308](#), and paragraph 2

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of Schedule 2 to [S.I. 2007/3398](#). Section 330(7A) was inserted by section 102(5) of the Serious Organised Crime and Police Act 2005. Section 333A was inserted by paragraph 4 of Schedule 2 to [S.I. 2007/3398](#) and amended by paragraph 132 of Schedule 8 to the [Crime and Courts Act 2013 \(c. 22\)](#). Section 342 was amended by paragraph 2 of Schedule 10 to the [Serious Crime Act 2007 \(c. 27\)](#), [paragraph 3\(a\)](#) and (b) of Schedule 19 to the [Coroners and Justice Act 2009 \(c. 25\)](#), [paragraph 8\(2\)](#) and (3) of Schedule 2 to [S.I. 2007/3398](#) and paragraph 40 of Schedule 5 to the [Criminal Finances Act 2017 \(c. 22\)](#).

**M124** 2017 c. 22.

**M125** 2000 c. 11.

**M126** [Section 487](#) was amended by regulation 12(6)(a) and (b) of [S.I. 2017/516](#).

**82.** In Article 7 (irregularities)—

(a) in the first subparagraph—

- (i) for “Article 12 of this Regulation and Directive [2005/60/EC](#)” substitute “relevant legislation”;
- (ii) omit “or an audit firm”;
- (iii) for “financial statements” substitute “accounts”;
- (iv) for “audited entity” in both places substitute “audited person”;
- (v) for “he. she or it” substitute “the statutory auditor”;

(b) in the second subparagraph—

- (i) for “audited entity” substitute “audited person”;
- (ii) omit “or the audit firm”;

(c) in the third subparagraph, omit “or the audit firm”;

(d) after the third subparagraph, insert—

“In this Article, “relevant legislation” means—

- (a) any rules made under section 340 of the Financial Services and Markets Act 2000 <sup>M127</sup>;
- (b) the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001 <sup>M128</sup>;
- (c) the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017;
- (d) sections 330(6), 330(7A), 333A and 342 of the Proceeds of Crime Act 2002;
- (e) sections 45 and 46 of the Criminal Finances Act 2017;
- (f) the Terrorism Act 2000.”.

**Commencement Information**

**I82** Reg. 82 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Marginal Citations**

**M127** 2000 c. 8.

**M128** [S.I. 2001/2587](#).

**83.** In Article 8 (engagement quality control review)—

- (a) in paragraph 2, after “The reviewer shall be a” insert “ person who is eligible for appointment as a ”;
- (b) for paragraph 3 substitute—
  - “(3) By way of derogation from paragraph 2, where—
    - (a) the statutory auditor is a firm and all the individuals who were able to sign audit reports on behalf of the firm were involved in carrying out the statutory audit, or
    - (b) the statutory auditor is an individual,the statutory auditor must arrange for another person who is eligible for appointment as a statutory auditor to perform a review. The disclosure of documents or information to the independent reviewer for the purposes of this Article does not constitute a breach of the statutory auditor's duty of confidentiality. Documents or information disclosed to the reviewer for the purposes of this Article must be subject to that duty.”;
- (c) in paragraph 4—
  - (i) in point (a), omit “statutory auditor or the”;
  - (ii) in point (b), omit “statutory auditor or the”;
- (d) in paragraph 5—
  - (i) in point (a)—
    - (aa) omit “or the audit firm”;
    - (bb) for “audited entity” substitute “ audited person ”;
  - (ii) in point (b)—
    - (aa) omit “statutory auditor or the”;
    - (bb) for “he or she” substitute “ the key audit partner ”;
  - (iii) in point (c), omit “statutory auditor or the”;
  - (iv) in point (e), for “financial statements” substitute “ accounts ”;
  - (v) in point (f)—
    - (aa) after “audit committee and” insert “ , where applicable, ”;
    - (bb) for “management and/or supervisory bodies” substitute “ management body ”;
    - (cc) for “audited entity” substitute “ audited person ”;
  - (vi) in point (g), for “competent authorities” substitute “ regulatory authorities ”;
  - (vii) in point (h), omit “statutory auditor or the”;
- (e) in paragraph 6—
  - (i) omit “statutory auditor or the”;
  - (ii) for “The audit firm” substitute “ Where the statutory auditor is a firm, it ”;
- (f) in paragraph 7, omit “or the audit firm”.

**Commencement Information**

**183** Reg. 83 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see [reg. 2](#)

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#### 84. Omit Article 9.

