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DRAFT STATUTORY INSTRUMENTS

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**2018 No.0000**

**EXITING THE EUROPEAN UNION  
AUDITORS**

The Statutory Auditors and Third Country Auditors  
(Amendment) (EU Exit) Regulations 2018

*Made* - - - - - **\*\*\***

*Coming into force in accordance with regulation 2*

THE STATUTORY AUDITORS AND THIRD COUNTRY  
AUDITORS (AMENDMENT) (EU EXIT) REGULATIONS 2018

PART 1

Introduction

1. Citation and commencement
2. These Regulations come into force on exit day, except for...

PART 2

Amendment of primary legislation

CHAPTER 1

Part 16 of the Companies Act 2006

3. Amendment of Part 16 of the Companies Act 2006
4. In section 479A (subsidiary companies: conditions for exemption from audit)—...
5. In section 494ZA (the maximum engagement period)—
6. In section 494A (interpretation)— (a) for the definition of “audit...
7. In section 504(1) (senior statutory auditor)— (a) omit paragraph (a)...
8. In section 519A (meaning of “public interest company”, “non-public interest...
9. In section 539 (minor definitions), in the definition of “MiFID...

## CHAPTER 2

### Part 42 of the Companies Act 2006

10. Amendment of Part 42 of the Companies Act 2006
11. In section 1210 (meaning of “statutory auditor” etc)—
12. In section 1223A (notification of matters relevant to other EEA...
13. In section 1224A (restrictions on disclosure), omit subsection (5).
14. After section 1240 (information to be made available to public),...
15. In section 1241 (meaning of “registered third country auditor” and...
16. In section 1242 (duties of registered third country auditors)—
17. In section 1253A (requests to foreign competent authorities), omit “an...
18. In section 1253B (request from EEA competent authorities)—
19. In section 1253C (notification to competent authorities of other EEA...
20. In section 1253D (restriction on transfer of audit working papers...
21. In section 1253DD (agreement of EEA competent authority)—
22. In section 1253DE(1)(a) (transfer by means of inspection), omit “listed...
23. In section 1253E (working arrangements for transfer of papers)—
24. In section 1254(1)(a) (directions to comply with international obligations), for...
25. In section 1261 (minor definitions)— (a) in subsection (1)—
26. In section 1262 (index of defined expressions), in the Table—...

## CHAPTER 3

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

27. Amendment of Schedule 10 to the Companies Act 2006
28. In paragraph 6 (holding of appropriate qualification)—
29. In paragraph 7 (holding of appropriate qualification)—
30. In paragraph 13(5) (monitoring of audits)— (a) in paragraph (b)(i),...
31. In paragraph 16AA(b) (transfer to approved third country competent authority),...
32. In paragraph 20A (interpretation)— (a) at the beginning, insert “(1)”;...
33. Amendment of Schedules 11, 11A and 12 to the Companies Act 2006
34. In Schedule 11 (recognised professional qualifications), in paragraph 9 (practical...
35. In Schedule 11A (specified persons, descriptions, disclosures etc for the...
36. In Schedule 12 (arrangements in which registered third country auditors...

## CHAPTER 4

### Amendment of other primary legislation

37. Amendment of the Building Societies Act 1986
38. In paragraph 3E(5)(b) (appointment) of Schedule 11 (auditors: appointment, tenure),...
39. Amendment of the Friendly Societies Act 1992
40. In paragraph 5(5)(b) (the maximum engagement period) of Schedule 14A...
41. Amendment of the Companies (Audit, Investigations and Community Enterprise) Act 2004
42. In section 15D(4) (permitted disclosure of information obtained under compulsory...

43. In section 16 (grants to bodies concerned with accounting standards...
44. Amendment of the Local Audit and Accountability Act 2014
45. In Schedule 5 (eligibility and regulation of local auditors), in...

