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## STATUTORY INSTRUMENTS

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### 2019 No. 177

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

### PART 3

#### Amendment of subordinate legislation

#### **Amendment of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008**

46. The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 <sup>M1</sup> is amended in accordance with regulations 47 and 48.

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#### **Commencement Information**

**I1** Reg. 46 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**

**M1** [S.I. 2008/565](#).

47. In Part 1 (introduction), in regulation 2(4)(a) (interpretation) <sup>M2</sup>—

- (a) for “is excluded” substitute “ would be excluded ”;
- (b) after “that Directive,” insert “ were the United Kingdom a member State ”.

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#### **Commencement Information**

**I2** Reg. 47 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**

**M2** Regulation 2(4)(a) was amended by paragraph 27(2)(a) of Schedule 2 to the Solvency 2 Regulations 2015 ([S.I. 2015/575](#)).

48. In Part 3 (final provisions), in regulation 17 (review), omit paragraph (4).

#### Commencement Information

- I3** Reg. 48 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

### Amendment of Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

**49.** The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008<sup>M3</sup> is amended in accordance with regulations 50 to 55.

#### Commencement Information

- I4** Reg. 49 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

- M3** [S.I. 2008/1911](#).

**50.** In Part 10 (audit requirement)—

- (a) in regulation 34 (exemption from audit: small LLPs), in the modified section 478(a), for “regulated market in an EEA State” substitute “UK regulated market”;
- [<sup>F1</sup>(b) in regulation 34A (exemption from audit: qualifying subsidiaries), in the modified section 479A—
- (i) in subsection (1)(b), for “an EEA State” substitute “any part of the United Kingdom”;
- (ii) 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”;
- (c) in regulation 34A, in the modified section 479C(2)—
- (i) for paragraph (b) substitute—
- “(b) the registered number (if any) of the parent undertaking.”;
- (ii) omit paragraph (c).]

- F1** Reg. 50(b)(c) substituted for reg. 50(b) (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), 7; 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

#### Commencement Information

- I5** Reg. 50 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**51.** In Part 11 (appointment of auditors)—

- (a) in regulation 38A (the maximum engagement period)<sup>M4</sup>, in the modified section 494ZA—

- (i) in subsection (5)(a)(ii), for “Article 16(3) and (4) of the Audit Regulation” substitute “ section 485B(4) ”;
- (ii) in subsection (5)(b), after “Audit Regulation” insert “ as it had effect immediately before [F<sup>2</sup>IP completion day]”;
- (b) in regulation 38B (interpretation) <sup>M5</sup>, in the modified section 494A—
  - (i) 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>M6</sup> (audit committees and their functions) under the Financial Services and Markets Act 2000 <sup>M7</sup>, or
      - (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority <sup>M8</sup> under that Act,
    - as they have effect on [F<sup>3</sup>IP completion day], or
    - (b) equivalent functions.”;
  - (ii) in the definition of “public interest entity”—
    - (aa) in paragraph (a), for “regulated market” substitute “ UK regulated market ”;
    - (bb) 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 <sup>M9</sup> ”;
  - (iii) omit the definitions of “regulated market” and “transferable securities”.

**F2** Words in reg. 51(a)(ii) 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), **15(a)(i)**

**F3** Words in reg. 51(b)(i) 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), **15(a)(ii)**

#### Commencement Information

**I6** Reg. 51 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

**M4** Regulation 38A was inserted by paragraph 12 of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**M5** Regulation 38B was inserted by paragraph 12 of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**M6** 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.

**M7** 2000 c. 8. Part 9A was inserted by section 24(1) of the [Financial Services Act 2012 \(c. 21\)](#).

**Changes to legislation:** There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019, PART 3. (See end of Document for details)

- M8** 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.
- M9** Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, OJ No. L 176, 27.6.2013, p. 1.

**52.** In Part 12 (functions of auditors), in regulation 41 (signature of auditor's report), in the modified section 504(1)—

- (a) omit paragraph (a);
- (b) in paragraph (b) <sup>M10</sup>, omit “if there is no applicable standard so issued”.

#### Commencement Information

- I7** Reg. 52 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

- M10** Subsection (1)(b)(ii) of the Companies Act 2006, as set out in regulation 41, was substituted by paragraph 15(b) of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**53.** In Part 13 (removal, resignation, etc of auditors), in regulation 46 (auditor statements), in the modified section 519A <sup>M11</sup>—

- (a) in subsection (1), in the definition of “public interest LLP”—
- (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 the same Regulation”;
- (b) in subsection (2), omit the definitions of “regulated market” and “transferable securities”.