##### Commencement Information

**184** Reg. 84 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 85. In Article 10 (audit report)—

- (a) in paragraph 1, for “auditor(s) or the audit firm(s)” substitute “ auditor ”;
- (b) in paragraph 2, in the first subparagraph—
  - (i) for “provisions of Article 28 of Directive [2006/43/EC](#)” substitute “ the public interest entity audit reporting requirements ”;
  - (ii) in point (a)—
    - (aa) for “auditor(s) or the audit firm(s)” substitute “ auditor ”;
    - (bb) omit “(were)”;
  - (iii) in point (b), for “engagement including previous renewals and reappointments of the statutory auditors or the audit firms” substitute “ consecutive reappointments of the statutory auditor ”;
  - (iv) in point (c), in the second subparagraph, for “financial statements” substitute “ accounts ”;
  - (v) in point (f)—
    - (aa) for “auditor(s) or the audit firm(s)” substitute “ auditor ”;
    - (bb) for “audited entity” substitute “ audited person ”;
  - (vi) in point (g)—
    - (aa) omit “or the audit firm”;
    - (bb) for “audited entity” substitute “ audited person ”;
    - (cc) for “controlled undertaking(s)” substitute “ subsidiary undertakings ”;
    - (dd) for “management reports or financial statements” substitute “ accounts or the reports required to be prepared by the management body of the audited person to accompany the accounts ”;
- (c) in paragraph 2, omit the second subparagraph;
- (d) in paragraph 4—
  - (i) omit “or the audit firm”;
  - (ii) for “any competent authority” substitute “ the competent authority ”;
  - (iii) for “that authority” substitute “ the authority ”.

##### Commencement Information

**185** Reg. 85 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 86. In Article 11 (additional report to the audit committee)—



- (a) in paragraph 1—
  - (i) in the first subparagraph—
    - (aa) omit “or audit firms”;
    - (bb) for “audited entity” substitute “ audited person ”;
    - (cc) omit from “Member States” to the end of that subparagraph;
  - (ii) in the second subparagraph—
    - (aa) for “audited entity” substitute “ audited person ”;
    - (bb) for “the body performing equivalent functions within the audited entity” substitute “ the management body of the audited person ”;
    - (cc) omit from “Member States” to the end of that subparagraph;
- (b) in paragraph 2, in the first subparagraph—
  - (i) in point (b), for “an audit firm” substitute “ a firm ”;
  - (ii) for point (c) substitute—
    - “(c) where the statutory auditor has made arrangements for audit activities to be conducted by another person who is eligible for appointment as a statutory auditor and who is not a member of the same network, by a third country auditor who is not a member of the same network, or by an external expert, the report must indicate this and confirm that the statutory auditor received confirmation from the other auditor or from the external expert of their independence;”;
  - (iii) in point (d)—
    - (aa) for “or the body performing equivalent functions within the audited entity,” substitute “ and ”;
    - (bb) omit “and the administrative or supervisory body”;
    - (cc) for “audited entity” substitute “ audited person ”;
  - (iv) in point (f)—
    - (aa) for “or audit firm have” substitute “ has ”;
    - (bb) omit “and/or the audit firms”;
  - (v) in point (g)—
    - (aa) for “other” substitute “ another ”;
    - (bb) for “auditor(s) or audit firm(s)” substitute “ auditor ”;
  - (vi) in point (h), for “financial statements” substitute “ accounts ”;
  - (vii) in point (j)—
    - (aa) for “audited entity's” substitute “audited person's”;
    - (bb) for “financial statements” substitute “ accounts ”;
    - (cc) for “and/or” substitute “ or ”;
  - (viii) in point (l), for “financial statements” substitute “ accounts ”;
  - (ix) in point (m)—
    - (aa) for “financial statements” substitute “ accounts ”;
    - (bb) for “audited entity” substitute “ audited person ”;
    - (cc) for “entities” substitute “ members of the group ”;
  - (x) in point (n)—

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- (aa) for “third-country auditor(s), statutory auditor(s), third-country audit entity(ies) or audit firm(s)” substitute “third country auditors or statutory auditors”;
- (bb) for “financial statements” in both places substitute “accounts”;
- (cc) after “the same network as” insert “that”;
- (xi) in point (o), for “audited entity” substitute “audited person”;
- (xii) in point (p)(iii), after “in the” insert “statutory”;
- (c) in paragraph 2, omit the second subparagraph;
- (d) in paragraph 2, in the third subparagraph—
  - (i) omit “, an audit firm”;
  - (ii) for “auditor(s) or the audit firm(s)” substitute “auditor”;
  - (iii) for “audited entity” substitute “audited person”;
- (e) in paragraph 3—
  - (i) for “or audit firm have been engaged simultaneously, and any” substitute “has been appointed and a”;
  - (ii) for “reasons for such” substitute “nature of any”;
  - (iii) for “shall” substitute “and the reasons for it must”;
- (f) in paragraph 4—
  - (i) for “an audit firm” substitute “a firm”;
  - (ii) for “the audit firm” substitute “that firm”;
- (g) in paragraph 5—
  - (i) for “national law” substitute “legislation of any part of the United Kingdom”;
  - (ii) omit “or the audit firms”;
  - (iii) for “competent authorities” substitute “competent authority”;
  - (iv) omit “within the meaning of Article 20(1)”.

