

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 (Text with EEA relevance)

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

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>(1)</sup>,

Acting in accordance with the ordinary legislative procedure<sup>(2)</sup>,

Whereas:

- (1) Statutory auditors and audit firms are entrusted by law to conduct statutory audits of public-interest entities with a view to enhancing the degree of confidence of the public in the annual and consolidated financial statements of such entities. The public-interest function of statutory audit means that a broad community of people and institutions rely on the quality of a statutory auditor's or an audit firm's work. Good audit quality contributes to the orderly functioning of markets by enhancing the integrity and efficiency of financial statements. Thus, statutory auditors fulfil a particularly important societal role.
- (2) Union legislation requires that the financial statements, comprising annual financial statements or consolidated financial statements, of credit institutions, insurance undertakings, issuers of securities admitted to trading on a regulated market, payment institutions, undertakings for collective investment in transferable securities (UCITS), electronic money institutions and alternative investment funds be audited by one or more persons entitled to carry out such audits in accordance with Union law, namely: Article 1(1) of Council Directive 86/635/EEC<sup>(3)</sup>, Article 1(1) of Council Directive 91/674/EEC<sup>(4)</sup>, Article 4(4) of Directive 2004/109/EC of the European Parliament and of the Council<sup>(5)</sup>, Article 15(2) of Directive 2007/64/EC of the European Parliament and of the Council<sup>(6)</sup>, Article 73 of Directive 2009/65/EC of the European Parliament and of the Council<sup>(7)</sup>, Article 3(1) of Directive 2009/110/EC of the European Parliament and of the Council<sup>(8)</sup>, and Article 22(3) of Directive 2011/61/EU of the European Parliament

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and of the Council<sup>(9)</sup>. Moreover, point (1) of Article 4(1) of Directive 2004/39/EC of the European Parliament and of the Council<sup>(10)</sup> also requires that the annual financial statements of investment firms be audited when Directive 2013/34/EU of the European Parliament and of the Council<sup>(11)</sup> is not applicable.

- (3) The conditions for the approval of the persons responsible for carrying out the statutory audit as well as the minimum requirements for carrying out such statutory audit are laid down in Directive 2006/43/EC of the European Parliament and of the Council<sup>(12)</sup>.
- (4) On 13 October 2010 the Commission published a Green Paper entitled ‘Audit Policy: Lessons from the Crisis’, which launched a wide public consultation, in the general context of financial market regulatory reform, on the role and scope of audit and how the audit function could be enhanced in order to contribute to increased financial stability. That public consultation showed that the rules of Directive 2006/43/EC regarding the carrying out of the statutory audit of annual and consolidated financial statements of public-interest entities could be improved. The European Parliament issued an own-initiative report on the Green Paper on 13 September 2011. The European Economic and Social Committee also adopted a report on that Green Paper on 16 June 2011.
- (5) It is important to lay down detailed rules with a view to ensuring that the statutory audits of public-interest entities are of adequate quality and are carried out by statutory auditors and audit firms subject to stringent requirements. A common regulatory approach should enhance the integrity, independence, objectivity, responsibility, transparency and reliability of statutory auditors and audit firms carrying out statutory audits of public-interest entities, contributing to the quality of statutory audits in the Union, thus to the smooth functioning of the internal market, while achieving a high level of consumer and investor protection. The development of a separate act for public-interest entities should also ensure consistent harmonisation and uniform application of the rules and thus contribute to a more effective functioning of the internal market. These strict requirements should be applicable to statutory auditors and audit firms only insofar as they carry out statutory audits of public-interest entities.
- (6) The statutory audit of cooperatives and savings banks is characterised in some Member States by a system that does not allow them to choose their statutory auditor or audit firm freely. The audit association to which the cooperative or savings bank belongs as a member is obliged by law to carry out the statutory audit. Such audit associations act on a non-profit-making basis without pursuing commercial interests, as results from their legal nature. In addition, the organisational units of these associations are not associated with a common economic interest, which could jeopardise their independence. Accordingly, Member States should have the possibility to exempt cooperatives within the meaning of point (14) of Article 2 of Directive 2006/43/EC, savings banks or similar entities as referred to in Article 45 of Directive 86/635/EEC or their subsidiaries or legal successors from this Regulation provided that the principles of independence laid down in Directive 2006/43/EC are complied with.
- (7) The level of fees received from one audited entity and the structure of fees can threaten the independence of a statutory auditor or an audit firm. Thus, it is important to ensure that audit fees are not based on any form of contingency and that, when the audit

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fees from a single client including its subsidiaries are significant, a specific procedure involving the audit committee is established to secure the quality of the audit. If the statutory auditor or the audit firm becomes excessively dependent on a single client, the audit committee should decide on the basis of proper grounds whether the statutory auditor or the audit firm may continue to carry out the statutory audit. When taking such decision, the audit committee should take into consideration, inter alia, the threats to independence and the consequences of such decision.

- (8) The provision of certain services other than statutory audit (non-audit services) to audited entities by statutory auditors, audit firms or members of their networks may compromise their independence. Therefore, it is appropriate to prohibit the provision of certain non-audit services such as specific tax, consultancy and advisory services to the audited entity, to its parent undertaking and to its controlled undertakings within the Union. The services that involve playing any part in the management or decision-making of the audited entity might include working capital management, providing financial information, business process optimisation, cash management, transfer pricing, creating supply chain efficiency and the like. Services linked to the financing, capital structure and allocation, and investment strategy of the audited entity should be prohibited except the provision of services such as due diligence services, issuing comfort letters in connection with prospectuses issued by the audited entity and other assurance services.
- (9) It should be possible for Member States to decide to allow the statutory auditors and the audit firms to provide certain tax and valuation services when such services are immaterial or have no direct effect, separately or in the aggregate, on the audited financial statements. Where such services involve aggressive tax planning, they should not be considered as immaterial. Accordingly, a statutory auditor or an audit firm should not provide such services to the audited entity. A statutory auditor or an audit firm should be able to provide non-audit services which are not prohibited under this Regulation, if the provision of those services has been approved in advance by the audit committee and if the statutory auditor or the audit firm has satisfied itself that provision of those services does not pose a threat to the independence of the statutory auditor or the audit firm that cannot be reduced to an acceptable level by the application of safeguards.
- (10) With a view to avoiding conflicts of interest it is important that the statutory auditor or the audit firm, before accepting or continuing an engagement for a statutory audit of a public-interest entity, assess whether the independence requirements are met, and in particular whether any threats to independence arise as a result of the relationship with that entity. The statutory auditor or the audit firm should confirm its independence annually to the audit committee of the audited entity and should discuss with that committee any threat to its independence as well as the safeguards applied to mitigate those threats.
- (11) Directive 95/46/EC of the European Parliament and of the Council<sup>(13)</sup> should govern the processing of personal data carried out in the Member States in the context of this Regulation and such processing of personal data should be subject to the supervision

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of the Member States' competent authorities, in particular the public independent authorities designated by the Member States. Any exchange or transmission of information by competent authorities should comply with the rules on the transfer of personal data as laid down in Directive 95/46/EC.

- (12) A sound engagement quality control review of the work carried out in each statutory audit engagement should be conducive to high audit quality. Therefore, the statutory auditor or the audit firm should not issue his, her or its audit report until such an engagement quality control review has been completed.
- (13) The results of the statutory audit of a public-interest entity should be presented to the stakeholders in the audit report. In order to increase the confidence of stakeholders in the financial statements of the audited entity, it is particularly important that the audit report be well-founded and solidly substantiated. In addition to the information required to be provided under Article 28 of Directive 2006/43/EC, the audit report should in particular include sufficient information on the independence of the statutory auditor or the audit firm and on whether the statutory audit was considered capable of detecting irregularities, including fraud.
- (14) The value of statutory audit for the audited entity would be particularly enhanced if the communication between the statutory auditor or the audit firm, on the one hand, and the audit committee, on the other hand, were reinforced. Further to the regular dialogue during the carrying out of the statutory audit, it is important that the statutory auditor or the audit firm submit to the audit committee an additional and more detailed report on the results of the statutory audit. This additional report should be submitted to the audit committee no later than the audit report. Upon request, the statutory auditor or the audit firm should discuss key matters which have been mentioned in the additional report with the audit committee. In addition, it should be possible to make such additional detailed report available to competent authorities responsible for the oversight of statutory auditors and audit firms upon their request, and to third parties where national law so provides.
- (15) Statutory auditors or audit firms already provide competent authorities supervising public-interest entities with information on facts or decisions which could constitute a breach of the rules governing the activities of the audited entity or an impairment of the continuous functioning of the audited entity. However, supervisory tasks would be facilitated if supervisors of credit institutions and insurance undertakings and their statutory auditors and audit firms were required to establish an effective dialogue with each other.
- (16) Regulation (EU) No 1092/2010 of the European Parliament and of the Council<sup>(14)</sup> established the European Systemic Risk Board (ESRB). The role of the ESRB is to monitor the build-up of systemic risk in the Union. Given the information that statutory auditors and audit firms of systemically important financial institutions have access to, their experience could help the ESRB in its work. Therefore an annual forum for dialogue between statutory auditors and audit firms, on the one hand, and ESRB, on the other, on a sectoral, anonymised basis should be facilitated by this Regulation.

