

SCHEDULE 4

SUBORDINATE LEGISLATION RELATING TO AUDITORS AND ACCOUNTANTS

Accountants (Banking Act 1987) Regulations 1994

1.—(1) In relation to any time before they are varied or revoked by regulations made under subsection (5) of section 47 of the Banking Act, the Accountants (Banking Act 1987) Regulations 1994⁽¹⁾ shall have effect as if they were amended as follows.

(2) In regulation 2—

(a) for the definition of “auditor” there shall be substituted the following definition—

“‘auditor’ means an accountant who—

- (a) is an auditor of an authorised institution; or
- (b) is an auditor of a body with which an authorised institution which is a credit institution is closely linked by control, and is also either an auditor of the institution or a person appointed to make a report under section 8(5) or 39(1) (b) of the Act in respect of the institution;”

(b) after the definition of “the Bank” there shall be inserted the following definitions—

“‘contravention’, in relation to any provision of the Act, includes any failure to comply with that provision;

‘the institution concerned’ means—

- (a) in relation to an auditor of an authorised institution, that institution;
- (b) in relation to an auditor of a body with which a credit institution is closely linked by control, that institution;
- (c) in relation to a reporting accountant, the institution or authorised institution in relation to which his report is made;

‘of material significance’ means of material significance for the exercise of the Bank’s functions under the Act or under the Regulations;”

(3) In paragraph (1) of regulation 3, for the words “paragraph (2)” there shall be substituted the words “paragraph (1A) or (2)”.

(4) After that paragraph there shall be inserted the following paragraph—

“(1A) Where the institution concerned is a credit institution, the circumstances referred to in paragraph (1) above are circumstances in which the matters are such as—

- (a) to give the auditor or reporting accountant reasonable cause to believe, as regards the institution concerned—
 - (i) that its authorisation could be revoked under section 11 of the Act otherwise than by virtue of subsection (1)(a) of that section;
 - (ii) that there is or has been, or may be or may have been, a failure to fulfil any of the criteria specified in Schedule 3 to the Act and that the failure is likely to be of material significance;
 - (iii) that there is or has been, or may be or may have been, a contravention of any provision of the Act and that the contravention is likely to be of material significance; or
 - (iv) that its continuous functioning may be affected; or

(1) S.I.1994/524.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (b) in the case of the auditor of the institution concerned, to preclude him from stating in his report that its annual accounts have been properly prepared in accordance with the Companies Act 1985.”
- (5) In paragraph (2) of that regulation—
 - (a) there shall be inserted at the beginning the words “Where the institution concerned is not a credit institution,”;
 - (b) in sub-paragraph (a), for the words from “the authorised institution” to the end there shall be substituted the words “the institution concerned”; and
 - (c) in sub-paragraph (b), the words “for the exercise” to the end shall be omitted.