#### **Commencement Information**

**186** Reg. 86 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **87.** In Article 13 (transparency report)—

- (a) in paragraph 1—
  - (i) in the first subparagraph—
    - (aa) omit “or an audit firm”;
    - (bb) for “statutory audits of public interest entities” substitute “the statutory audit of a public interest entity”;
    - (cc) omit “or the audit firm”;
    - (dd) omit “If the statutory auditor” to the end of that subparagraph;
  - (ii) in the second subparagraph—
    - (aa) omit “or an audit firm”;

- (bb) omit “or the audit firm”;
- (iii) in the third subparagraph—
  - (aa) omit “and audit firms”;
  - (bb) omit “or the audit firm”;
- (b) in paragraph 2, in the first subparagraph —
  - (i) in point (a), for “audit firm” substitute “ statutory auditor, if it is a firm ”;
  - (ii) in point (b), omit “or the audit firm”;
  - (iii) for point (b)(ii), substitute—
    - “(ii) the name of each member of the network that is eligible for appointment as a statutory auditor, or is eligible for appointment as an auditor in an EEA State or in Gibraltar;”;
  - (iv) for point (b)(iii), substitute—
    - “(iii) for each of the members of the network identified under paragraph (ii), the countries in which they are eligible for appointment as auditors or in which they have a registered office, central administration or a principal place of business;”;
  - (v) for point (b)(iv), substitute—
    - “(iv) the total turnover of the members of the network identified under paragraph (ii) resulting from statutory audit work or equivalent work in the EEA States or Gibraltar;”;
  - (vi) in point (c), for “audit firm” substitute “ statutory auditor, if it is a firm ”;
  - (vii) in point (d)—
    - (aa) omit “or of the audit firm”;
    - (bb) omit “administrative or”;
  - (viii) in point (f), omit “or the audit firm”;
  - (ix) in point (g), omit “or the audit firm's”;
  - (x) in point (h)—
    - (aa) omit “or the audit firm”;
    - (bb) for “Article 13 of Directive 2006/43/EC” substitute “ paragraph 11 of Schedule 10 to the Companies Act 2006 ”;
  - (xi) in point (i)—
    - (aa) omit “partners”;
    - (bb) for “in audit firms” substitute “ of members of the management body of the statutory auditor, where that statutory auditor is a firm ”;
  - (xii) in point (j), omit “or the audit firm's”;
  - (xiii) in point (k)—
    - (aa) for “financial statements within the meaning of Article 4(2) of Directive 2013/34/EU” substitute “ accounts ”;
    - (bb) omit “or the audit firm”;
  - (xiv) in point (k)(i)—
    - (aa) for “annual and consolidated financial statements” substitute “ accounts ”;

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- (bb) for “entities belonging to a group” substitute “ members of groups ”;
- (xv) in point (k)(ii), for “annual and consolidated financial statements” substitute “ accounts ”;
- (xvi) in point (k)(iii), omit “or the audit firm”;
- (c) in paragraph 2, in the second subparagraph, omit “or the audit firm” in both places;
- (d) in paragraph 3, omit “or the audit firm”.

#### Commencement Information

**187** Reg. 87 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 88. In Article 14 (information for competent authorities)—

- (a) omit “and audit firms”;
- (b) for “his, her or its” substitute “ the ”;
- (c) in point (b), for “Union or national legislation” substitute “ legislation of any part of the United Kingdom ”;
- (d) in point (c), for “Union or national legislation” substitute “ legislation of any part of the United Kingdom ”.

#### Commencement Information

**188** Reg. 88 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 89. In the heading for Title III (the appointment of statutory auditors or audit firms by public-interest entities), omit “or audit firms”.

#### Commencement Information

**189** Reg. 89 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 90. In Article 16 (appointment of statutory auditors or audit firms)—

- (a) in paragraph 1—
  - (i) in the first subparagraph—
    - (aa) for “Article 37(1) of Directive [2006/43/EC](#)” substitute “ the provisions ”;
    - (bb) omit “or audit firms”;
    - (cc) for “paragraphs 2 to 5” substitute “ paragraph 3 ”;
    - (dd) omit “but may be subject to paragraph 7”;
  - (ii) in the second subparagraph—

- (aa) for “Article 37(2) of Directive 2006/43/EC applies” substitute “ the provisions for the appointment of statutory auditors by public interest entities do not apply ”;
- (bb) for “the alternative systems” substitute “ applicable alternative systems ”;
- (cc) omit “referred to in that Article”;
- (dd) for “paragraphs 2 to 5” substitute “ paragraph 3 ”;
- (b) in paragraph 3, in the first subparagraph—
  - (i) for “shall” substitute “ , or the proposal of the management body where required by the provisions for the appointment of statutory auditors by public interest entities, must ”;
  - (ii) for “audited entity” substitute “ audited person ”;
  - (iii) for point (a), substitute—
    - “(a) the audited person is free to invite any persons who are eligible for appointment as statutory auditors to submit proposals for the provision of the statutory audit on the condition that—
      - (i) the maximum engagement periods in the provisions for the appointment of statutory auditors by public interest entities and the restrictions on appointments in those provisions are respected; and
      - (ii) that the organisation of the tender process does not in any way preclude the participation in the selection procedure of firms which received less than 15 % of the total audit fees from public-interest entities concerned in the previous calendar year;”;
  - (iv) in point (b)—
    - (aa) for “audited entity” in all three places substitute “ audited person ”;
    - (bb) for “invited statutory auditors or audit firms” substitute “ invited persons ”;
    - (cc) omit “or audit firms”;
  - (v) in point (c)—
    - (aa) for “audited entity” substitute “ audited person ”;
    - (bb) for “interested tenderers” substitute “ applicants ”;
  - (vi) in point (d)—
    - (aa) for “Union or national law” substitute “legislation of any part of the United Kingdom;
    - (bb) for “competent authorities referred to in Article 20” substitute “ competent authority ”;
    - (cc) for “require statutory auditors and audit firms” substitute “ requires statutory auditors ”;
  - (vii) in point (e)—
    - (aa) for “audited entity” in all three places substitute “ audited person ”;
    - (bb) for “statutory auditors or the audit firms” substitute “ applicants ”;
    - (cc) omit “statutory auditor or audit firm”;
  - (viii) in point (f)—

