

## STATUTORY INSTRUMENTS

### 2019 No. 177

## The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019

### PART 2

#### Amendment of primary legislation

#### CHAPTER 1

#### Part 16 of the Companies Act 2006

#### Amendment of Part 16 of the Companies Act 2006

3. Part 16 of the Companies Act 2006 (audit) is amended in accordance with regulations 4 to 9.

#### Commencement Information

- I1** Reg. 3 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

[<sup>F1</sup>4. In section 479A (subsidiary companies: conditions for exemption from audit) —

- (a) in subsection (1)(b), for “an EEA State” substitute “ any part of the United Kingdom ”;
- (b) in subsection (2)(c), for sub-paragraph (i) substitute—

“(i) if the undertaking is a company, the requirements of Part 15 of this Act, or, if the undertaking is not a company, the legal requirements which apply to the drawing up of consolidated accounts for that undertaking, or”.]

- F1** Regs. 4, 4A substituted for reg. 4 (31.12.2020 immediately before IP completion day) by [The Statutory Auditors, Third Country Auditors and International Accounting Standards \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1392\)](#), regs. 1(2), 4; [2020 c. 1, Sch. 5 para. 1\(1\)](#)

#### Commencement Information

- I2** Reg. 4 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

[<sup>F1</sup>4A. In section 479C(2) (subsidiary companies audit exemption: parent undertaking declaration of guarantee) —

- (a) for paragraph (b) substitute—

“(b) the registered number (if any) of the parent undertaking,”;

(b) omit paragraph (c).]

**F1** Regs. 4, 4A substituted for reg. 4 (31.12.2020 immediately before IP completion day) by [The Statutory Auditors, Third Country Auditors and International Accounting Standards \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1392\)](#), regs. 1(2), 4; 2020 c. 1, Sch. 5 para. 1(1)

5. In section 494ZA (the maximum engagement period) <sup>M1</sup>—

- (a) in subsection (5)(a)(ii), omit “and” at the end;
- (b) for subsection (5)(a)(iii) substitute—
  - “(iii) if the company is a private company and does not have an audit committee, a selection procedure that complies with the requirements of section 485B(4),
  - (iv) if the company is a public company and does not have an audit committee, a selection procedure that complies with the requirements of section 489B(4),”;
- (c) in subsection (5)(b) after “Audit Regulation” insert “ as it had effect immediately before [<sup>F2</sup>IP completion day]”.

**F2** Words in reg. 5(c) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(a)**

#### Commencement Information

**I3** Reg. 5 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M1** Section 494ZA was inserted by regulation 12(14) of [S.I. 2017/516](#). Subsection (5) was amended by paragraph 20 of Schedule 1 to [S.I. 2017/1164](#).

6. In section 494A (interpretation) <sup>M2</sup>—

- (a) for the definition of “audit committee” substitute—
  - ““audit committee” means a body which performs—
    - (a) the functions referred to in—
      - (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority <sup>M3</sup> (audit committees and their functions) under the Financial Services and Markets Act 2000 <sup>M4</sup>, or
      - (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority <sup>M5</sup> (audit committee) under that Act,
    - as they have effect on [<sup>F3</sup>IP completion day], or
    - (b) equivalent functions.”;
- (b) omit the definition of “Audit Directive”;
- (c) in the definition of “public interest entity”<sup>M6</sup>—
  - (i) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;

(ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “ which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation ”;

(iii) for paragraph (c), substitute—

“(c) a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings<sup>M7</sup> as that Article had effect immediately before [F4IP completion day], were the United Kingdom a member State;”;

(d) omit the definitions of “regulated market” and “transferable securities”<sup>M8</sup>.

**F3** Words in reg. 6(a) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(b)(i)**

**F4** Words in reg. 6(c)(iii) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(b)(ii)**

#### Commencement Information

**I4** Reg. 6 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M2** Section 494A was inserted by paragraph 12 of Schedule 3 to [S.I. 2016/649](#).

**M3** Sourcebooks made by the Financial Conduct Authority are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where it is also available for inspection.

**M4** [2000 c. 8](#). Part 9A was inserted by section 24(1) of the [Financial Services Act 2012 \(c. 21\)](#).

**M5** The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where it is also available for inspection.

**M6** The expression of “public interest company” in this definition was amended to “public interest entity” by regulation 12(15) of [S.I. 2017/516](#).

**M7** OJ No. L 374 31.12.91, p. 7.

**M8** The definition of “transferable securities” was amended by paragraph 9(3) of Schedule 4 to [S.I. 2017/701](#).

7. In section 504(1) (senior statutory auditor)—

(a) omit paragraph (a) and the “or” after it;

(b) in paragraph (b), omit “if there is no applicable standard so issued.”.

#### Commencement Information

**I5** Reg. 7 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

8. In section 519A (meaning of “public interest company”, “non-public interest company” and “exempt reasons”) <sup>M9</sup>—

(a) in subsection (1), in the definition of “public interest company”<sup>M10</sup>—

- (i) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;
- (ii) in paragraph (b), for “other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms” substitute “ which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation ”;
- (iii) for paragraph (c), substitute—

“(c) a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings as that Article had effect immediately before [<sup>F5</sup>IP completion day], were the United Kingdom a member State.”;

(b) in subsection (2), omit the definitions of “regulated market”<sup>M11</sup> and “transferable securities”<sup>M12</sup>.

**F5** Words in reg. 8(a)(iii) substituted (31.12.2020 immediately before IP completion day) by [The Companies and Statutory Auditors etc. \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/523\)](#), regs. 1(2), **14(c)**

#### Commencement Information

**I6** Reg. 8 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

#### Marginal Citations

**M9** Section 519A was inserted by section 18(3) of the [Deregulation Act 2015 \(c. 20\)](#).

**M10** The definition of “public interest company” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#).

**M11** The definition of “regulated market” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#).

**M12** The definition of “transferable securities” was substituted by paragraph 26(2) of Schedule 3 to [S.I. 2016/649](#), and amended by paragraph 9(4) of Schedule 4 to [S.I. 2017/701](#).

9. In section 539 (minor definitions), in the definition of “MiFID investment firm”<sup>M13</sup>—

- (a) for “Article 4.1.1 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments,” substitute “ Article 2(1A) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 <sup>M14</sup> ”;
- (b) in paragraph (a), for “to which that Directive does not apply by virtue of Article 2 of that Directive” substitute “ which is exempted from the definition of “investment firm” by Schedule 3 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) <sup>M15</sup> ”.

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**Commencement Information**

- I7** Reg. 9 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)
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**Marginal Citations**

- M13** The definition of “MiFID investment firm” was inserted by regulation 3(7)(b) of [S.I. 2007/2932](#), and amended by paragraphs 9(5)(a), (b) and (c) of Schedule 4 to [S.I. 2017/701](#) and regulation 3 of [S.I. 2018/786](#).
- M14** OJ No. L 173 12.06.2014, p. 84.
- M15** [S.I. 2001/544](#).

**Changes to legislation:**

There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019, CHAPTER 1.