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- (17) In order to increase the confidence in, and the liability of, the statutory auditors and the audit firms carrying out the statutory audit of public-interest entities, it is important that the transparency reporting by statutory auditors and audit firms be increased. Therefore, statutory auditors and audit firms should be required to disclose financial information, showing in particular their total turnover divided into audit fees paid by public-interest entities, audit fees paid by other entities and fees for other services. They should also disclose financial information at the level of the network to which they belong. Statutory auditors and audit firms should provide additional supplementary information on audit fees to competent authorities with a view to facilitating their supervisory tasks.
- (18) It is important that the role of the audit committee in the selection of a new statutory auditor or audit firm be reinforced, in the interest of a more informed decision of the general meeting of shareholders or members of the audited entity. Hence, when making a proposal to the general meeting, the administrative or supervisory body should explain whether it follows the preference of the audit committee and, if not, why. The recommendation of the audit committee should include at least two possible choices for the audit engagement and a duly justified preference for one of them, so that a real choice can be made. In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a mandatory selection procedure organised by the audited entity, under the responsibility of the audit committee. In such selection procedure, the audited entity should not restrict statutory auditors or audit firms with a low market share from presenting proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals. Considering, however, that this selection procedure could entail disproportionate costs for undertakings with reduced market capitalisation or small and medium-sized public-interest entities having regard to their size, it is appropriate to relieve such undertakings and entities from the obligation of organising a procedure for the selection of a new statutory auditor or audit firm.
- (19) The right of the general meeting of shareholders or members of the audited entity to choose the statutory auditor or the audit firm would be of no value if the audited entity were to enter into a contract with a third party providing for a restriction of such choice. Therefore, any clause of a contract entered into by the audited entity with a third party regarding the appointment or restricting the choice to particular statutory auditors or audit firms should be considered null and void.
- (20) The appointment of more than one statutory auditor or audit firm by public-interest entities would reinforce the professional scepticism and help to increase audit quality. Also, this measure, combined with the presence of smaller audit firms in the audit market would facilitate the development of the capacity of such firms, thus broadening the choice of statutory auditors and audit firms for public-interest entities. Therefore, the latter should be encouraged and incentivised to appoint more than one statutory auditor or audit firm to carry out the statutory audit.
- (21) In order to address the familiarity threat and therefore reinforce the independence of statutory auditors and audit firms, it is important to establish a maximum duration of the

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audit engagement of a statutory auditor or an audit firm in a particular audited entity. In addition, as a means of strengthening the independence of the statutory auditor or the audit firm, reinforcing professional scepticism, and increasing audit quality, this Regulation provides for the following alternatives for an extension of the maximum duration: regular and open mandatory retendering or the appointment of more than one statutory auditor or audit firm by public-interest entities. Also, the involvement of smaller audit firms in these measures would facilitate the development of the capacity of such firms, thus broadening the choice of statutory auditors and audit firms for public-interest entities. An appropriate gradual rotation mechanism should also be established with regard to the key audit partners carrying out the statutory audit on behalf of the audit firm. It is also important to provide for an appropriate period within which such statutory auditor or audit firm may not carry out the statutory audit of the same entity. In order to ensure a smooth transition, the former statutory auditor should transfer a handover file with relevant information to the incoming statutory auditor.

- (22) In order to ensure a high level of investor and consumer confidence in the internal market by avoiding conflicts of interests, statutory auditors and audit firms should be subject to appropriate oversight by competent authorities which are independent from the audit profession and which have adequate capacity, expertise and resources. Member States should be able to delegate or allow their competent authorities to delegate any of the tasks of those competent authorities to other authorities or bodies except those related to the quality assurance system, investigations and disciplinary systems. However, Member States should be able to choose to delegate tasks related to disciplinary systems to other authorities and bodies provided that the majority of the persons involved in the governance of the authority or body concerned are independent from the audit profession. The national competent authorities should have the necessary powers to undertake their supervisory tasks, including the capacity to access data, obtain information and carry out inspections. They should specialise in the supervision of financial markets, in the compliance with financial reporting obligations or in statutory audit oversight. However, it should be possible for the supervision of the compliance with the obligations imposed on public-interest entities to be carried out by the competent authorities responsible for the supervision of those entities. The funding of the competent authorities should be free from any undue influence by statutory auditors or audit firms.
- (23) The quality of supervision should improve if there is effective cooperation between authorities charged with different tasks at national level. Therefore, the authorities competent to supervise compliance with the obligations regarding statutory audit of public-interest entities should cooperate with the authorities responsible for the tasks provided for in Directive 2006/43/EC, with those supervising public-interest entities and with the financial intelligence units referred to in Directive 2005/60/EC of the European Parliament and of the Council<sup>(15)</sup>.
- (24) External quality assurance for the statutory audit is fundamental for high quality audit. It adds credibility to published financial information and provides better protection for shareholders, investors, creditors and other interested parties. Statutory auditors and audit firms should therefore be subject to a system of quality assurance under the

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responsibility of the competent authorities, thus ensuring objectivity and independence from the audit profession. Quality assurance reviews should be organised in such a manner that each statutory auditor or each audit firm carrying out audits of public-interest entities is subject to a quality assurance review on the basis of an analysis of the risks. In the case of statutory auditors and audit firms carrying out statutory audits of public-interest entities other than those defined in points (17) and (18) of Article 2 of Directive 2006/43/EC, that review should take place at least every three years and, in other cases, at least every six years. The Commission Recommendation of 6 May 2008 on external quality assurance for statutory auditors and audit firms auditing public-interest entities<sup>(16)</sup> provides information on how inspections should be undertaken. Quality assurance reviews should be appropriate and proportionate in view of the scale and complexity of the business of the reviewed statutory auditor or audit firm.

- (25) The market for the provision of statutory audit services to public-interest entities evolves over time. It is therefore necessary that competent authorities monitor the developments in the market, particularly as regards the risks that arise from high market concentration, including within specific sectors, and the performance of audit committees.
- (26) The transparency of the activities of competent authorities should help to increase the confidence of investors and consumers in the internal market. Therefore, competent authorities should be required to report regularly on their activities and to publish information in aggregated form on findings and conclusions of inspections, or in individual form where Member States so provide.
- (27) Cooperation between the competent authorities of the Member States can make an important contribution to ensuring consistently high quality of statutory audit in the Union. Therefore, the competent authorities of the Member States should cooperate with each other, where necessary, for the purpose of carrying out their supervisory duties regarding statutory audits. They should respect the principle of home-country regulation and oversight by the Member State in which the statutory auditor or the audit firm is approved and in which the audited entity has its registered office. The cooperation between competent authorities should be organised within the framework of a Committee of European Auditing Oversight Bodies (CEAOB), which should be composed of high-level representatives of the competent authorities. In order to enhance consistent application of this Regulation, the CEAOB should be able to adopt non-binding guidelines or opinions. In addition, it should facilitate the exchange of information, provide advice to the Commission and contribute to technical assessments and technical examinations.

For the purpose of carrying out the technical assessment of public oversight systems of third countries and to the international cooperation between Member States and third countries in this area, the CEAOB should establish a sub-group chaired by the member appointed by the European Supervisory Authority (European Securities and Markets Authority — ESMA)<sup>(17)</sup> and should request the assistance from ESMA, the European Supervisory Authority (European Banking Authority — EBA)<sup>(18)</sup> or the European Supervisory Authority (European Insurance and Occupational Pensions Authority —

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- EIOPA)<sup>(19)</sup> insofar as its request is related to the international cooperation between Member States and third countries in the field of statutory audit of public-interest entities supervised by these European Supervisory Authorities. The Secretariat of the CEAOB should be provided by the Commission and, based on the work programme agreed by the CEAOB, should include related expenses in its estimates for the next year.
- (28) The scope of cooperation between the competent authorities of Member States should include cooperation with regard to quality assurance reviews and assistance with investigations related to the carrying-out of statutory audits of public-interest entities, including in cases where the conduct under investigation does not constitute an infringement of any legislative or regulatory provision in force in the Member States concerned. The detailed arrangements for cooperation between the competent authorities of the Member States should include the possibility of creating colleges of competent authorities and the delegation of tasks among themselves. The concept of a network in which statutory auditors and audit firms operate should be taken into account in such cooperation. Competent authorities should respect appropriate confidentiality and professional secrecy rules.
- (29) The interrelation of capital markets gives rise to the need to empower competent authorities to cooperate with supervisory authorities and bodies of third countries regarding the exchange of information or quality assurance reviews. However, where the cooperation with third country authorities is related to audit working papers or other documents held by statutory auditors or audit firms, the procedures laid down by Directive 2006/43/EC should apply.
- (30) Sustainable audit capacity and a competitive market for statutory audit services in which there is a sufficient choice of statutory auditors and audit firms capable of carrying out statutory audits of public-interest entities are required in order to ensure a smooth functioning of capital markets. The competent authorities and the European Competition Network (ECN) should report on the changes brought in the audit market structure introduced by this Regulation.
- (31) The alignment of the procedures for the adoption of delegated acts by the Commission to the Treaty on the Functioning of the European Union and, in particular, to Article 290 and 291 thereof, should be effected on a case-by-case basis. In order to take into account the developments in auditing and in the audit profession, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission. In particular, delegated acts are necessary for the purpose of adopting international auditing standards in the area of audit practice, independence of and internal controls of statutory auditors and audit firms. The international auditing standards adopted should not amend any requirements of this Regulation or supplement any of those requirements, except for those precisely defined. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including consultations at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.



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- (32) In order to ensure legal certainty and the smooth transition to the regime introduced by this Regulation, it is important to introduce a transitional period regarding the entry into force of the obligation to rotate statutory auditors and audit firms and the obligation to organise a selection procedure for the choice of statutory auditors and audit firms.
- (33) References to provisions of Directive 2006/43/EC should be understood as references to the national provisions transposing those provisions of Directive 2006/43/EC. The new European audit framework as established by this Regulation and Directive 2014/56/EU of the European Parliament and of the Council<sup>(20)</sup> replaces existing requirements laid down in Directive 2006/43/EC and should be interpreted without referring to any preceding instruments such as Commission recommendations adopted under the previous framework.
- (34) Since the objectives of this Regulation, namely clarifying and better defining the role of statutory audit regarding public-interest entities, improving the information that the statutory auditor or the audit firm provides to the audited entity, investors and other stakeholders, improving the communication channels between auditors and supervisors of public-interest entities, preventing any conflict of interest arising from the provision of non-audit services to public-interest entities, mitigating the risk of any potential conflict of interest due to the existing system whereby the auditee selects and pays the auditor or the familiarity threat, facilitating the switching of, and the choice of a statutory auditor or an audit firm to public-interest entities, broadening the choice of statutory auditors and audit firms for public-interest entities and improving the effectiveness, independence and consistency of the regulation and oversight of statutory auditors and audit firms providing statutory audits to public-interest entities including as regards cooperation at Union level, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (35) This Regulation respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union, notably the right to respect for private and family life, the right to the protection of personal data, and the freedom to conduct a business, and has to be applied in accordance with those rights and principles.
- (36) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EC) No 45/2001 of the European Parliament and of the Council and delivered an opinion on 23 April 2012<sup>(21)</sup>.
- (37) A new legal framework of statutory audit of annual and consolidated financial statements should be established by this Regulation and Directive 2014/56/EU, therefore Commission Decision 2005/909/EC<sup>(22)</sup> should be repealed,

HAVE ADOPTED THIS REGULATION:

*Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)*

## TITLE I

### SUBJECT MATTER, SCOPE AND DEFINITIONS

#### Article 1

#### Subject matter

This Regulation lays down requirements for the carrying out of the statutory audit of [<sup>F1</sup>accounts and consolidated accounts] of public-interest entities, rules on the [<sup>F2</sup>organisation of statutory auditors and selection of persons for appointment as] statutory auditors <sup>F3</sup>... by public-interest entities to promote their independence and the avoidance of conflicts of interest and rules on the supervision of compliance by statutory auditors <sup>F3</sup>... with those requirements.