### PART 3

#### Amendment of subordinate legislation

46. Amendment of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008
47. In Part 1 (introduction), in regulation 2(4)(a) (interpretation)—
48. In Part 3 (final provisions), in regulation 17 (review), omit...
49. Amendment of Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008
50. In Part 10 (audit requirement)— (a) in regulation 34 (exemption...
51. In Part 11 (appointment of auditors)— (a) in regulation 38A...
52. In Part 12 (functions of auditors), in regulation 41 (signature...
53. In Part 13 (removal, resignation, etc of auditors), in regulation...
54. In Part 14 (LLP audit: supplementary provisions), in regulation 47...
55. In Part 18 (final provisions), in regulation 59 (review), omit...
56. Amendment of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012
57. In article 7 (transfer of functions)— (a) in paragraph (2)—...
58. Amendment of the Statutory Auditors and Third Country Auditors Regulations 2013
59. In regulation 6 (register of third country auditors)—
60. In regulation 7 (application for registration of third country auditor),...
61. In regulation 8 (application statement)— (a) in paragraph (b)(ii), for...
62. In regulation 12(3)(a)(ii) (removal of registered third country auditor from...
63. Amendment of the Companies (Bodies Concerned with Auditing Standards etc.) (Exemption from Liability) Regulations 2016
64. In regulation 2(2) (exemption from liability), after “subsection 2(a) to...
65. Amendment of the Statutory Auditors and Third Country Auditors Regulations 2016
66. In regulation 2 (interpretation)— (a) in the second definition paragraph...
67. In regulation 3 (the competent authority)— (a) in paragraph (1)(c),...
68. In regulation 4 (general requirements of auditors)—
69. In regulation 5(11)(j) (the competent authority: sanctioning powers), for “an...
70. In regulation 9 (monitoring of audits by the competent authority)—...
71. In regulation 11 (performance, monitoring and enforcement of third country...
72. In regulation 21 (exclusion of large debt securities issuer from...
73. In regulation 24 (review), omit paragraph (3).
74. In Schedule 1 (requirements for professional ethics, independence, objectivity, confidentiality,...

### PART 4

#### Amendment of retained direct EU legislation

75. Amendment of Regulation 537/2014
76. In Article 1 (subject matter)— (a) for “annual and consolidated...
77. In Article 2 (scope)— (a) in paragraph 1, in point...

78. For Article 3 (definitions), substitute— For the purposes of this Regulation, the definitions laid down...
79. In Article 4 (audit fees)— (a) in paragraph 1, in...
80. In Article 5 (prohibition of the provision of non-audit services)—...
81. In Article 6 (preparation for the statutory audit and assessment)...
82. In Article 7 (irregularities)— (a) in the first subparagraph—
83. In Article 8 (engagement quality control review)—
84. Omit Article 9.
85. In Article 10 (audit report)— (a) in paragraph 1, for...
86. In Article 11 (additional report to the audit committee)—
87. In Article 13 (transparency report)— (a) in paragraph 1—
88. In Article 14 (information for competent authorities)—
89. In the heading for Title III (the appointment of statutory)...
90. In Article 16 (appointment of statutory auditors or audit firms)—...
91. In Article 17 (duration of the audit engagement)—
92. In Article 18 (hand-over file)— (a) in the second subparagraph—...
93. Omit Article 19 (dismissal and resignation of the statutory auditors)...
94. In the heading of Title IV (surveillance of the activities)...
95. Omit Article 20 (designation of competent authorities).
96. In Article 21 (conditions of independence)— (a) in the first...
97. In Article 23 (powers of competent authorities), for paragraph 1...
98. In Article 24 (delegation of tasks)— (a) for paragraph 1,...
99. In Article 25 (cooperation with other competent authorities at national)...
100. In Article 26 (quality assurance)— (a) in paragraph 1—
101. In Article 27 (monitoring market quality and competition)—
102. In Article 28 (transparency of competent authorities)—
103. Omit Chapter III (cooperation between competent authorities and relations with)...
104. Omit Chapter IV (cooperation with third country authorities and with)...

#### PART 5

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

105. Amendment of the Statutory Auditors and Third Country Auditors Regulations 2016
106. In regulation 3 (the competent authority)— (a) in paragraph (2)(b),...
107. After regulation 13 (power to grant exemptions from the requirements)...

#### PART 6

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

108. Approval of Equivalent Third Countries and Transitional Third Countries
109. Approval of Third Country Competent Authorities

#### PART 7

Revocations

110. Revocation of retained direct EU legislation

## PART 8

### Transitional provisions

111. Transitional provisions  
Signature

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#### SCHEDULE 1 — Approval of Equivalent Third Countries and Transitional Third Countries

1. Equivalent third countries
2. Transitional third countries

#### SCHEDULE 2 — Approval of Third Country Competent Authorities

1. Approved third country competent authorities

#### SCHEDULE 3 — Revocation of retained direct EU legislation

1. The following instruments are revoked— (a) Commission Decision No. 2008/627/EC...

#### SCHEDULE 4 — Transitional provisions

1. The amendments made by the following regulations do not apply...
2. In relation to audits of accounts for financial years that...
3. For investigations under the Statutory Auditors and Third Country Auditors...
4. For the purposes of this Schedule— (a) the definitions in...

Explanatory Note