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- (aa) for “audited entity” substitute “ audited person ”;
- (bb) omit “referred to in Article 20”;
- (c) in paragraph 3, in the third subparagraph—
  - (i) omit “referred to in Article 20(1)”;
  - (ii) for “statutory auditors and the audit firms” substitute “ persons ”;
  - (iii) after “concerned” insert “ who are eligible for appointment as statutory auditors ”;
  - (iv) omit “and audit firms”;
- (d) in paragraph 6—
  - (i) in the first subparagraph—
    - (aa) omit “general meeting of shareholders or”;
    - (bb) omit “, as referred to in Article 37 of Directive [2006/43/EC](#)”;
    - (cc) for “statutory auditors or audit firms” substitute “ persons who are eligible for appointment as statutory auditor ”;
    - (dd) omit “or audit firm”;
    - (ee) for “null and void” substitute “ of no effect ”;
  - (ii) in the second subparagraph—
    - (aa) for “competent authorities referred to in Article 20” substitute “ competent authority ”;
    - (bb) omit “general meeting of shareholders or”;
    - (cc) after “members” insert “ of the public interest entity ”;
    - (dd) omit “or an audit firm”;
- (e) omit paragraphs 7 and 8.

#### Commencement Information

**I90** Reg. 90 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### **91.** In Article 17 (duration of the audit engagement)—

- (a) omit paragraph 2;
- (b) omit paragraph 4;
- (c) in paragraph 7—
  - (i) in the first subparagraph, for “audited entity” in both places substitute “ audited person ”;
  - (ii) omit the second subparagraph;
  - (iii) in the third subparagraph—
    - (aa) omit “or the audit firm” in both places;
    - (bb) for “persons who are registered” substitute “ individuals who are eligible for appointment ”;
  - (iv) in the fourth subparagraph, omit “or the audit firm” in both places;
- (d) in paragraph 8—

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- (i) in the first subparagraph—
  - (aa) for “this Article” substitute “ the provisions for the appointment of statutory auditors by public interest entities ”;
  - (bb) omit “or the audit firm”;
- (ii) in the second subparagraph—
  - (aa) for “the audit firm shall” substitute “ where the statutory auditor is a firm it must ”;
  - (bb) for “other firms that the audit firm has acquired or that have merged with it.” substitute “ any other statutory auditor that is also a firm and has been acquired by or has merged with the first statutory auditor ”;
- (iii) in the third subparagraph, omit “or the audit firm” in both places.

**Commencement Information**

**191** Reg. 91 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**92.** In Article 18 (hand-over file)—

- (a) in the second subparagraph—
  - (i) for “Article 15” substitute “ paragraph 16 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016 ”;
  - (ii) for “the former” substitute “ an outgoing ”;
  - (iii) omit “or audit firm” in both places;
  - (iv) omit “also”;
  - (v) for “grant the” substitute “ grant an ”;
  - (vi) for “Articles 12 and 13” substitute “ Article 13, any rules made under section 340 of the Financial Services and Markets Act 2000, and the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001 ”;
- (b) in the third subparagraph, omit “or audit firm” in both places.

**Commencement Information**

**192** Reg. 92 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**93.** Omit Article 19 (dismissal and resignation of the statutory auditors and audit firms).

**Commencement Information**

**193** Reg. 93 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

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94. In the heading of Title IV (surveillance of the activities of statutory auditors and audit firms carrying out statutory audit of public-interest entities), omit “and audit firms”.

**Commencement Information**

**I94** Reg. 94 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

95. Omit Article 20 (designation of competent authorities).

**Commencement Information**

**I95** Reg. 95 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

96. In Article 21 (conditions of independence)—

- (a) in the first subparagraph—
  - (i) for “competent authorities” substitute “ competent authority ”;
  - (ii) omit “and audit firms”;
- (b) in the second subparagraph, for “competent authorities” substitute “ competent authority ”;
- (c) in the third subparagraph—
  - (i) for “those authorities” substitute “ the competent authority ”;
  - (ii) for point (b), substitute—
    - “(b) has held voting rights in a firm which was a statutory auditor”;
  - (iii) in point (c)—
    - (aa) omit “administrative,”;
    - (bb) omit “or supervisory”;
    - (cc) for “an audit firm” substitute “ a firm which was a statutory auditor ”;
  - (iv) in point (d), for “an audit firm” substitute “ a firm which was a statutory auditor ”;
- (d) in the fourth subparagraph—
  - (i) for “those authorities” substitute “ the competent authority ”;
  - (ii) omit “and audit firms”.