#### Textual Amendments

- F1** Words in Art. 1 substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **76(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in Art. 1 substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **76(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in Art. 1 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **76(c)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Article 2

#### Scope

1 This Regulation shall apply to the following:

- a statutory auditors <sup>F4</sup>... carrying out statutory audits of public-interest entities;
- b public-interest entities.

[<sup>F5</sup>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.]

<sup>F6</sup>3 .....

<sup>F6</sup>4 .....

<sup>F6</sup>5 .....

#### Textual Amendments

- F4** Words in Art. 2(1)(a) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **77(a)**; 2020 c. 1, Sch. 5 para. 1(1)

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| <b>F5</b> | Art. 2(2) substituted (31.12.2020) by <a href="#">The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177)</a> , regs. 2, <b>77(b)</b> ; 2020 c. 1, Sch. 5 para. 1(1)             |
| <b>F6</b> | Art. 2(3)(4)(5) omitted (31.12.2020) by virtue of <a href="#">The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177)</a> , regs. 2, <b>77(c)</b> ; 2020 c. 1, Sch. 5 para. 1(1) |

### *<sup>F7</sup>Article 3*

#### **Definitions**

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;

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- 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.]

#### Textual Amendments

- F7** Art. 3 substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **78**; 2020 c. 1, Sch. 5 para. 1(1)

## TITLE II

### CONDITIONS FOR CARRYING OUT STATUTORY AUDIT OF PUBLIC INTEREST ENTITIES

#### Article 4

#### Audit fees

1 <sup>F8</sup> ...

<sup>F9</sup> ... For the purposes of [<sup>F10</sup>paragraph 13 of Schedule 1 to the Statutory Auditor and Third Country Auditors Regulations 2016,] fees [<sup>F11</sup>“based on any form of contingency”] means fees for audit engagements calculated on a predetermined basis relating to the outcome or result of a transaction or the result of the work performed. Fees shall not be regarded as [<sup>F12</sup>being based on any form of contingency] if a court or [<sup>F13</sup>the competent authority] has established them.

2 When the statutory auditor <sup>F14</sup>... provides to the [<sup>F15</sup>audited person], its parent undertaking or its [<sup>F16</sup>subsidiary undertakings], for a period of three or more consecutive financial years, non-audit services other than those referred to in Article 5(1) of this Regulation, the total fees for such services shall be limited to no more than 70 % of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the [<sup>F15</sup>audited person] and, where applicable, of its parent undertaking, of its [<sup>F16</sup>subsidiary undertakings] and of the consolidated [<sup>F17</sup>accounts] of that group of undertakings.

For the purposes of the limits specified in the first subparagraph, non-audit services, other than those referred to in Article 5(1), required by [<sup>F18</sup>legislation of any part of the United Kingdom] shall be excluded.

<sup>F19</sup> ...

3 When the total fees received from a public-interest entity in each of the last three consecutive financial years are more than 15 % of the total fees received by the statutory auditor <sup>F20</sup>... in each of those financial years, such a statutory auditor <sup>F21</sup>... shall disclose that fact to the audit committee and discuss with the audit committee the threats to [<sup>F22</sup>its independence] and the safeguards applied to mitigate those threats. The audit committee shall consider whether the audit <sup>F23</sup>... should be subject to an engagement quality control review by another [<sup>F24</sup>person who is eligible for appointment as a statutory auditor] prior to the issuance of the audit report.

Where the fees received from such a public-interest entity continue to exceed 15 % of the total fees received by such a statutory auditor <sup>F25</sup>..., the audit committee shall decide

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

on the basis of objective grounds whether the statutory auditor [<sup>F26</sup>of the public interest entity] may continue to carry out the statutory audit for an additional period which shall not, in any case, exceed two years.

<sup>F27</sup>4

#### Textual Amendments

- F8** Words in Art. 4(1) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F9** Words in Art. 4(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F10** Words in Art. 4(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F11** Words in Art. 4(1) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F12** Words in Art. 4(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(a)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F13** Words in Art. 4(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(a)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F14** Words in Art. 4(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F15** Words in Art. 4(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F16** Words in Art. 4(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F17** Word in Art. 4(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(b)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F18** Words in Art. 4(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F19** Words in Art. 4(2) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F20** Words in Art. 4(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F21** Words in Art. 4(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F22** Words in Art. 4(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F23** Word in Art. 4(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(d)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F24** Words in Art. 4(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(d)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F25** Words in Art. 4(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(e)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F26** Words in Art. 4(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(e)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F27** Art. 4(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **79(f)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 5

### Prohibition of the provision of non-audit services

1 A statutory auditor <sup>F28</sup>... carrying out the statutory audit of a public-interest entity, or any member of the network to which the statutory auditor <sup>F29</sup>... belongs, shall not directly or indirectly provide to the [<sup>F30</sup>audited person], to its parent undertaking [<sup>F31</sup>(incorporated or formed in any part of the United Kingdom)] or to its [<sup>F32</sup>subsidiary undertakings]<sup>F33</sup>... any prohibited non-audit services in:

- a the period between the beginning of the [<sup>F34</sup>financial year of the accounts to be audited] and the issuing of the audit report; and
- <sup>X1</sup>b the financial year immediately preceding [<sup>F35</sup>that period] in relation to the services listed in point (e) of the second subparagraph.]

For the purposes of this Article, prohibited non-audit services shall mean:

- a tax services relating to:
  - (i) preparation of tax forms;
  - (ii) payroll tax;
  - (iii) customs duties;
  - (iv) identification of public subsidies and tax incentives unless support from the statutory auditor <sup>F36</sup>... in respect of such services is required by law;
  - (v) support regarding tax inspections by tax authorities unless support from the statutory auditor <sup>F37</sup>... in respect of such inspections is required by law;
  - (vi) calculation of direct and indirect tax and deferred tax;
  - (vii) provision of tax advice;
- b services that involve playing any part in the management or decision-making of the [<sup>F38</sup>audited person];
- c bookkeeping and preparing accounting records and [<sup>F39</sup>accounts];
- d payroll services;
- e designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- f valuation services, including valuations performed in connection with actuarial services or litigation support services;

- g legal services, with respect to:
  - (i) the provision of general counsel;
  - (ii) negotiating on behalf of the [F<sup>40</sup>audited person]; and
  - (iii) acting in an advocacy role in the resolution of litigation;
- h services related to the [F<sup>41</sup>audited person's] internal audit function;
- i services linked to the financing, capital structure and allocation, and investment strategy of the [F<sup>42</sup>audited person], except providing assurance services in relation to the [F<sup>43</sup>accounts], such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- j promoting, dealing in, or underwriting shares in the [F<sup>44</sup>audited person];
- k human resources services, with respect to:
  - (i) management in a position to exert significant influence over the preparation of the accounting records or [F<sup>45</sup>the accounts] which are the subject of the statutory audit, where such services involve:
    - searching for or seeking out candidates for such position; or
    - undertaking reference checks of candidates for such positions;
  - (ii) structuring the organisation design; and
  - (iii) cost control.

F<sup>46</sup>2 .....

F<sup>47</sup>3 .....

4 A statutory auditor <sup>F<sup>48</sup></sup>... carrying out statutory audits of public-interest entities and, where the statutory auditor <sup>F<sup>49</sup></sup>... belongs to a network, any member of such network, may provide to the [F<sup>50</sup>audited person], to its parent undertaking [F<sup>51</sup>(incorporated or formed in any part of the United Kingdom)] or to its [F<sup>52</sup>subsidiary undertakings] non-audit services other than the prohibited non-audit services referred to in paragraphs 1 and 2 subject to the approval of the audit committee after it has properly assessed threats to independence and the safeguards applied in accordance with [F<sup>53</sup>paragraph 8 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016]. The audit committee shall, where applicable, issue guidelines with regard to the services referred to in paragraph 3.

F<sup>54</sup> ...

F<sup>55</sup>5 .....

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#### Editorial Information

- X1** Substituted by [Corrigendum to 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 \(Official Journal of the European Union L 158 of 27 May 2014\)](#).

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#### Textual Amendments

- F28** Words in [Art. 5\(1\)](#) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **80(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F29** Words in Art. 5(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F30** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F31** Words in Art. 5(1) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(iv)** (with Sch. 4 para. 1(c)) (as amended by S.I. 2020/523, regs. 1(2), 19); 2020 c. 1, Sch. 5 para. 1(1)
- F32** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F33** Words in Art. 5(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(vi)** (with Sch. 4 para. 1(c)) (as amended by S.I. 2020/523, regs. 1(2), 19); 2020 c. 1, Sch. 5 para. 1(1)
- F34** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(vii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F35** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(a)(viii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F36** Words in Art. 5(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F37** Words in Art. 5(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F38** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F39** Word in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F40** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F41** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F42** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(vii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F43** Word in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(vii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F44** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(viii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F45** Words in Art. 5(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(b)(ix)**; 2020 c. 1, Sch. 5 para. 1(1)
- F46** Art. 5(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(c)**; 2020 c. 1, Sch. 5 para. 1(1)



**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F47** Art. 5(3) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F48** Words in Art. 5(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F49** Words in Art. 5(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F50** Words in Art. 5(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F51** Words in Art. 5(4) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(d)(iv)** (with Sch. 4 para. 1(c)) (as amended by S.I. 2020/523, regs. 1(2), 19); 2020 c. 1, Sch. 5 para. 1(1)
- F52** Words in Art. 5(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(d)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F53** Words in Art. 5(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(d)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F54** Words in Art. 5(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(e)**; 2020 c. 1, Sch. 5 para. 1(1)
- F55** Art. 5(5) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **80(f)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 6

### Preparation for the statutory audit and assessment of threats to independence

1 Before [<sup>F56</sup>appointment as a statutory auditor for the] statutory audit of a public-interest entity, [<sup>F57</sup>a person who is eligible for appointment as a statutory auditor must] assess and document, in addition to [<sup>F58</sup>what is required by paragraph 8 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016], the following:

- a whether [<sup>F59</sup>the person who is eligible for appointment as a statutory auditor] complies with the requirements of Articles 4 and 5 of this Regulation;
- b whether the conditions of [<sup>F60</sup>the provisions for the appointment of statutory auditors by public interest entities and Article 17(7)] are complied with;
- c without prejudice to [<sup>F61</sup>the relevant legislation], the integrity of the members of the [<sup>F62</sup>management body] of the public-interest entity.

