

*These notes refer to the Companies Act 2006 (c.46)  
which received Royal Assent on 8 November 2006*

# COMPANIES ACT 2006

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## EXPLANATORY NOTES

### COMMENTARY

#### *Schedule 11: Recognised Professional Qualifications*

#### **Part 2: Requirements for recognition of a professional qualification**

#### *Chapter 5: Registered Third Country Auditors*

#### *Section 1241: Meaning of “third country auditor”, “registered third country auditor” etc*

1582. This is a new provision that sets out the definition of a third country auditor and a registered third country auditor. The section provides that a third country auditor is an auditor (whether based in the UK or not) of the accounts of a company incorporated or formed in a non-EU country, whose shares are admitted for trading on a UK market such as the London Stock Exchange.

#### *Section 1242: Duties of registered third country auditors*

1583. *Subsections (1) to (3)* require registered third country auditors to be subject to systems of independent monitoring and discipline in the UK in accordance with Schedule 12. These provisions are similar to supervision arrangements for statutory auditors contained in section 1212(1) (membership of a Recognised Supervisory Body) and section 1217 (Supervisory Bodies) and Schedule 10. *Subsection (4)* empowers the Secretary of State to disapply the requirements in subsections (1) to (3). For example, he may disapply the requirements if satisfied that the third country auditor is already subject to equivalent supervision arrangements in his home country.