#### Commencement Information

- I8** Reg. 53 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

- M11** Section 519A of the Companies Act 2006, as set out in regulation 46, was inserted by paragraph 19(b) of Schedule 3 to the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**54.** In Part 14 (LLP audit: supplementary provisions), in regulation 47 (minor definitions), in the modified section 539, for the definition of “MiFID investment firm”, substitute—

““MiFID investment firm” means an investment firm within the meaning of 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, other than—

- (a) an LLP which is exempted from the definition of “investment firm” by Schedule 3 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544),
- (b) an LLP which is an exempt investment firm as defined by regulation 8 (meaning of exemption of investment firm in Chapter 1) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), and
- (c) any other LLP which fulfils all the requirements set out in regulation 6(3) of those Regulations;”.

**Commencement Information**

**I9** Reg. 54 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see [reg. 2](#)

**55.** In Part 18 (final provisions), in regulation 59 (review), omit paragraph (1A).

**Commencement Information**

**I10** Reg. 55 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see [reg. 2](#)

**Amendment of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012**

**56.** Part 3 (transfer of functions of the Secretary of State) of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012 <sup>M12</sup> is amended in accordance with regulation 57.

**Commencement Information**

**I11** Reg. 56 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**

**M12** [S.I. 2012/1741](#).

**57.** In article 7 (transfer of functions)—

(a) in paragraph (2)—

(i) in sub-paragraph (h) omit “and”;

(ii) after sub-paragraph (i) insert—

“(j) section 1240A(1) of the Act (power to approve third countries as equivalent or transitional third countries), and

- (k) section 1240B(1) of the Act (power to approve third country competent authorities),”;
- (b) in paragraph (4)(a), for “overseas qualification” substitute “ third country qualification ”;
- (c) in paragraph (4)(c), for “EEA competent authorities” substitute “ approved third country competent authorities ”;
- (d) in paragraph (5), for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
- (e) in paragraphs (6)(a) and (b) <sup>M13</sup>, for “and the Statutory Auditors Regulations 2017” substitute “ , the Statutory Auditors Regulations 2017 <sup>M14</sup> and the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 ”.

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**Commencement Information**

**I12** Reg. 57 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** Paragraph 6 was inserted by regulation 19(2) of the [Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#). Sub-paragraphs (a) and (b) were amended by regulation 18(a) and (b) of the [Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#).

**M14** [S.I. 2017/1164](#).

**Amendment of the Statutory Auditors and Third Country Auditors Regulations 2013**

**58.** The Statutory Auditors and Third Country Auditors Regulations 2013 <sup>M15</sup> is amended in accordance with regulations 59 to 62.

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**Commencement Information**

**I13** Reg. 58 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**

**M15** [S.I. 2013/1672](#).

**59.** In regulation 6 (register of third country auditors)—

- (a) in paragraph (2)(e), after “EEA competent authority” insert “ under Article 45(1) of the Audit Directive ”;
- (b) in paragraph (2)(f)—
  - (i) for “any body which” substitute “ each third country competent authority that ”;
  - (ii) after “law of a third country” insert “ and the registration number (if any) which each one has allocated to the individual ”;
- (c) in paragraph (3)(b), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
- (d) in paragraph (3)(h)—

- (i) for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
- (ii) after “registration number” insert “ (if any) ”;
- (iii) for “body” substitute “ third country competent authority or other body ”;
- (e) in paragraph (3)(j), after “EEA competent authority” insert “ under Article 45(1) of the Audit Directive ”;
- (f) in paragraph (3)(k)—
  - (i) for “any body which” substitute “ each third country competent authority that ”;
  - (ii) after “law of a third country” insert “ and the registration number (if any) which each one has allocated to the firm ”;
- (g) for paragraph (7) substitute—
  - “(7) In this regulation—
    - “Audit Directive” means Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts;
    - “EEA competent authority” means a competent authority within the meaning of Article 2(10) of the Audit Directive of an EEA State;
    - “network” means an association of persons other than a firm co-operating in audit work by way of—
      - (a) profit sharing,
      - (b) cost sharing,
      - (c) common ownership, control or management,
      - (d) common quality control policies and procedures,
      - (e) common business strategy, or
      - (f) use of a common brand name.
  - (8) For the purposes of this regulation, Gibraltar is to be treated as if it were an EEA State and subject to the Audit Directive.”.

**Commencement Information**

**I14** Reg. 59 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

- 60.** In regulation 7 (application for registration of third country auditor), in paragraph (3)(d), for “UK-traded non-EEA company” substitute “ UK-traded third country company ”.

