
STATUTORY INSTRUMENTS

2019 No. 177

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

PART 2

Amendment of primary legislation

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

- I1** 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](#)

[^{F1}4. In section 479A (subsidiary companies: conditions for exemption from audit) —

(a) in subsection (1)(b), for “an EEA State” substitute “ any part of the United Kingdom ”;

(b) in subsection (2)(c), for sub-paragraph (i) substitute—

“(i) if the undertaking is a company, the requirements of Part 15 of this Act, or, if the undertaking is not a company, the legal requirements which apply to the drawing up of consolidated accounts for that undertaking, or”.]

Textual Amendments

- F1** Regs. 4, 4A substituted for reg. 4 (31.12.2020 immediately before IP completion day) by [The Statutory Auditors, Third Country Auditors and International Accounting Standards \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1392\)](#), regs. 1(2), 4; [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Commencement Information

- I2** 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](#)

[^{F1}4A. In section 479C(2) (subsidiary companies audit exemption: parent undertaking declaration of guarantee) —

(a) for paragraph (b) substitute—

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- “(b) the registered number (if any) of the parent undertaking.”;
 (b) omit paragraph (c).]

Textual Amendments

- F1** Regs. 4, 4A substituted for reg. 4 (31.12.2020 immediately before IP completion day) by [The Statutory Auditors, Third Country Auditors and International Accounting Standards \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1392\)](#), regs. 1(2), 4; 2020 c. 1, Sch. 5 para. 1(1)

5. In section 494ZA (the maximum engagement period) ^{M1}—
- (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 [^{F2}IP completion day]”.

Textual Amendments

- F2** Words in reg. 5(c) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(a)**

Commencement Information

- I3** 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

- M1** 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) ^{M2}—
- (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 ^{M3} (audit committees and their functions) under the Financial Services and Markets Act 2000 ^{M4}, or
- (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority ^{M5} (audit committee) under that Act,
- as they have effect on [^{F3}IP completion day], or
- (b) equivalent functions.”;

- (b) omit the definition of “Audit Directive”;
- (c) in the definition of “public interest entity”^{M6}—
- (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^{M7} as that Article had effect immediately before [F⁴IP completion day], were the United Kingdom a member State;”;
- (d) omit the definitions of “regulated market” and “transferable securities”^{M8}.

Textual Amendments

- F3** Words in reg. 6(a) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(b)(i)**
- F4** Words in reg. 6(c)(iii) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(b)(ii)**

Commencement Information

- I4** 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

- M2** Section 494A was inserted by paragraph 12 of Schedule 3 to [S.I. 2016/649](#).
- M3** 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.
- M4** [2000 c. 8](#). Part 9A was inserted by section 24(1) of the [Financial Services Act 2012 \(c. 21\)](#).
- M5** 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.
- M6** The expression of “public interest company” in this definition was amended to “public interest entity” by regulation 12(15) of [S.I. 2017/516](#).
- M7** OJ No. L 374 31.12.91, p. 7.
- M8** 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.”.

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Commencement Information

- I5** 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”) ^{M9}—

- (a) in subsection (1), in the definition of “public interest company”^{M10}—
- (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 [^{F5}IP completion day], were the United Kingdom a member State.”;
- (b) in subsection (2), omit the definitions of “regulated market”^{M11} and “transferable securities”^{M12}.

Textual Amendments

- F5** Words in reg. 8(a)(iii) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), [14\(c\)](#)

Commencement Information

- I6** 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

- M9** Section 519A was inserted by section 18(3) of the [Deregulation Act 2015 \(c. 20\)](#).
- M10** The definition of “public interest company” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#).
- M11** The definition of “regulated market” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#).
- M12** 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”^{M13}—

- (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^{M14} ”,

- (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)^{M15} ”.

Commencement Information

- I7** 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

- M13** 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](#).
- M14** OJ No. L 173 12.06.2014, p. 84.
- M15** [S.I. 2001/544](#).

Status:

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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, CHAPTER 1.