[<sup>F63</sup>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;
- b sections 330(6), 330(7A), 333A and 342 of the Proceeds of Crime Act 2002;
- c sections 45 and 46 of the Criminal Finances Act 2017;
- d the Terrorism Act 2000.

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

*Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)*

includes any deemed reappointment of the statutory auditor under section 487 of the Companies Act 2006.]

- 2 A statutory auditor <sup>F64</sup> ... shall:
- a confirm annually in writing to the audit committee that the statutory auditor, <sup>F65</sup>... [<sup>F66</sup>and, where the statutory auditor is a firm, any associated persons], conducting the statutory audit are independent from the [<sup>F67</sup>audited person];
  - b discuss with the audit committee the threats to [<sup>F68</sup>the statutory auditor's independence] and the safeguards applied to mitigate those threats, as documented [<sup>F69</sup>by the statutory auditor] pursuant to paragraph 1.
- [<sup>F70</sup>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.]

#### Textual Amendments

- F56** Words in Art. 6(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F57** Words in Art. 6(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F58** Words in Art. 6(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F59** Words in Art. 6(1)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F60** Words in Art. 6(1)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F61** Words in Art. 6(1)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(vi)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F62** Words in Art. 6(1)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(a)(vi)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F63** Art. 6(1A)(1B) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F64** Words in Art. 6(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F65** Words in Art. 6(2)(a) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(c)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F66** Words in Art. 6(2)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(c)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F67** Words in Art. 6(2)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(c)(ii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F68** Words in Art. 6(2)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(c)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F69** Words in Art. 6(2)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(c)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F70** Art. 6(3) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **81(d)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 7

### Irregularities

Without prejudice to [<sup>F71</sup>relevant legislation], when a statutory auditor <sup>F72</sup>... carrying out the statutory audit of a public-interest entity suspects or has reasonable grounds to suspect that irregularities, including fraud with regard to the [<sup>F73</sup>accounts] of the [<sup>F74</sup>audited person], may occur or have occurred, [<sup>F75</sup>the statutory auditor] shall inform the audited entity and invite it to investigate the matter and take appropriate measures to deal with such irregularities and to prevent any recurrence of such irregularities in the future.

Where the [<sup>F76</sup>audited person] does not investigate the matter, the statutory auditor <sup>F77</sup>... shall inform the authorities as designated by the Member States responsible for investigating such irregularities.

The disclosure in good faith to those authorities, by the statutory auditor <sup>F78</sup>..., of any irregularities referred to in the first subparagraph shall not constitute a breach of any contractual or legal restriction on disclosure of information.

[<sup>F79</sup>In this Article, “relevant legislation” means—

- a any rules made under section 340 of the Financial Services and Markets Act 2000;
- b the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001;
- 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.]

#### Textual Amendments

- F71** Words in Art. 7 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F72** Words in Art. 7 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

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- F73** Word in Art. 7 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F74** Words in Art. 7 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(a)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F75** Words in Art. 7 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(a)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F76** Words in Art. 7 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F77** Words in Art. 7 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F78** Words in Art. 7 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F79** Words in Art. 7 inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **82(d)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Modifications etc. (not altering text)

- C1** Art. 7: power to amend conferred (31.12.2020) by S.I. 2016/649, **reg. 4(3A)** (as inserted by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **68(f)**; 2020 c. 1, **Sch. 5 para. 1(1)**)

### Article 8

#### Engagement quality control review

1 Before the reports referred to in Articles 10 and 11 are issued, an engagement quality control review (in this Article hereinafter referred to as: review) shall be performed to assess whether the statutory auditor or the key audit partner could reasonably have come to the opinion and conclusions expressed in the draft of these reports.

2 The review shall be performed by an engagement quality control reviewer (in this Article hereinafter referred to as: reviewer). The reviewer shall be [<sup>F80</sup>person who is eligible for appointment as a] a statutory auditor who is not involved in the performance of the statutory audit to which the review relates.

[<sup>F81</sup>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.]

4 When performing the review, the reviewer shall record at least the following:

- a the oral and written information provided by the [<sup>F82</sup>... key audit partner to support the significant judgements as well as the main findings of the audit procedures carried out

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- and the conclusions drawn from those findings, whether or not at the request of the reviewer;
- b the opinions of the <sup>F83</sup>... key audit partner, as expressed in the draft of the reports referred to in Articles 10 and 11;
- 5 The review shall at least assess the following elements:
- a the independence of the statutory auditor <sup>F84</sup>... from the [<sup>F85</sup>audited person];
  - b the significant risks which are relevant to the statutory audit and which the <sup>F86</sup>... key audit partner has identified during the performance of the statutory audit and the measures that [<sup>F87</sup>the key audit partner] has taken to adequately manage those risks;
  - c the reasoning of the <sup>F88</sup>... key audit partner, in particular with regard to the level of materiality and the significant risks referred to in point (b);
  - d any request for advice to external experts and the implementation of such advice;
  - e the nature and scope of the corrected and uncorrected misstatements in the [<sup>F89</sup>accounts] that were identified during the carrying out of the audit;
  - f the subjects discussed with the audit committee and [<sup>F90</sup>, where applicable,] the [<sup>F91</sup>management body] of the [<sup>F92</sup>audited person];
  - g the subjects discussed with [<sup>F93</sup>regulatory authorities] and, where applicable, with other third parties;
  - h whether the documents and information selected from the file by the reviewer support the opinion of the <sup>F94</sup>... key audit partner as expressed in the draft of the reports referred to in Articles 10 and 11.
- 6 The reviewer shall discuss the results of the review with the <sup>F95</sup>... key audit partner. [<sup>F96</sup>Where the statutory auditor is a firm, it] shall establish procedures for determining the manner in which any disagreement between the key audit partner and the reviewer are to be resolved.
- 7 The statutory auditor <sup>F97</sup>... and the reviewer shall keep a record of the results of the review, together with the considerations underlying those results.

#### Textual Amendments

- F80** Words in Art. 8(2) inserted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F81** Art. 8(3) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F82** Words in Art. 8(4)(a) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F83** Words in Art. 8(4)(b) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F84** Words in Art. 8(5)(a) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(d)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F85** Words in Art. 8(5)(a) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(d)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F86** Words in Art. 8(5)(b) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **83(d)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)

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- F87** Words in Art. 8(5)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F88** Words in Art. 8(5)(c) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F89** Word in Art. 8(5)(e) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F90** Words in Art. 8(5)(f) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(v)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F91** Words in Art. 8(5)(f) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(v)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F92** Words in Art. 8(5)(f) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(v)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F93** Words in Art. 8(5)(g) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F94** Words in Art. 8(5)(h) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(d)(vii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F95** Words in Art. 8(6) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(e)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F96** Words in Art. 8(6) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(e)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F97** Words in Art. 8(7) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **83(f)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Modifications etc. (not altering text)

- C2** Art. 8: power to amend conferred (31.12.2020) by S.I. 2016/649, **reg. 4(3A)** (as inserted by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **68(f)**; 2020 c. 1, **Sch. 5 para. 1(1)**)

### <sup>F98</sup>Article 9

## International auditing standards

#### Textual Amendments

- F98** Art. 9 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **84**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 10

### Audit report

1 The statutory [<sup>F99</sup>auditor] shall present the results of the statutory audit of the public-interest entity in an audit report.

2 The audit report shall be prepared in accordance with [<sup>F100</sup>the public interest entity audit reporting requirements] and in addition shall at least:

- a state by whom or by which body the statutory [<sup>F101</sup>auditor] was <sup>F102</sup>... appointed;
- b indicate the date of the appointment and the period of total uninterrupted [<sup>F103</sup>consecutive reappointments of the statutory auditor];
- c provide, in support of the audit opinion, the following:
  - (i) a description of the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud;
  - (ii) a summary of the auditor's response to those risks; and
  - (iii) where relevant, key observations arising with respect to those risks.

Where relevant to the above information provided in the audit report concerning each significant assessed risk of material misstatement, the audit report shall include a clear reference to the relevant disclosures in the [<sup>F104</sup>accounts].

- d explain to what extent the statutory audit was considered capable of detecting irregularities, including fraud;
- e confirm that the audit opinion is consistent with the additional report to the audit committee referred to in Article 11;
- f declare that the prohibited non-audit services referred to in Article 5(1) were not provided and that the statutory [<sup>F105</sup>auditor] remained independent of the [<sup>F106</sup>audited person] in conducting the audit;
- g indicate any services, in addition to the statutory audit, which were provided by the statutory auditor <sup>F107</sup>... to the [<sup>F108</sup>audited person] and its [<sup>F109</sup>subsidiary undertakings], and which have not been disclosed in the [<sup>F110</sup>accounts or the reports required to be prepared by the management body of the audited person to accompany the accounts].

<sup>F111</sup> ...

3 Except as required by point (e) of paragraph 2 the audit report shall not contain any cross-references to the additional report to the audit committee referred to in Article 11. The audit report shall be in clear and unambiguous language.

4 The statutory auditor <sup>F112</sup>... shall not use the name of [<sup>F113</sup>the competent authority] in a way that would indicate or suggest endorsement or approval by [<sup>F114</sup>the authority] of the audit report.