**Commencement Information**

**I96** Reg. 96 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

97. In Article 23 (powers of competent authorities), for paragraph 1 substitute—



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“(1) Without prejudice to Article 26, in carrying out the competent authority's tasks, neither the competent authority nor any other regulatory authority or body of a Member State may interfere with the content of audit reports.”.

#### Commencement Information

**197** Reg. 97 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 98. In Article 24 (delegation of tasks)—

(a) for paragraph 1, substitute—

“(1) Where the competent authority delegates any of the competent authority's tasks to a recognised supervisory body under regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016, this must not include tasks related to—

- (a) the quality assurance system referred to in Article 26;
- (b) investigations carried out under powers in the Statutory Auditors and Third Country Auditors Regulations 2016 arising from that quality assurance system or from a referral by another authority; and
- (c) the imposition of sanctions and the taking of measures under regulations 5 to 8 of the Statutory Auditors and Third Country Auditors Regulations 2016 related to the quality assurance reviews or investigation of statutory audits of public interest entities.”;

(b) in paragraph 3, omit the second subparagraph;

(c) omit paragraph 4.

#### Commencement Information

**198** Reg. 98 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 99. In Article 25 (cooperation with other competent authorities at national level)—

(a) in the first subparagraph—

(i) for “Competent authorities designated pursuant to Article 20(1)” substitute “ The competent authority ”;

(ii) for “any authority” substitute “ any body ”;

(iii) for “such a” substitute “ the ”;

(iv) omit “at national level”;

(v) for point (a), substitute—

“(a) the body designated by the Secretary of State under section 1252 of the Companies Act 2006;”;

(vi) for point (b), substitute—

“(b) the Financial Conduct Authority <sup>M129</sup>;”;

(vii) for point (c), substitute—

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- “(c) the body appointed to exercise the functions mentioned at section 14(2) of the Companies (Audit, Investigations and Community Enterprise) Act 2004;
  - (d) the person authorised for the purposes of section 456 of the Companies Act 2006; or
  - (e) the National Crime Agency and the supervisory authorities referred to in regulation 7 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.”;
- (b) in the second subparagraph—
- (i) for “obligation of professional secrecy” substitute “restrictions on disclosure”;
  - (ii) for “Article 22 of this Regulation shall” substitute “section 1224A of the Companies Act 2006”.

#### Commencement Information

**I99** Reg. 99 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M129** The UK financial services regulator, with primary responsibility for the conduct of firms authorised under the [Financial Services and Markets Act 2000 \(c. 8\)](#).

#### 100. In Article 26 (quality assurance)—

- (a) in paragraph 1—
  - (i) in point (a)—
    - (aa) omit “and audit firms”;
    - (bb) for “Article 32(5) of Directive [2006/43/EC](#)” substitute “regulation 3(1) (l) of the Statutory Auditors and Third Country Auditors Regulations 2016”;
  - (ii) in point (b), for “a reviewer” substitute “an individual”;
  - (iii) in point (c)—
    - (aa) for “a natural person” substitute “an individual”;
    - (bb) for “financial reporting” substitute “accounting”;
- (b) in paragraph 2—
  - (i) in the first subparagraph, for “competent authorities designated under Article 20(1)” substitute “competent authority”;
  - (ii) in the second subparagraph—
    - (aa) for “statutory auditors and audit firms” substitute “individuals and firms”;
    - (bb) for point (a), substitute—
      - “(a) in the case of statutory auditors carrying out audits of public interest entities, which but for being public interest entities, would qualify (or would if they were companies) as small or

medium-sized under sections 382 and 383 or sections 465 and 467 of the Companies Act 2006, at least every three years; and”;

- (c) in paragraph 4—
  - (i) omit “reviewed”;
  - (ii) for “and audit firms” substitute “ that are the subject of the inspection ”;
- (d) in paragraph 5, in the first subparagraph—
  - (i) in point (a), for “financial reporting” substitute “ accounting ”;
  - (ii) in point (b), omit “or an audit firm”;
  - (iii) in point (c)—
    - (aa) omit “or an audit firm”;
    - (bb) omit “or of that audit firm”;
    - (cc) omit “or audit firm”;
  - (iv) in point (d), omit “and the audit firm”;
- (e) in paragraph 5, in the second subparagraph—
  - (i) for “a competent authority” substitute “ the competent authority ”;
  - (ii) for “the competent authorities” substitute “ the competent authority ”;
- (f) after paragraph 5, insert—

“(5A) In point (a) of the first subparagraph of paragraph (5), “relevant experience” means having experience of—

  - (a) statutory audit work;
  - (b) equivalent work, for the purposes of an appointment of a person to conduct inspections made prior to exit day, on the audit of accounts under the law of an EEA State, or part of an EEA State, or Gibraltar; or
  - (c) equivalent work, for the purposes of an appointment of a person to conduct inspections, on the audit of accounts under the law of—
    - (i) an equivalent third country, or part of an equivalent third country; or
    - (ii) a transitional third country, or part of a transitional third country.”;
- (g) in paragraph 6—
  - (i) in point (a), omit “or of the audit firm”;
  - (ii) in point (c), omit “or an audit firm”;
- (h) in paragraph 7, in the first subparagraph —
  - (i) in the opening words, omit “or the audit firm”;
  - (ii) in point (a)—
    - (aa) omit “or the audit firm”;
    - (bb) for “those set out in Chapter IV of Directive [2006/43/EC](#)” substitute “ the relevant standards listed in regulation 4(2) of the Statutory Auditors and Third Country Auditors Regulations 2016 ”;
    - (cc) omit “, as well as relevant laws” to the end;
  - (iii) in point (b), for “Article 13 of Directive [2006/43/EC](#)” substitute “ paragraph 11 of Schedule 10 to the Companies Act 2006 ”;
- (i) in paragraph 7, in the third subparagraph—
  - (i) for “Competent authorities” substitute “ The competent authority ”;