**Commencement Information**

**I15** Reg. 60 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

- 61.** In regulation 8 (application statement)—
- (a) in paragraph (b)(ii), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;

- (b) in paragraph (c), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
- (c) in paragraph (d) <sup>M16</sup>—
- (i) for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”;
- (ii) in sub-paragraph (i), after “Audit Directive” insert “before [<sup>F4</sup>IP completion day]”;
- (iii) after sub-paragraph (i) insert—
- “(ia) the UK-adopted international standards adopted by the competent authority in accordance with regulation 4(3)(za) of the Statutory Auditors and Third Country Auditors Regulations 2016, or with standards, procedures or requirements which are equivalent,”;
- (iv) in sub-paragraph (ii), for “regulation 4(3)(a)” substitute “ regulation 4(3) ”;
- (v) for sub-paragraph (iii), substitute—
- “(iii) any auditing standards, procedures or requirements imposed by the competent authority in accordance with the requirements set out in paragraphs 1 to 6 and 8 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016, or with any other equivalent standards, procedures or requirements.”.

**F4** Words in reg. 61(c)(ii) 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), **15(b)**

**Commencement Information**

**I16** Reg. 61 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**

**M16** Paragraph (d) was substituted by regulation 20(2)(a) of the [Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#).

**62.** In regulation 12(3)(a)(ii) (removal of registered third country auditor from the register), for “UK-traded non-EEA companies” substitute “ UK-traded third country companies ”.

**Commencement Information**

**I17** Reg. 62 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**Amendment of the Companies (Bodies Concerned with Auditing Standards etc.) (Exemption from Liability) Regulations 2016**

**63.** The Companies (Bodies Concerned with Auditing Standards etc.) (Exemption from Liability) Regulations 2016 <sup>M17</sup> is amended in accordance with regulation 64.



**Commencement Information**

**I18** Reg. 63 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**

**M17** [S.I. 2016/571](#).

**64.** In regulation 2(2) (exemption from liability) <sup>M18</sup>, after “subsection 2(a) to (d), (ea)” insert “, (eb), (ec)”.

**Commencement Information**

**I19** Reg. 64 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**

**M18** Regulation 2(2) was amended by regulation 23(2) of the [Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#).

**Amendment of the Statutory Auditors and Third Country Auditors Regulations 2016**

**65.** The Statutory Auditors and Third Country Auditors Regulations 2016 <sup>M19</sup> is amended in accordance with regulations 66 to 74.

**Commencement Information**

**I20** Reg. 65 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**

**M19** [S.I. 2016/649](#).

**66.** In regulation 2 (interpretation)—

- (a) in the second definition paragraph beginning with “appropriate qualification”—
- (i) omit “EEA auditor” and “EEA competent authority”;
  - (ii) after ““audited person”,” insert ““equivalent third country”, ”;
  - (iii) after ““parent undertaking”,” insert ““regulated market”, ”;
  - (iv) for ““third country” and “third country auditor”” substitute ““third country”, “third country auditor”, “transferable securities”, “transitional third country” and “UK regulated market””;
- (b) in the definition of “audit reporting requirements”, in paragraph (h), for “to which the Audit Directive applies (“friendly society to which the Audit Directive applies” has the meaning given by section 78A(3) of that Act)” substitute “ which is subject to special requirements under that Act <sup>M20</sup> (see section 78A(3) of that Act) ”;

- (c) after the definition of “group auditor”, insert—
- ““international auditing standards” means International Standards on Auditing <sup>M21</sup>, International Standard on Quality Control <sup>M22</sup> and other related Standards issued from time to time by the International Federation of Accountants <sup>M23</sup> through the International Auditing and Assurance Standards Board <sup>M24</sup>, in so far as they are relevant to the statutory audit;”;
- (d) in the definition of “public interest entity”—
- (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 <sup>M25</sup>”;
- (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 of insurance undertakings <sup>M26</sup> as that Article had effect immediately before [<sup>F5</sup>IP completion day], were the United Kingdom a member State;”;
- (e) in the definition of “issuer”—
- (i) omit “and “regulated market””;
- (ii) for “have” substitute “has”;
- (f) omit the definition of “transferable securities”;
- (g) after the definition of “sanction”, insert—
- ““third country competent authority” means a body established in a third country exercising functions related to the regulation or oversight of auditors;
- “UK-adopted international standards” means the international auditing standards adopted by the competent authority in accordance with regulation 4(3)(za).”.

