



# Companies (Audit, Investigations and Community Enterprise) Act 2004

## 2004 CHAPTER 27

### PART 1

#### AUDITORS, ACCOUNTS, DIRECTORS' LIABILITIES AND INVESTIGATIONS

### CHAPTER 2

#### ACCOUNTS AND REPORTS

##### *Supervision of accounts and reports*

#### **14 Supervision of periodic accounts and reports of issuers of listed securities**

- (1) The Secretary of State may make an order appointing a body (“the prescribed body”) to exercise the functions mentioned in subsection (2).
- (2) The functions are—
  - (a) keeping under review periodic accounts and reports that are produced by issuers of listed securities and are required to comply with any accounting requirements imposed by listing rules; and
  - (b) if the prescribed body thinks fit, informing the Financial Services Authority of any conclusions reached by the body in relation to any such accounts or report.
- (3) A body may be appointed under this section if it is a body corporate or an unincorporated association which appears to the Secretary of State—
  - (a) to have an interest in, and to have satisfactory procedures directed to, monitoring compliance by issuers of listed securities with accounting requirements imposed by listing rules in relation to periodic accounts and reports produced by such issuers; and
  - (b) otherwise to be a fit and proper body to be appointed.

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*Status: This is the original version (as it was originally enacted).*

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- (4) But where the order is to contain any requirements or other provisions specified under subsection (8), the Secretary of State may not appoint a body unless, in addition, it appears to him that the body would, if appointed, exercise its functions as a prescribed body in accordance with any such requirements or provisions.
- (5) A body may be appointed either generally or in respect of any of the following, namely—
  - (a) any particular class or classes of issuers,
  - (b) any particular class or classes of periodic accounts or reports,
 and different bodies may be appointed in respect of different classes within either or both of paragraphs (a) and (b).
- (6) In relation to the appointment of a body in respect of any such class or classes, subsections (2) and (3) are to be read as referring to issuers, or (as the case may be) to periodic accounts or reports, of the class or classes concerned.
- (7) Where—
  - (a) a body is so appointed, but
  - (b) the Financial Services Authority requests the body to exercise its functions under subsection (2) in relation to any particular issuer of listed securities in relation to whom those functions would not otherwise be exercisable,
 the body is to exercise those functions in relation to that issuer as well.
- (8) An order under this section may contain such requirements or other provisions relating to the exercise of functions by the prescribed body as appear to the Secretary of State to be appropriate.
- (9) If the prescribed body is an unincorporated association, any relevant proceedings may be brought by or against that body in the name of any body corporate whose constitution provides for the establishment of the body.  
  
 For this purpose “relevant proceedings” means proceedings brought in or in connection with the exercise of any function by the body as a prescribed body.
- (10) Where an appointment is revoked, the revoking order may make such provision as the Secretary of State thinks fit with respect to pending proceedings.
- (11) The power to make an order under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (12) In this section—
  - “issuer”, “listing rules” and “security” have the meaning given by section 103(1) of the Financial Services and Markets Act 2000 (c. 8) (interpretation of Part 6);
  - “periodic” accounts and reports means accounts and reports which are required by listing rules to be produced periodically.

## **15 Application of provisions inserted by sections 11 and 12 to bodies appointed under section 14**

- (1) The following provisions apply, in accordance with this section, in relation to prescribed bodies and their functions under section 14 of this Act—

- (a) sections 245D and 245E of the Companies Act 1985 (c. 6) (as inserted by section 11(1) of this Act),
  - (b) Articles 253D and 253E of the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)) (as inserted by section 11(2) of this Act), and
  - (c) sections 245F and 245G of and Schedule 7B to the Companies Act 1985 (as inserted by section 12(1) of this Act).
- (2) Sections 245D and 245E apply in relation to prescribed bodies and their functions as they apply in relation to persons authorised under section 245C of that Act and persons authorised under Article 253C of the Companies (Northern Ireland) Order 1986 and the functions of such persons mentioned in sections 245D(3) and 245E(1).
- But section 245E so applies as if subsection (2)(b) of that section were omitted.
- (3) Articles 253D and 253E apply in relation to prescribed bodies and their functions as they apply in relation to persons authorised under Article 253C of that Order and persons authorised under section 245C of the Companies Act 1985 and the functions of such persons mentioned in Articles 253D(3) and 253E(1).
- But Article 253E so applies as if paragraph (2)(b) of that Article were omitted.
- (4) Sections 245F and 245G and Schedule 7B apply in relation to prescribed bodies and their functions as they apply in relation to persons authorised under section 245C of that Act and the functions of such persons mentioned in section 245F(2), section 245G(3)(a) and paragraph 16 of Schedule 7B.
- (5) But section 245F so applies as if—
- (a) subsection (1) of that section provided that the section applies where it appears to a prescribed body that there is, or may be, a question whether any relevant accounts or reports produced by an issuer of listed securities comply with any accounting requirements imposed by listing rules;
  - (b) the references in section 245F(3)(a) and (b) to “the company” were references to that issuer; and
  - (c) the references in section 245F(4) and (5) to “the court” were to the High Court or, in Scotland, the Court of Session.
- (6) In subsection (5)—
- (a) “relevant accounts or reports” means accounts or reports in relation to which the prescribed body has functions under section 14; and
  - (b) “issuer”, “listing rules” and “security” have the same meanings as in section 14.
- (7) In this section “prescribed body” has the same meaning as in section 14.