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- (ii) omit “and audit firms”;
- (j) in paragraph 7, in the fourth subparagraph, for “competent authorities” substitute “the competent authority”;
- (k) in paragraph 8—
  - (i) in the first subparagraph, omit “or audit firm”;
  - (ii) in the second subparagraph—
    - (aa) omit “or audit firm”;
    - (bb) omit “or of the audit firm”.

#### Commencement Information

**I100** Reg. 100 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 101. In Article 27 (monitoring market quality and competition)—

- (a) in paragraph 1—
  - (i) for “competent authorities designated under Article 20(1) and the European Competition Network (ECN), as appropriate,” substitute “competent authority”;
  - (ii) in point (a)—
    - (aa) omit “or an audit firm”;
    - (bb) for “an audit firm network” substitute “a network”;
    - (cc) for “any audit firm” substitute “any firm in the network”;
- (b) in paragraph 2—
  - (i) in the first subparagraph—
    - (aa) for “17 June 2016” substitute “17 June 2019”;
    - (bb) for “each competent authority” substitute “the competent authority”;
    - (cc) omit “and the ECN,”;
    - (dd) for “CEAOB, ESMA, EBA, EIOPA and the Commission” substitute “Secretary of State”;
  - (ii) omit the second subparagraph.

#### Commencement Information

**I101** Reg. 101 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### 102. In Article 28 (transparency of competent authorities)—

- (a) in the heading, for “competent authorities” substitute “competent authority”;
- (b) in the opening words, for “Competent authorities” substitute “The competent authority”;
- (c) in points (a) and (b), for “their tasks under this Regulation” substitute “the competent authority's tasks”;

(d) in point (d), omit “Member States may require the publication” to the end.

**Commencement Information**

**I102** Reg. 102 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**103.** Omit Chapter III (cooperation between competent authorities and relations with European supervisory authorities).

**Commencement Information**

**I103** Reg. 103 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**104.** Omit Chapter IV (cooperation with third country authorities and with international organisations and bodies).

**Commencement Information**

**I104** Reg. 104 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

## PART 5

Amendments made under section 2(2) of the European Communities Act 1972

### Amendment of the Statutory Auditors and Third Country Auditors Regulations 2016

**105.** The Statutory Auditors and Third Country Auditors Regulations 2016 is amended in accordance with regulations 106 and 107.

**Commencement Information**

**I105** Reg. 105 in force at 22.2.2019, see [reg. 2](#)

**106.** In regulation 3 (the competent authority)—

- (a) in paragraph (2)(b), for “paragraph (5)” substitute “ paragraphs (5), (5A) and (5B) ”;
- (b) after paragraph (5), insert—

“(5A) Any delegation under paragraph (2) of the competent authority's responsibilities under sub-paragraphs (k), (l) or (m) of paragraph (1) must not prejudice the competent authority's ability to initiate and conduct an inspection or investigation of audit work by a statutory auditor itself, where necessary, and to take appropriate action.

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(5B) In determining the delegation of tasks, the competent authority must ensure that conflicts of interest are avoided.”;

(c) after paragraph (13), insert—

“(14) The members of the management body of the competent authority must be individuals who—

- (a) are knowledgeable in the areas relevant to statutory audit;
- (b) are selected in accordance with an independent and transparent nomination procedure;
- (c) during their period in office are non-practitioners, and in the three years preceding their appointment were non-practitioners.

(15) In paragraph (14), a “non-practitioner” is a person who is not—

- (a) carrying out statutory audit work;
- (b) a member of the ownership or management body of a firm that is eligible for appointment as a statutory auditor;
- (c) employed by or otherwise associated with a firm that is eligible for appointment as a statutory auditor.”.

#### Commencement Information

**I106** Reg. 106 in force at 22.2.2019, see [reg. 2](#)

**107.** After regulation 13 (power to grant exemptions from the requirements of Article 4(2) of the Audit Regulation (limit on total fees charged for non-audit services)), insert—

#### “Provision of non-audit services

**13A.** The competent authority may, within the standards on professional ethics that it determines in accordance with Schedule 1, allow the provision of the services referred to in points (a) (i), (a) (iv) to (a) (vii) and (f) of the second subparagraph of Article 5(1) of the Audit Regulation, provided that the following requirements are complied with—

- (a) they have no direct or have immaterial effect, separately or in the aggregate on the audited accounts;
- (b) the estimation of the effect on the audited accounts is comprehensively documented and explained in the additional report to the audit committee referred to in Article 11 of the Audit Regulation; and
- (c) the principles of independence laid down in Part 42 of the Companies Act 2006 and these Regulations are complied with by the statutory auditor.”.