#### Textual Amendments

**F99** Word in Art. 10(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **85(a)**; 2020 c. 1, Sch. 5 para. 1(1)

**F100** Words in Art. 10(2) substituted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **85(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F101** Word in Art. 10(2)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F102** Word in Art. 10(2)(a) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F103** Words in Art. 10(2)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F104** Word in Art. 10(2)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F105** Word in Art. 10(2)(f) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(v)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F106** Words in Art. 10(2)(f) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(v)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F107** Words in Art. 10(2)(g) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(vi)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F108** Words in Art. 10(2)(g) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(vi)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F109** Words in Art. 10(2)(g) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(vi)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F110** Words in Art. 10(2)(g) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(b)(vi)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F111** Words in Art. 10(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F112** Words in Art. 10(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F113** Words in Art. 10(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F114** Words in Art. 10(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **85(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 11

### Additional report to the audit committee

1 Statutory auditors <sup>F115</sup>... carrying out statutory audits of public-interest entities shall submit an additional report to the audit committee of the [<sup>F116</sup>audited person] not later than the date of submission of the audit report referred to in Article 10. <sup>F117</sup>...



If the [F118 audited person] does not have an audit committee, the additional report shall be submitted to [F119 the management body of the audited person]. F120 ...

2 The additional report to the audit committee shall be in writing. It shall explain the results of the statutory audit carried out and shall at least:

- a include the declaration of independence referred to in point (a) of Article 6(2);
- b where the statutory audit was carried out by [F121 a firm], the report shall identify each key audit partner involved in the audit;
- [F122 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;]
- d describe the nature, frequency and extent of communication with the audit committee [F123 and] the management body F124 ... of the [F125 audited person], including the dates of meetings with those bodies;
- e include a description of the scope and timing of the audit;
- f where more than one statutory auditor [F126 has] been appointed, describe the distribution of tasks among the statutory auditors F127 ...;
- g describe the methodology used, including which categories of the balance sheet have been directly verified and which categories have been verified based on system and compliance testing, including an explanation of any substantial variation in the weighting of system and compliance testing when compared to the previous year, even if the previous year's statutory audit was carried out by [F128 another] statutory [F129 auditor];
- h disclose the quantitative level of materiality applied to perform the statutory audit for the [F130 accounts] as a whole and where applicable the materiality level or levels for particular classes of transactions, account balances or disclosures, and disclose the qualitative factors which were considered when setting the level of materiality;
- i report and explain judgements about events or conditions identified in the course of the audit that may cast significant doubt on the entity's ability to continue as a going concern and whether they constitute a material uncertainty, and provide a summary of all guarantees, comfort letters, undertakings of public intervention and other support measures that have been taken into account when making a going concern assessment;
- j report on any significant deficiencies in the [F131 audited person's] or, in the case of consolidated [F132 accounts], the parent undertaking's internal financial control system, [F133 or] in the accounting system. For each such significant deficiency, the additional report shall state whether or not the deficiency in question has been resolved by the management;
- k report any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association which were identified in the course of the audit, in so far as they are considered to be relevant in order to enable the audit committee to fulfil its tasks;
- l report and assess the valuation methods applied to the various items in the annual or consolidated [F134 accounts] including any impact of changes of such methods;
- m in the case of a statutory audit of consolidated [F135 accounts], explain the scope of consolidation and the exclusion criteria applied by the [F136 audited person] to the non-consolidated [F137 members of the group], if any, and whether those criteria applied are in accordance with the financial reporting framework;
- n where applicable, identify any audit work performed by [F138 third country auditors or statutory auditors] in relation to a statutory audit of consolidated [F139 accounts]

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- other than by members of the same network as [F140that] to which the auditor of the consolidated [F139accounts] belongs;
- o indicate whether all requested explanations and documents were provided by the [F141audited person];
  - p report:
    - (i) any significant difficulties encountered in the course of the statutory audit;
    - (ii) any significant matters arising from the statutory audit that were discussed or were the subject of correspondence with management; and
    - (iii) any other matters arising from the statutory audit that in the [F142statutory] auditor's professional judgement, are significant to the oversight of the financial reporting process.

F143

...  
Upon request by a statutory auditor F144 ... or the audit committee, the statutory [F145auditor] shall discuss key matters arising from the statutory audit, referred to in the additional report to the audit committee, and in particular in point (j) of the first subparagraph, with the audit committee, administrative body or, where applicable, supervisory body of the [F146audited person].

3 Where more than one statutory auditor [F147has been appointed and a] disagreement has arisen between them on auditing procedures, accounting rules or any other issue regarding the conduct of the statutory audit, the [F148nature of any] disagreement [F149and the reasons for it must] be explained in the additional report to the audit committee.

4 The additional report to the audit committee shall be signed and dated. Where [F150a firm] carries out the statutory audit, the additional report to the audit committee shall be signed by the statutory auditors carrying out the statutory audit on behalf of [F151that firm].

5 Upon request, and in accordance with [F152legislation of any part of the United Kingdom], the statutory auditors F153 ... shall make available without delay the additional report to the [F154competent authority] F155 ....

#### Textual Amendments

- F115** Words in Art. 11(1) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(a)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F116** Words in Art. 11(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(a)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F117** Words in Art. 11(1) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(a)(i)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F118** Words in Art. 11(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(a)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F119** Words in Art. 11(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(a)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F120** Words in Art. 11(1) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(a)(ii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- F121** Words in Art. 11(2)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F122** Art. 11(2)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F123** Word in Art. 11(2)(d) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F124** Words in Art. 11(2)(d) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F125** Words in Art. 11(2)(d) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(iii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F126** Word in Art. 11(2)(f) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(iv)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F127** Words in Art. 11(2)(f) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(iv)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F128** Word in Art. 11(2)(g) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(v)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F129** Word in Art. 11(2)(g) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(v)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F130** Word in Art. 11(2)(h) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F131** Words in Art. 11(2)(j) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(vii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F132** Word in Art. 11(2)(j) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(vii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F133** Word in Art. 11(2)(j) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(vii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F134** Word in Art. 11(2)(l) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(viii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F135** Word in Art. 11(2)(m) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(ix)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F136** Words in Art. 11(2)(m) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(ix)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F137** Words in Art. 11(2)(m) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(ix)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- F138** Words in Art. 11(2)(n) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(x)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F139** Word in Art. 11(2)(n) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(x)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F140** Word in Art. 11(2)(n) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(x)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F141** Words in Art. 11(2)(o) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(xi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F142** Word in Art. 11(2)(p)(iii) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(b)(xii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F143** Words in Art. 11(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F144** Words in Art. 11(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F145** Word in Art. 11(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F146** Words in Art. 11(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F147** Words in Art. 11(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(e)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F148** Words in Art. 11(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(e)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F149** Words in Art. 11(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(e)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F150** Words in Art. 11(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(f)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F151** Words in Art. 11(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(f)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F152** Words in Art. 11(5) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(g)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F153** Words in Art. 11(5) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(g)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F154** Words in Art. 11(5) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **86(g)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

**F155** Words in Art. 11(5) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **86(g)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)

## *F156F157* Article 12

### Report to supervisors of public-interest entities

#### Textual Amendments

**F156** Art. 12 excepted from duty to publish (31.12.2020) by [The Exception from the Duty to Publish \(Department for Business and Trade\) \(No. 1\) Direction 2023 \(No. 1\)](#), **Sch.**

**F157** Words in Art. 12(2) expressed to be omitted (17.8.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2022 \(S.I. 2022/838\)](#), regs. 1(2), **21** (with regs. 24-26)

## Article 13

### Transparency report

1 A statutory auditor <sup>F158</sup>... that carries out [<sup>F159</sup>the statutory audit of a public interest entity] shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor <sup>F160</sup>... and shall remain available on that website for at least five years from the day of its publication on the website. <sup>F161</sup>...

A statutory auditor <sup>F162</sup>... shall be allowed to update its published annual transparency report. In such a case, the statutory auditor <sup>F163</sup>... shall indicate that it is an updated version of the report and the original version of the report shall continue to remain available on the website.

Statutory auditors <sup>F164</sup>... shall communicate to the competent authorities that the transparency report has been published on the website of the statutory auditor <sup>F165</sup>... or, as appropriate, that it has been updated.

2 The annual transparency report shall include at least the following:

- a a description of the legal structure and ownership of the [<sup>F166</sup>statutory auditor, if it is a firm];
- b where the statutory auditor <sup>F167</sup>... is a member of a network:
  - (i) a description of the network and the legal and structural arrangements in the network;
  - (ii) [<sup>F168</sup>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;]
  - (iii) [<sup>F169</sup>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

*Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)*

- they have a registered office, central administration or a principal place of business;]
- (iv) [<sup>F170</sup>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;]
- c a description of the governance structure of the [<sup>F171</sup>statutory auditor, if it is a firm];
- d a description of the internal quality control system of the statutory auditor <sup>F172</sup>... and a statement by the <sup>F173</sup>... management body on the effectiveness of its functioning;
- e an indication of when the last quality assurance review referred to in Article 26 was carried out;
- f a list of public-interest entities for which the statutory auditor <sup>F174</sup>... carried out statutory audits during the preceding financial year;
- g a statement concerning the statutory auditor's <sup>F175</sup>... independence practices which also confirms that an internal review of independence compliance has been conducted;
- h a statement on the policy followed by the statutory auditor <sup>F176</sup>... concerning the continuing education of statutory auditors referred to in [<sup>F177</sup>paragraph 11 of Schedule 10 to the Companies Act 2006];
- i information concerning the basis for the <sup>F178</sup>... remuneration [<sup>F179</sup>of members of the management body of the statutory auditor, where that statutory auditor is a firm];
- j a description of the statutory auditor's <sup>F180</sup>... policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);
- k where not disclosed in its [<sup>F181</sup>accounts], information about the total turnover of the statutory auditor <sup>F182</sup>..., divided into the following categories:
- (i) revenues from the statutory audit of [<sup>F183</sup>accounts] of public-interest entities and [<sup>F184</sup>members of groups] of undertakings whose parent undertaking is a public-interest entity;
- (ii) revenues from the statutory audit of [<sup>F185</sup>accounts] of other entities;
- (iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor <sup>F186</sup>...; and
- (iv) revenues from non-audit services to other entities.
- The statutory auditor <sup>F187</sup>... may, in exceptional circumstances, decide not to disclose the information required in point (f) of the first subparagraph to the extent necessary to mitigate an imminent and significant threat to the personal security of any person. The statutory auditor <sup>F187</sup>... shall be able to demonstrate to the competent authority the existence of such threat.
- 3 The transparency report shall be signed by the statutory auditor <sup>F188</sup>....

