
STATUTORY INSTRUMENTS

2019 No. 177

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

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

- I1** 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

- I2** 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,

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- (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

I3 Reg. 77 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(I\)](#)), 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,
- (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

- I4** 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.

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Commencement Information

- I5** 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 ”;
 - (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

- I6** Reg. 80 in force at 31.12.2020 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 ^{M1};
- (b) sections 330(6), 330(7A), 333A and 342 of the Proceeds of Crime Act 2002 ^{M2};
- (c) sections 45 and 46 of the Criminal Finances Act 2017 ^{M3};
- (d) the Terrorism Act 2000 ^{M4}.

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 ^{M5}.”;

- (c) in paragraph 2—
- (i) omit “or an audit firm”;
 - (ii) in point (a)—
 - (aa) omit “the audit firm”;

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- (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

- I7** 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

- M1** [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 \(c. 12\)](#).
- M2** [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 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 \(c. 22\)](#).
- M3** [2017 c. 22](#).
- M4** [2000 c. 11](#).
- M5** 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 ^{M6};
 - (b) the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001 ^{M7};
 - (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

I8 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

M6 [2000 c. 8.](#)

M7 [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 ”;

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- (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

I9 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](#)

84. Omit Article 9.

Commencement Information

I10 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

111 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;”;

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- (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)—
 - (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

I12 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—

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- “(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 ”;
 - (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

I13 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

I14 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

I15 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

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- (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)—
 - (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

I16 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—
 - (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

I17 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—

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- (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

I18 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

I19 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](#)

- 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

I20 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

I21 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”;
- [^{F1}(c) omit the third subparagraph.]
- (d) in the fourth subparagraph—
 - (i) for “those authorities” substitute “the competent authority”;
 - (ii) omit “and audit firms”.

Textual Amendments

- F1** Reg. 96(c) substituted (31.12.2020 immediately before IP completion day) by [The International Accounting Standards, Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/335\)](#), regs. 1, 8

Commencement Information

- I22** 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—
- “(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

- I23** 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.

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Commencement Information

I24 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 ^{M8};”;

(vii) for point (c), substitute—

“(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

I25 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

M8 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)(1) 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, [^{F2}other than those 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 [^{F3}IP completion 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—

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- (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 ”;
 - (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”.

Textual Amendments

- F2** Words in reg. 100(b)(ii)(bb) substituted (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), **8**; 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in reg. 100(f) 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), **16**

Commencement Information

- I26** 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

I27 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

I28 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

I29 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).

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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, PART 4. (See end of Document for details)

Commencement Information

I30 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](#)

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019, PART 4.