#### Commencement Information

**I107** Reg. 107 in force at 22.2.2019, see [reg. 2](#)

VALID FROM 31/12/2020

## PART 6

### Approval of Equivalent Third Countries, Transitional Third Countries and Third Country Competent Authorities

#### Approval of Equivalent Third Countries and Transitional Third Countries

**108.** Schedule 1 (approval of equivalent third countries and transitional third countries) has effect.

##### Commencement Information

**I108** Reg. 108 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Approval of Third Country Competent Authorities

**109.** Schedule 2 (approval of third country competent authorities) has effect.

##### Commencement Information

**I109** Reg. 109 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

VALID FROM 31/12/2020

## PART 7

### Revocations

#### Revocation of retained direct EU legislation

**110.** Schedule 3 (revocation of retained direct EU legislation) has effect.

##### Commencement Information

**I110** Reg. 110 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

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**Status:** Point in time view as at 22/02/2019. This version of this Instrument contains provisions that are not valid for this point in time.  
**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

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VALID FROM 31/12/2020

## PART 8

### Transitional provisions

#### Transitional provisions

**111.** Schedule 4 (transitional provisions) has effect.

#### Commencement Information

**I111** Reg. 111 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

Department for Business, Energy and Industrial  
Strategy

*Kelly Tolhurst*  
Minister for Small Business, Consumers and  
Corporate Responsibility



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**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

VALID FROM 31/12/2020

SCHEDULE 1

Regulation 108

Approval of Equivalent Third Countries and Transitional Third Countries

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SCHEDULE 2

Regulation 109

Approval of Third Country Competent Authorities

.....

SCHEDULE 3

Regulation 110

Revocation of retained direct EU legislation

1. The following instruments are revoked—
  - (a) Commission Decision No. [2008/627/EC](#) of 29 July 2008 concerning a transitional period for audit activities of certain third country auditors and audit entities;
  - (b) Commission Decision 2010/64 of 5 February 2010 on the adequacy of the competent authorities of certain third countries pursuant to Directive [2006/43/EC](#) of the European Parliament and of the Council;
  - (c) Commission Decision 2010/485/EU of 1 September 2010 on the adequacy of the competent authorities of Australia and the United States pursuant to Directive [2006/43/EC](#) of the European Parliament and of the Council;
  - (d) 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 in the European Union;
  - (e) Commission Implementing Decision 2013/281/EU of 11 June 2013 on the equivalence of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the United States of America pursuant to Directive [2006/43/EC](#) of the European Parliament and the Council;
  - (f) Commission Implementing Decision 2013/288/EU of 13 June 2013 amending Decision 2011/30/EU 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 in the European Union;
  - (g) Commission Implementing Decision (EU) 2016/1010 of 21 June 2016 on the adequacy of the competent authorities of certain third countries and territories pursuant to Directive [2006/43/EC](#) of the European Parliament and of the Council;
  - (h) Commission Implementing Decision (EU) 2016/1155 of 14 July 2016 on the equivalence of the public oversight, quality assurance, investigation and penalty

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systems for auditors and audit entities of the United States of America pursuant to Directive [2006/43/EC](#) of the European Parliament and the Council;

- (i) Commission Implementing Decision (EU) 2016/1156 of 14 July 2016 on the adequacy of the competent authorities of the United States of America pursuant to Directive [2006/43/EC](#) of the European Parliament and of the Council;
- (j) Commission Implementing Decision (EU) 2016/1223 of 25 July 2016 amending Decision 2011/30/EU 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 in the European Union.

#### Commencement Information

**I115** Sch. 3 para. 1 in force on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see [reg. 2](#)

## SCHEDULE 4

Regulation 111

### Transitional provisions

1. The amendments made by the following regulations do not apply in relation to audits of accounts for financial years that begin before exit day—

- (a) regulations 8(a)(i), 53(a)(i) and 66(d)(i), in so far as they exempt public interest entities, whose transferable securities are admitted to trading on a regulated market situated or operating in an EEA State but not in the United Kingdom, from having to appoint auditors in accordance with—
  - (i) Articles 16 and 17 of the Audit Regulation;
  - (ii) sections 485A to 485C, 489A to 489C and 494ZA of the Companies Act 2006; and
  - (iii) in relation to limited liability partnerships, sections 485A to 485C and 494ZA of the Companies Act 2006 as applied with modifications by regulations 34A and 38A of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008;
- (b) regulations 32(d)(i) and 66(d)(i), in so far as they exempt statutory auditors of public interest entities, whose transferable securities are admitted to trading on a regulated market situated or operating in an EEA State but not in the United Kingdom, from being subject to—
  - (i) regulations 5(1)(f) and 9(1) of the Statutory Auditors and Third Country Auditors Regulations 2016 and Articles 24(1)(a) and (c), and 26 of the Audit Regulation, on inspections of audits of public interest entities by the competent authority and any enforcement action taken following those inspections; and
  - (ii) paragraph 10C of Schedule 10 to the Companies Act 2006, regulations 13 and 13A of, and Schedule 1 to, the Statutory Auditors and Third Country Auditors Regulations 2016, and Articles 4 to 11, 17(7) and 18 of the Audit Regulation, on technical standards and of other standards of professional ethics and internal quality control of statutory audits of public interest entities;
- (c) regulation 80(a)(iv) and (vi), and (d)(iv)—

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**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

- (i) in relation to the provision of non-audit services to subsidiary undertakings in third countries which are not EEA States and parent undertakings in EEA States; and
- (ii) where, for the purposes of Article 5(1) of the Audit Regulation, “within the Union” means in an EEA State or the United Kingdom.