#### Textual Amendments

- F158** Words in Art. 13(1) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **87(a)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F159** Words in Art. 13(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **87(a)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F160** Words in Art. 13(1) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **87(a)(i)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- F161** Words in Art. 13(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(a)(i)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F162** Words in Art. 13(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(a)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F163** Words in Art. 13(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(a)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F164** Words in Art. 13(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(a)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F165** Words in Art. 13(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(a)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F166** Words in Art. 13(2)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F167** Words in Art. 13(2)(b) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F168** Art. 13(2)(b)(ii) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F169** Art. 13(2)(b)(iii) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F170** Art. 13(2)(b)(iv) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F171** Words in Art. 13(2)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F172** Words in Art. 13(2)(d) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(vii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F173** Words in Art. 13(2)(d) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(vii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F174** Words in Art. 13(2)(f) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(viii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F175** Words in Art. 13(2)(g) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(ix)**; 2020 c. 1, Sch. 5 para. 1(1)
- F176** Words in Art. 13(2)(h) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(x)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F177** Words in Art. 13(2)(h) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(x)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F178** Word in Art. 13(2)(i) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xi)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F179** Words in Art. 13(2)(i) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xi)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F180** Words in Art. 13(2)(j) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F181** Word in Art. 13(2)(k) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xiii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F182** Words in Art. 13(2)(k) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xiii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F183** Word in Art. 13(2)(k)(i) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xiv)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F184** Words in Art. 13(2)(k)(i) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xiv)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F185** Word in Art. 13(2)(k)(ii) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F186** Words in Art. 13(2)(k)(iii) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(b)(xvi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F187** Words in Art. 13(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F188** Words in Art. 13(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **87(d)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Article 14

##### Information for competent authorities

Statutory auditors <sup>F189</sup>... shall provide annually to [<sup>F190</sup>the] competent authority a list of the audited public-interest entities by revenue generated from them, dividing those revenues into:

- (a) revenues from statutory audit;
- (b) revenues from non-audit services other than those referred to in Article 5(1) which are required by [<sup>F191</sup>legislation of any part of the United Kingdom]; and,
- (c) revenues from non-audit services other than those referred to in Article 5(1) which are not required by [<sup>F192</sup>legislation of any part of the United Kingdom].



**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

#### Textual Amendments

- F189** Words in Art. 14 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **88(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F190** Word in Art. 14 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **88(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F191** Words in Art. 14(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **88(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F192** Words in Art. 14(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **88(d)**; 2020 c. 1, Sch. 5 para. 1(1)

#### <sup>F193</sup> Article 15

### Record keeping

#### Textual Amendments

- F193** Art. 15 excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**

## TITLE III

### THE APPOINTMENT OF STATUTORY AUDITORS <sup>F194</sup>... BY PUBLIC-INTEREST ENTITIES

#### Article 16

### Appointment of statutory auditors or audit firms

1 For the purposes of the application of [<sup>F195</sup>the provisions], for the appointment of statutory auditors <sup>F196</sup>... by public-interest entities, the conditions set out in [<sup>F197</sup>paragraph 3] of this Article shall apply, <sup>F198</sup>....

Where [<sup>F199</sup>the provisions for the appointment of statutory auditors by public interest entities do not apply], the public-interest entity shall inform the competent authority of the use of [<sup>F200</sup>applicable alternative systems] or modalities <sup>F201</sup>.... In that event, [<sup>F202</sup>paragraph 3] of this Article shall not apply.

<sup>F203</sup>2 .....

3 Unless it concerns the renewal of an audit engagement in accordance with Article 17(1) and 17(2), the recommendation of the audit committee <sup>F204</sup>... shall be prepared following a selection procedure organised by the audited entity respecting the following criteria:

- [<sup>F205</sup>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—

Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- 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;]
- b the [F206 audited person] shall prepare tender documents for the attention of the [F207 invited persons]. Those tender documents shall allow them to understand the business of the [F206 audited person] and the type of statutory audit that is to be carried out. The tender documents shall contain transparent and non-discriminatory selection criteria that shall be used by the [F206 audited person] to evaluate the proposals made by statutory auditors F208 ...;
  - c the [F209 audited person] shall be free to determine the selection procedure and may conduct direct negotiations with [F210 applicants] in the course of the procedure;
  - d where, in accordance with [F211 legislation of any part of the United Kingdom], the [F212 competent authority][F213 requires statutory auditors] to comply with certain quality standards, those standards shall be included in the tender documents;
  - e the [F214 audited person] shall evaluate the proposals made by the [F215 applicants] in accordance with the selection criteria predefined in the tender documents. The [F214 audited person] shall prepare a report on the conclusions of the selection procedure, which shall be validated by the audit committee. The [F214 audited person] and the audit committee shall take into consideration any findings or conclusions of any inspection report on the applicant F216 ... referred to in Article 26(8) and published by the competent authority pursuant to point (d) of Article 28;
  - f the [F217 audited person] shall be able to demonstrate, upon request, to the competent authority F218 ... that the selection procedure was conducted in a fair manner.

The audit committee shall be responsible for the selection procedure referred to in the first subparagraph.

For the purposes of point (a) of the first subparagraph, the competent authority F219 ... shall make public a list of the [F220 persons] concerned [F221 who are eligible for appointment as statutory auditors] which shall be updated on an annual basis. The competent authority shall use the information provided by statutory auditors F222 ... pursuant to Article 14 to make the relevant calculations.

F223 4 .....

F223 5 .....

6 Any clause of a contract entered into between a public-interest entity and a third party restricting the choice by the F224 ... members of that entity, F225 ... to certain categories or lists of [F226 persons who are eligible for appointment as statutory auditor], as regards the appointment of a particular statutory auditor F227 ... to carry out the statutory audit of that entity shall be [F228 of no effect].

The public-interest entity shall inform the [F229 competent authority] directly and without delay of any attempt by a third party to impose such a contractual clause or to otherwise improperly influence the decision of the F230 ... members [F231 of the public interest entity] on the selection of a statutory auditor F232 ....

F233 7 .....

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

F2338

### Textual Amendments

- F195** Words in Art. 16(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F196** Words in Art. 16(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F197** Words in Art. 16(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(i)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F198** Words in Art. 16(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(i)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F199** Words in Art. 16(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F200** Words in Art. 16(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F201** Words in Art. 16(1) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(ii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F202** Words in Art. 16(1) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(a)(ii)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F203** Art. 16(2) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F204** Words in Art. 16(3) omitted (8.3.2021) by virtue of The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **19**
- F205** Art. 16(3)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F206** Words in Art. 16(3)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(iv)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F207** Words in Art. 16(3)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(iv)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F208** Words in Art. 16(3)(b) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(iv)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F209** Words in Art. 16(3)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(v)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F210** Word in Art. 16(3)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(v)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- F211** Words in Art. 16(3)(d) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(vi)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F212** Words in Art. 16(3)(d) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(vi)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F213** Words in Art. 16(3)(d) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(vi)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F214** Words in Art. 16(3)(e) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(vii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F215** Word in Art. 16(3)(e) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(vii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F216** Words in Art. 16(3)(e) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(vii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F217** Words in Art. 16(3)(f) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(viii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F218** Words in Art. 16(3)(f) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(b)(viii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F219** Words in Art. 16(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F220** Word in Art. 16(3) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F221** Words in Art. 16(3) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(c)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F222** Words in Art. 16(3) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(c)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F223** Art. 16(4)(5) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F224** Words in Art. 16(6) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F225** Words in Art. 16(6) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F226** Words in Art. 16(6) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(i)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F227** Words in Art. 16(6) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(i)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F228** Words in Art. 16(6) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(i)(ee)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F229** Words in Art. 16(6) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F230** Words in Art. 16(6) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F231** Words in Art. 16(6) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(ii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F232** Words in Art. 16(6) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(d)(ii)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F233** Art. 16(7)(8) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **90(e)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 17

### Duration of the audit engagement

1 <sup>F234</sup> ...

Neither the initial engagement of a particular statutory auditor or audit firm, nor this in combination with any renewed engagements therewith shall exceed a maximum duration of 10 years.

<sup>F235</sup>2 .....

<sup>F236</sup>3 .....

<sup>F237</sup>4 .....

<sup>F238</sup>5 .....

<sup>F238</sup>6 .....

7 The key audit partners responsible for carrying out a statutory audit shall cease their participation in the statutory audit of the [<sup>F239</sup>audited person] not later than seven years from the date of their appointment. They shall not participate again in the statutory audit of the [<sup>F239</sup>audited person] before three years have elapsed following that cessation.

<sup>F240</sup> ...

The statutory auditor <sup>F241</sup>... shall establish an appropriate gradual rotation mechanism with regard to the most senior personnel involved in the statutory audit, including at least the [<sup>F242</sup>individuals who are eligible for appointment] as statutory auditors. The gradual rotation mechanism shall be applied in phases on the basis of individuals rather than of the entire engagement team. It shall be proportionate in view of the scale and the complexity of the activity of the statutory auditor <sup>F241</sup>....

The statutory auditor <sup>F243</sup>... shall be able to demonstrate to the competent authority that such mechanism is effectively applied and adapted to the scale and the complexity of the activity of the statutory auditor <sup>F243</sup>....

8 For the purposes of [<sup>F244</sup>the provisions for the appointment of statutory auditors by public interest entities], the duration of the audit engagement shall be calculated as from the

*Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)*

first financial year covered in the audit engagement letter in which the statutory auditor <sup>F245</sup>... has been appointed for the first time for the carrying-out of consecutive statutory audits for the same public-interest entity.

For the purposes of this Article, [<sup>F246</sup>the statutory auditor is a firm it must] include [<sup>F247</sup>any other statutory auditor that is also a firm and has been acquired by or has merged with the first statutory auditor].