**F5** Words in reg. 66(d)(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), **15(c)**

#### Commencement Information

**I21** Reg. 66 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

**M20** [1992 c. 40](#). Section 78A was inserted by paragraph 3 of the Schedule to [S.I. 2005/2211](#). Subsection (3) was inserted by paragraph 15(3) of Schedule 1 to [S.I. 2008/948](#), substituted by regulation 9 of [S.I. 2017/516](#) and amended regulation 7(b) of [S.I. 2018/1039](#).

**M21** The International Standards on Auditing (“ISAs”) are found in the 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements made by the International Auditing and Assurance Standards Board (“IAASB”) and available on <https://www.ifac.org/publications-resources/2016-2017-handbook-international-quality-control-auditing-review-other>.

- M22** The International Standards on Quality Control (“ISQC 1”) are found in the 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements made by the International Auditing and Assurance Standards Board (“IAASB”) and available on <https://www.ifac.org/publications-resources/2016-2017-handbook-international-quality-control-auditing-review-other>.
- M23** The International Federation of Accountants (“IFAC”) is an international membership organisation for the accountancy profession, based in New York, which supports the development, adoption and implementation of international standards in auditing and other relevant sectors (see <https://www.ifac.org>).
- M24** The International Auditing and Assurance Standards Board (“IAASB”) is an independent standard-setting board, supported by the IFAC, that sets standards for auditing, assurance and other relevant areas (see <https://www.iaasb.org>).
- M25** Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, OJ No. L 176, 27.6.2013, p. 1.
- M26** OJ No. L 374, 31.12.1991, p. 7.

**67.** In regulation 3 (the competent authority)—

- (a) in paragraph (1)(c), after “meet the requirements of” insert “ regulation 4(3) and ”;
- (b) in paragraph (1)(e), for “application” substitute “ imposition ”;

**Commencement Information**

- I22** Reg. 67 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see [reg. 2](#)

**68.** In regulation 4 (general requirements of auditors)—

- (a) in paragraph (2)(b), after “European Commission” insert “, before [<sup>F6</sup>IP completion day],”;
- (b) after paragraph (2)(b), insert—
  - “(ba) any UK-adopted international standards adopted and imposed by the competent authority in accordance with paragraph (3)(za);”;
- (c) in paragraph (3), after “The competent authority may—” insert—
  - “(za) adopt and impose international auditing standards (“UK-adopted international standards”) where those standards—
    - (i) have been developed with proper due process, public oversight and transparency;
    - (ii) are generally accepted internationally;
    - (iii) contribute a high level of credibility and quality to accounts of audited persons;
    - (iv) contribute to the public good; and
    - (v) are consistent with the relevant requirements listed in regulation 5(11);”;
- (d) in paragraphs (3)(a) and (b), for “Commission-adopted international standards” substitute “ Commission-adopted or UK-adopted international standards ”;
- (e) in paragraph (3)(b)(ii), for “financial statements” substitute “ accounts ”;

(f) after paragraph (3), insert—

“(3A) The Secretary of State may by regulations amend the requirements set out in Articles 7, 8 and 18 of the Audit Regulation and in paragraphs 1 to 15 of Schedule 1 to these Regulations, for the purpose of ensuring that, where the competent authority wishes to adopt international auditing standards under regulation 4(3)(za), those requirements are consistent with the standards that the competent authority wishes to adopt.

(3B) Regulations made under paragraph (3A) must not be made unless a draft of the statutory instrument containing them has been laid before Parliament and approved by a resolution of each House of Parliament.”

**F6** Words in reg. 68(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), **15(d)**

#### Commencement Information

**I23** Reg. 68 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**69.** In regulation 5(11)(j) (the competent authority: sanctioning powers)<sup>M27</sup>, for “an insurance undertaking within the meaning given by Article 2.1 of Council Directive [1991/674/EEC](#) on the annual accounts and consolidated accounts of insurance undertakings” substitute “a friendly society that is subject to special requirements under that Act (see section 78A(3) of that Act) ”.

#### Commencement Information

**I24** Reg. 69 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

**M27** Paragraph (11)(j) was amended by regulation 14(2) of the [Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#).

**70.** In regulation 9 (monitoring of audits by the competent authority)—

(a) for paragraph (6)(b)(ii) substitute—

“(ii) equivalent work, for the purposes of an appointment of a person to conduct inspections made prior to [F7IP completion day], on the audit of accounts under the law of an EEA State, or part of an EEA State, or Gibraltar, or

(iii) equivalent work, for the purposes of an appointment of a person to conduct inspections, on the audit of accounts under the law of—

(aa) an equivalent third country, or part of an equivalent third country, or

(bb) a transitional third country, or part of a transitional third country;”;

(b) in paragraph (7)(b)(i) for “set by” substitute “determined by”;

(c) in paragraph (12), for “adopted” substitute “determined”.