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#### Commencement Information

**I116** Sch. 4 para. 1 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

2. In relation to audits of accounts for financial years that begin before exit day—
- (a) Gibraltar, or a third country which immediately before exit day was an EEA State, is to be treated by the competent authority as if it is a transitional third country;
  - (b) a third country which was determined by the European Commission as having an equivalent system of audit inspections, investigations and sanctions to those in the European Union by virtue of an instrument adopted under Article 46(2) of Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, is to be treated by the competent authority as an equivalent third country for those financial years to which the instrument applied in relation to that country;
  - (c) a third country which was the subject of transitional arrangements in respect of its system of audit inspections, investigations and sanctions in the European Union by virtue of an instrument adopted under Article 46(2) of Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, is to be treated by the competent authority as a transitional third country for those financial years to which the instrument applied in relation to that country.

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#### Commencement Information

**I117** Sch. 4 para. 2 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

3. For investigations under the Statutory Auditors and Third Country Auditors Regulations 2016 that begin before exit day, and any enforcement action taken under those Regulations following those investigations, the amendments made by regulations 32(d)(i) and 66(d)(i) do not apply in so far as they exempt statutory auditors of public interest entities, whose transferable securities are admitted to trading on a regulated market situated or operating in an EEA State but not in the United Kingdom, from being subject to regulation 5(1)(f) and Schedule 2 to the Statutory Auditors and Third Country Auditors Regulations 2016, and Article 24(1)(b) and (c) of the Audit Regulation, on investigations of audits of public interest entities by the competent authority.

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#### Commencement Information

**I118** Sch. 4 para. 3 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

4. For the purposes of this Schedule—

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**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. (See end of Document for details)

- (a) the definitions in Part 42 of the Companies Act 2006 apply; and
- (b) Gibraltar must be treated as if it were an EEA State.

#### Commencement Information

**II19** Sch. 4 para. 4 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are primarily made in exercise of the powers conferred by section 8(1) of the European Union (Withdrawal) Act 2018 (c. 16), together with various other domestic powers, in order to address failures of retained EU law to operate effectively and other deficiencies (in particular under paragraphs (a), (b), (c), (d), (e), (f) and (g) of section 8(2) of that Act) arising from the withdrawal of the UK from the European Union. Part 5 contains amendments made under section 2(2) of the European Communities Act 1972 (c. 68), which implement aspects of Article 32 of Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts (OJ No. 157 09.06.2006, p. 87).

These Regulations make amendments to legislation in the field of statutory auditing, in particular to the regulatory oversight and professional recognition of statutory auditors and third country auditors, and the requirements for the statutory audit of certain types of business undertakings, which may be companies, limited liability partnerships, building societies, friendly societies, or certain other types of insurer.

Part 2 amends primary legislation including Parts 16 and 42, and Schedules 10, 11, 11A and 12 to the Companies Act 2006, the Building Societies Act 1986, the Friendly Societies Act 1992, the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Local Audit and Accountability Act 2014. In particular, regulation 14 introduces new powers (sections 1240A and 1240B) to Part 42 of the Companies Act 2006. Section 1240A confers on the Secretary of State powers to approve the audit regulatory regime of third countries as being equivalent, in this case, to the UK. Section 1240B confers on the Secretary of State powers to approve third country competent authorities as being adequate in relation to their ability to co-operate with the competent authority on the transfer of audit working papers. These powers replace powers previously exercised in respect of the European Union by the European Commission under Articles 46 and 47 of Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts. Part 3 amends various pieces of secondary legislation concerning statutory audits and statutory auditors, audit reporting requirements and other requirements such as keeping a register of third country auditors. Part 4 amends Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision [2005/909/EC](#). Part 5 amends, using section 2(2) of the European Communities Act 1972, various provisions of the Statutory Auditors and Third Country Auditors Regulation 2016. Part 6 introduces Schedule 1, which lists countries approved as equivalent third countries and transitional third countries, and Schedule 2, which lists third country competent authorities approved as adequate. Part 7 introduces Schedule 3 which revokes various pieces of

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retained direct EU legislation that are no longer needed. Part 8 introduces Schedule 4 which sets out the transitional provisions for some of the amendments made by these Regulations.

These Regulations refer to: (a) the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000, and sourcebooks made by the Financial Conduct Authority under that Act. The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where it is also available for inspection; (b) sourcebooks made by the Financial Conduct Authority that are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where it is also available for inspection; (c) the 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements made by the International Auditing and Assurance Standards Board (“IAASB”) and available on <https://www.ifac.org/publications-resources/2016-2017-handbook-international-quality-control-auditing-review-other>.

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private or voluntary sector is foreseen.

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**Changes to legislation:**

There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019.