If there is uncertainty as to the date on which the statutory auditor <sup>F248</sup>... began carrying out consecutive statutory audits for the public-interest entity, for example due to firm mergers, acquisitions, or changes in ownership structure, the statutory auditor <sup>F248</sup>... shall immediately report such uncertainties to the competent authority, which shall ultimately determine the relevant date for the purposes of the first subparagraph.

#### Textual Amendments

- F234** Art. 17(1) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F235** Art. 17(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F236** Art. 17(3) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F237** Art. 17(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F238** Art. 17(5)(6) excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F239** Words in Art. 17(7) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F240** Words in Art. 17(7) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F241** Words in Art. 17(7) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(c)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F242** Words in Art. 17(7) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(c)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F243** Words in Art. 17(7) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(c)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F244** Words in Art. 17(8) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(d)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F245** Words in Art. 17(8) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(d)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F246** Words in Art. 17(8) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(d)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F247** Words in Art. 17(8) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(d)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

**F248** Words in Art. 17(8) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **91(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)

### Article 18

#### Hand-over file

**F249** ...

Subject to [<sup>F250</sup>paragraph 16 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016], [<sup>F251</sup>an outgoing] statutory auditor <sup>F252</sup>... shall <sup>F253</sup>... [<sup>F254</sup>grant an] incoming statutory auditor <sup>F252</sup>... access to the additional reports referred to in Article 11 in respect of previous years and to any information transmitted to competent authorities pursuant to [<sup>F255</sup>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].

The former statutory auditor <sup>F256</sup>... shall be able to demonstrate to the competent authority that such information has been provided to the incoming statutory auditor <sup>F256</sup>....

#### Textual Amendments

- F249** Words in Art. 18 excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**
- F250** Words in Art. 18 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F251** Words in Art. 18 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F252** Words in Art. 18 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F253** Word in Art. 18 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(a)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F254** Words in Art. 18 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(a)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F255** Words in Art. 18 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(a)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F256** Words in Art. 18 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **92(b)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Modifications etc. (not altering text)

- C3** Art. 18: power to amend conferred (31.12.2020) by S.I. 2016/649, **reg. 4(3A)** (as inserted by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **68(f)**; 2020 c. 1, **Sch. 5 para. 1(1)**)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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<sup>F257</sup> *Article 19*

**Dismissal and resignation of the statutory auditors or the audit firms**

**Textual Amendments**

**F257** Art. 19 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **93**; 2020 c. 1, Sch. 5 para. 1(1)

**Textual Amendments**

**F194** Words in [Title 3](#) heading omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **89**; 2020 c. 1, Sch. 5 para. 1(1)

TITLE IV

**SURVEILLANCE OF THE ACTIVITIES OF STATUTORY AUDITORS <sup>F258</sup> ...  
CARRYING OUT STATUTORY AUDIT OF PUBLIC-INTEREST ENTITIES**

CHAPTER I

**Competent authorities**

<sup>F259</sup> *Article 20*

**Designation of competent authorities**

**Textual Amendments**

**F259** Art. 20 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **95**; 2020 c. 1, Sch. 5 para. 1(1)

*Article 21*

**Conditions of independence**

The [<sup>F260</sup>competent authority] shall be independent of statutory auditors <sup>F261</sup>....

The [<sup>F262</sup>competent authority] may consult experts, as referred to in point (c) of Article 26(1), for the purpose of carrying out specific tasks and may also be assisted by experts



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when this is essential for the proper fulfilment of their tasks. In such instances, the experts shall not be involved in any decision-making.

F263

The funding of [<sup>F264</sup>the competent authority] shall be secure and free from undue influence by statutory auditors <sup>F265</sup>....

#### Textual Amendments

- F260** Words in Art. 21 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **96(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F261** Words in Art. 21 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **96(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F262** Words in Art. 21 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **96(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F263** Words in Art. 21 omitted (31.12.2020) by virtue of S.I. 2019/177, **reg. 96(c)** (as substituted by The International Accounting Standards, Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/335), regs. 1, **8**)
- F264** Words in Art. 21 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **96(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F265** Words in Art. 21 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **96(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

### <sup>F266</sup> Article 22

#### Professional secrecy in relation to competent authorities

#### Textual Amendments

- F266** Art. 22 excepted from duty to publish (31.12.2020) by The Exception from the Duty to Publish (Department for Business and Trade) (No. 1) Direction 2023 (No. 1), **Sch.**

### Article 23

#### Powers of competent authorities

[<sup>F267</sup> 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.]

F268<sub>2</sub>

F268<sub>3</sub>

F268<sub>4</sub>

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

F268<sup>5</sup> .....

F268<sup>6</sup> .....

#### Textual Amendments

- F267** Art. 23(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **97**; 2020 c. 1, Sch. 5 para. 1(1)
- F268** Art. 23(2)-(6) excepted from duty to publish (31.12.2020) by [The Exception from the Duty to Publish \(Department for Business and Trade\) \(No. 1\) Direction 2023 \(No. 1\)](#), **Sch.**

### Article 24

#### Delegation of tasks

[<sup>F269</sup>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.]

F270<sup>2</sup> .....

F270<sup>F271</sup>3 .....

F272<sup>4</sup> .....

#### Textual Amendments

- F269** Art. 24(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **98(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F270** Art. 24(2)(3) excepted from duty to publish (31.12.2020) by [The Exception from the Duty to Publish \(Department for Business and Trade\) \(No. 1\) Direction 2023 \(No. 1\)](#), **Sch.**
- F271** Words in Art. 24(3) expressed to be omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **98(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F272** Art. 24(4) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **98(c)**; 2020 c. 1, Sch. 5 para. 1(1)

### Article 25

#### Cooperation with other competent authorities at national level

[<sup>F273</sup>The competent authority] and, where appropriate, [<sup>F274</sup>any body] to whom [<sup>F275</sup>the] competent authority has delegated tasks shall cooperate <sup>F276</sup>... with:

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- (a) [F277the body designated by the Secretary of State under section 1252 of the Companies Act 2006;]
- (b) [F278the Financial Conduct Authority;]
- (c) [F279the 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.]

For the purposes of such cooperation, the [F280restrictions on disclosure] under [F281section 1224A of the Companies Act 2006] shall apply.

#### Textual Amendments

- F273** Words in Art. 25 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F274** Words in Art. 25 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F275** Word in Art. 25 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F276** Words in Art. 25 omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F277** Art. 25(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F278** Art. 25(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(vi)**; 2020 c. 1, Sch. 5 para. 1(1)
- F279** Art. 25(c)-(e) substituted for Art. 25(c) (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(a)(vii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F280** Words in Art. 25 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F281** Words in Art. 25 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **99(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

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*Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)*

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## CHAPTER II

### **Quality assurance, market monitoring, and transparency of competent authorities**

#### Article 26

#### **Quality assurance**

- 1 For the purposes of this Article:
  - a ‘inspections’ means quality assurance reviews of statutory auditors <sup>F282</sup>..., which are led by an inspector and which do not constitute an investigation within the meaning of [<sup>F283</sup>regulation 3(1)(l) of the Statutory Auditors and Third Country Auditors Regulations 2016];
  - b ‘inspector’ means [<sup>F284</sup>an individual] who meets the requirements set out in point (a) of the first subparagraph of paragraph 5 of this Article and who is employed or otherwise contracted by a competent authority;
  - c ‘expert’ means [<sup>F285</sup>an individual] who has specific expertise in financial markets, [<sup>F286</sup>accounting], auditing or other fields relevant for inspections, including practising statutory auditors.
- 2 The [<sup>F287</sup>competent authority] shall establish an effective system of audit quality assurance.

They shall carry out quality assurance reviews of [<sup>F288</sup>individuals and firms] that carry out statutory audits of public-interest entities on the basis of an analysis of the risk and:

- <sup>F289</sup>a in the case of statutory auditors carrying out audits of public interest entities, 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]
  - b in cases other than those referred to in point (a), at least every six years.
- 3 The competent authority shall have the following responsibilities:
    - a approval and amendment of the inspection methodologies, including inspection and follow-up manuals, reporting methodologies and periodic inspection programmes;
    - b approval and amendment of inspection reports and follow-up reports;
    - c approval and assignment of inspectors for each inspection.

The competent authority shall allocate adequate resources to the quality assurance system.

- 4 The competent authority shall organise the quality assurance system in a manner that is independent of the <sup>F290</sup>... statutory auditors [<sup>F291</sup>that are the subject of the inspection].

The competent authority shall ensure that appropriate policies and procedures related to the independence and objectivity of the staff, including inspectors, and the management of the quality assurance system are put in place.

- 5 The competent authority shall comply with the following criteria when appointing inspectors:
  - a inspectors shall have appropriate professional education and relevant experience in statutory audit and [<sup>F292</sup>accounting] combined with specific training on quality assurance reviews;

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- b a person who is a practising statutory auditor or is employed by or otherwise associated with a statutory auditor <sup>F293</sup>... shall not be allowed to act as an inspector;
- c a person shall not be allowed to act as an inspector in an inspection of a statutory auditor <sup>F294</sup>... until at least three years have elapsed since that person ceased to be a partner or employee of that statutory auditor <sup>F295</sup>... or to be otherwise associated with that statutory auditor <sup>F296</sup>...;
- d inspectors shall declare that there are no conflicts of interest between them and the statutory auditor <sup>F297</sup>... to be inspected.

By way of derogation from point (b) of paragraph 1, [<sup>F298</sup>the competent authority] may contract experts for carrying out specific inspections when the number of inspectors within the authority is insufficient. The competent authority may also be assisted by experts when this is essential for the proper conduct of an inspection. In such instances, [<sup>F299</sup>the competent authority] and the experts shall comply with the requirements of this paragraph. Experts shall not be involved in the governance of, or employed or otherwise contracted by professional associations and bodies but may be members of such associations or bodies.

[<sup>F300</sup>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 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—
  - 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.]

6 The scope of inspections shall at least cover:

- a an assessment of the design of the internal quality control system of the statutory auditor <sup>F301</sup>...;
- b adequate compliance testing of procedures and a review of audit files of public-interest entities in order to verify the effectiveness of the internal quality control system;
- c in the light of the findings of the inspection under points (a) and (b) of this paragraph, an assessment of the contents of the most recent annual transparency report published by a statutory auditor <sup>F302</sup>... in accordance with Article 13.

7 At least the following internal quality control policies and procedures of the statutory auditor <sup>F303</sup>... shall be reviewed:

- a compliance by the statutory auditor <sup>F304</sup>... with applicable auditing and quality control standards, and ethical and independence requirements, including [<sup>F305</sup>the relevant standards listed in regulation 4(2) of the Statutory Auditors and Third Country Auditors Regulations 2016] and Articles 4 and 5 of this Regulation <sup>F306</sup>...;
- b the quantity and quality of resources used, including compliance with continuing education requirements as set out in [<sup>F307</sup>paragraph 11 of Schedule 10 to the Companies Act 2006];
- c compliance with the requirements set out in Article 4 of this Regulation on the audit fees charged.

For the purposes of testing compliance, audit files shall be selected on the basis of an analysis of the risk of a failure to carry out a statutory audit adequately.

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[<sup>F308</sup>The competent authority] shall also periodically review the methodologies used by statutory auditors <sup>F309</sup>... to carry out statutory audits.

In addition to the inspection covered by the first subparagraph, [<sup>F310</sup>the competent authority] shall have the power to perform other inspections.

8 The findings and conclusions of inspections on which recommendations are based, including the findings and conclusions related to a transparency report, shall be communicated to and discussed with the inspected statutory auditor <sup>F311</sup>... before an inspection report is finalised.

Recommendations of inspections shall be implemented by the inspected statutory auditor <sup>F312</sup>... within a reasonable period set by the competent authority. Such period shall not exceed 12 months in the case of recommendations on the internal quality control system of the statutory auditor <sup>F313</sup>....

9 The inspection shall be the subject of a report which shall contain the main conclusions and recommendations of the quality assurance review.

#### Textual Amendments

- F282** Words in Art. 26(1)(a) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(a)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F283** Words in Art. 26(1)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(a)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F284** Words in Art. 26(1)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F285** Words in Art. 26(1)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(a)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F286** Word in Art. 26(1)(c) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(a)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F287** Words in Art. 26(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F288** Words in Art. 26(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(b)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F289** Art. 26(2)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(b)(ii)(bb)** (as amended by S.I. 2019/1392, regs. 1(2), **8**); 2020 c. 1, Sch. 5 para. 1(1)
- F290** Word in Art. 26(4) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F291** Words in Art. 26(4) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F292** Word in Art. 26(5)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- F293** Words in Art. 26(5)(b) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F294** Words in Art. 26(5)(c) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(d)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F295** Words in Art. 26(5)(c) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(d)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F296** Words in Art. 26(5)(c) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(d)(iii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F297** Words in Art. 26(5)(d) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(d)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)
- F298** Words in Art. 26(5) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(e)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F299** Words in Art. 26(5) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(e)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F300** Art. 26(5A) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(f)** (as amended by S.I. 2020/523, regs. 1(2), **16**); 2020 c. 1, Sch. 5 para. 1(1)
- F301** Words in Art. 26(6)(a) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(g)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F302** Words in Art. 26(6)(c) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(g)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F303** Words in Art. 26(7) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(h)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F304** Words in Art. 26(7)(a) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(h)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F305** Words in Art. 26(7)(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(h)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F306** Words in Art. 26(7)(a) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(h)(ii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F307** Words in Art. 26(7)(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(h)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F308** Words in Art. 26(7) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(i)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F309** Words in Art. 26(7) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(i)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F310** Words in Art. 26(7) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **100(j)**; 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F311** Words in Art. 26(8) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **100(k)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F312** Words in Art. 26(8) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **100(k)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F313** Words in Art. 26(8) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **100(k)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 27

### Monitoring market quality and competition

1 The [<sup>F314</sup>competent authority] shall regularly monitor the developments in the market for providing statutory audit services to public-interest entities and shall in particular assess the following:

- a the risks arising from high incidence of quality deficiencies of a statutory auditor <sup>F315</sup>..., including systematic deficiencies within [<sup>F316</sup>a network], which may lead to the demise of [<sup>F317</sup>any firm in the network], the disruption in the provision of statutory audit services whether in a specific sector or across sectors, the further accumulation of risk of audit deficiencies and the impact on the overall stability of the financial sector;
- b the market concentration levels, including in specific sectors;
- c the performance of audit committees;
- d the need to adopt measures to mitigate the risks referred to in point (a).

2 By [<sup>F318</sup>17 June 2019], and at least every three years thereafter, [<sup>F319</sup>the competent authority]<sup>F320</sup>... shall draw up a report on developments in the market for providing statutory audit services to public-interest entities and submit it to the [<sup>F321</sup>Secretary of State].

<sup>F322</sup>...

#### Textual Amendments

- F314** Words in Art. 27(1) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **101(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F315** Words in Art. 27(1)(a) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **101(a)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F316** Words in Art. 27(1)(a) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **101(a)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F317** Words in Art. 27(1)(a) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **101(a)(ii)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F318** Words in Art. 27(2) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **101(b)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)



**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

- F319** Words in Art. 27(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **101(b)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F320** Words in Art. 27(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **101(b)(i)(cc)**; 2020 c. 1, Sch. 5 para. 1(1)
- F321** Words in Art. 27(2) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **101(b)(i)(dd)**; 2020 c. 1, Sch. 5 para. 1(1)
- F322** Words in Art. 27(2) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **101(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

### Article 28

#### Transparency of [<sup>F323</sup>competent authority]

[<sup>F324</sup>The competent authority] shall be transparent and shall at least publish:

- (a) annual activity reports regarding [<sup>F325</sup>the competent authority's tasks];
- (b) annual work programmes regarding [<sup>F326</sup>the competent authority's tasks];
- (c) a report on the overall results of the quality assurance system on an annual basis. This report shall include information on recommendations issued, follow-up on the recommendations, supervisory measures taken and sanctions imposed. It shall also include quantitative information and other key performance information on financial resources and staffing, and the efficiency and effectiveness of the quality assurance system;
- (d) the aggregated information on the findings and conclusions of inspections referred to in the first subparagraph of Article 26(8).<sup>F327</sup> ...

#### Textual Amendments

- F323** Words in Art. 28 heading substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **102(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F324** Words in Art. 28 substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **102(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F325** Words in Art. 28(a) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **102(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F326** Words in Art. 28(b) substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **102(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F327** Words in Art. 28(d) omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **102(d)**; 2020 c. 1, Sch. 5 para. 1(1)

*Changes to legislation:* There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

*F328* CHAPTER III

**Cooperation between competent authorities and relations with the european supervisory authorities**

*Article 29*

**Obligation to cooperate**

.....

*Article 30*

**Establishment of the CEAOB**

.....

*Article 31*

**Cooperation with regard to quality assurance reviews, investigations and on-site inspections**

.....

*Article 32*

**Colleges of competent authorities**

.....

*Article 33*

**Delegation of tasks**

.....

*Article 34*

**Confidentiality and professional secrecy in relation to cooperation among competent authorities**

.....

*Article 35*

**Protection of personal data**

.....

**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

**Textual Amendments**

**F328** Title 4 Ch. 3 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **103**; 2020 c. 1, Sch. 5 para. 1(1)

<sup>F329</sup>CHAPTER IV

**Cooperation with third-country authorities and with international organisations and bodies**

*Article 36*

**Agreement on exchange of information**

.....

*Article 37*

**Disclosure of information received from third countries**

.....

*Article 38*

**Disclosure of information transferred to third countries**

.....

*Article 39*

**Exercise of the delegation**

.....

*Article 40*

**Review and reports**

.....

*Article 41*

**Transitional provisions**

.....

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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*Article 42*

**National provisions**

.....

*Article 43*

**Repeal of Commission Decision 2005/909/EC**

.....

*Article 44*

**Entry into force**

.....

**Textual Amendments**

**F329** Title 4 Ch. 4 (including binding words) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **104**; 2020 c. 1, **Sch. 5 para. 1(1)**

**Textual Amendments**

**F258** Words in [Title 4](#) heading omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **94**; 2020 c. 1, Sch. 5 para. 1(1)

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- (1) [OJ C 191, 29.6.2012, p. 61.](#)
- (2) Position of the European Parliament of 3 April 2014 (not yet published in the Official Journal) and decision of the Council of 14 April 2014.
- (3) Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions ([OJ L 372, 31.12.1986, p. 1.](#))
- (4) Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings ([OJ L 374, 31.12.1991, p. 7.](#))
- (5) Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC ([OJ L 390, 31.12.2004, p. 38.](#))
- (6) Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC ([OJ L 319, 5.12.2007, p. 1.](#))
- (7) Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) ([OJ L 302, 17.11.2009, p. 32.](#))
- (8) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC ([OJ L 267, 10.10.2009, p. 7.](#))
- (9) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 ([OJ L 174, 1.7.2011, p. 1.](#))
- (10) Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC ([OJ L 145, 30.4.2004, p. 1.](#))
- (11) Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC ([OJ L 182, 29.6.2013, p. 19.](#))
- (12) Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 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 ([OJ L 157, 9.6.2006, p. 87.](#))
- (13) Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data ([OJ L 281, 23.11.1995, p. 31.](#))
- (14) Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board ([OJ L 331, 15.12.2010, p. 1.](#))
- (15) Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing ([OJ L 309, 25.11.2005, p. 15.](#))
- (16) [OJ L 120, 7.5.2008, p. 20.](#)
- (17) European Supervisory Authority established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC ([OJ L 331, 15.12.2010, p. 84.](#))
- (18) European Supervisory Authority established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC ([OJ L 331, 15.12.2010, p. 12.](#))

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**Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council. (See end of Document for details)

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- (19) European Supervisory Authority established by Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC ([OJ L 331, 15.12.2010, p. 48](#)).
- (20) Directive 2014/56/EU of the European Parliament and the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (see page 196 of this Official Journal).
- (21) [OJ C 336, 6.11.2012, p. 4](#).
- (22) Commission Decision 2005/909/EC of 14 December 2005 setting up a group of experts to advise the Commission and to facilitate cooperation between public oversight systems for statutory auditors and audit firms ([OJ L 329, 16.12.2005, p. 38](#).)

**Changes to legislation:**

There are currently no known outstanding effects for the Regulation (EU) No 537/2014 of the European Parliament and of the Council.