**F7** Words in reg. 70(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), **15(e)**

**Commencement Information**

**I25** Reg. 70 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**71.** In regulation 11 (performance, monitoring and enforcement of third country audit functions)

- (a) for paragraph (2)(a) substitute—
  - “(a) for an audited entity which—
    - (i) is incorporated in an equivalent third country, or
    - (ii) is incorporated in a transitional third country; or”;
- (b) in paragraph (2)(b)(i), for “an EEA auditor” substitute “eligible for appointment as an auditor of bodies corporate incorporated or formed under the law of an equivalent third country or a transitional third country”;
- (c) in paragraph (2)(b)(ii), for “EEA competent authority that approved the EEA auditor in accordance with the Audit Directive” substitute “third country competent authority in that equivalent third country or transitional third country”;
- (d) in paragraph (4), in the provisions being substituted for regulations 4(2) to (4) of these Regulations for the purposes of applying regulation 4 with modifications—
  - (i) in paragraph (2)(a), after “Audit Directive” insert “before [<sup>F8</sup>IP completion day]”;
  - (ii) after paragraph (2)(a), insert—
    - “(aa) the UK-adopted international standards adopted by the competent authority in accordance with regulation 4(3)(za), or standards which are equivalent.”;
  - (iii) in paragraph (2)(b), for “paragraph (a)” substitute “paragraphs (a) or (aa),”;
  - (iv) for paragraph (2)(c), substitute—
    - “(c) any auditing standards, procedures or requirements imposed by the competent authority in accordance with the requirements set out in paragraphs 1 to 6 and 8 of Schedule 1, or with any other equivalent standards, procedures or requirements.”;
- (e) in paragraph (8)—
  - (i) for “UK-traded non-EEA company” substitute “UK-traded third country company”;
  - (ii) for “an equivalent body corporate” substitute “a body corporate”;
  - (iii) for “another EEA state” substitute “an equivalent third country or a transitional third country”.

**F8** Words in reg. 71(d)(i) 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), **15(f)**

**Commencement Information**

**I26** Reg. 71 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see [reg. 2](#)

**72.** In regulation 21 (exclusion of large debt securities issuer from definition of “UK-traded non-EEA company”)—

- (a) in the heading, for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
- (b) in paragraph (1), for “UK-traded non-EEA company” substitute “ UK-traded third country company ”;
- (c) in paragraph (2), for “regulated market” in all three places substitute “ UK regulated market ”.

**Commencement Information**

**I27** Reg. 72 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see [reg. 2](#)

**73.** In regulation 24 (review), omit paragraph (3).

**Commencement Information**

**I28** Reg. 73 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, **Sch. 5 para. 1(1)**), see [reg. 2](#)

**74.** In Schedule 1 (requirements for professional ethics, independence, objectivity, confidentiality, auditing standards and audit reporting)—

- (a) in paragraph 8(1)(d)—
  - (i) after “approved” insert “ as eligible for appointment ”;
  - (ii) omit “in the Member State where the statutory audit is required to be carried out”;
- (b) in paragraph 10(1)(g)(ii)—
  - (i) omit “either”;
  - (ii) omit “or holds a corresponding qualification to audit accounts under the law of an EEA State, or part of an EEA State, other than the United Kingdom”;
- (c) in paragraph 15—
  - (i) in sub-paragraph (1)(c)(i), omit “, EEA auditors”;
  - (ii) in sub-paragraph (1)(e)(i), omit “, EEA auditor” in both places;
  - (iii) in sub-paragraph (2)(a), omit “, EEA auditors”;
- (d) in paragraph 16(2), for paragraph (a) substitute—
  - “(a) the documents and information referred to, as appropriate, in—
    - (i) articles 4(3), 6, 7, 8(4) to (7), 10, 11, 14 and 16(3) of the Audit Regulation,

- (ii) any rules made under section 340 of the Financial Services and Markets Act 2000 <sup>M28</sup>,
- (iii) the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001 <sup>M29</sup>,
- (iv) sections 485A to 485C, 489A to 489C and 494ZA of the Companies Act 2006 <sup>M30</sup>,
- (v) paragraphs 3B to 3E of Schedule 11 to the Building Societies Act 1986 <sup>M31</sup>,
- (vi) paragraphs 2 to 5 of Schedule 14A to the Friendly Societies Act 1992 <sup>M32</sup>,
- (vii) sections 485A to 485C and 494ZA of the Companies Act, as applied to—
  - (aa) limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 <sup>M33</sup> (see in particular regulation 36 and 38A), or
  - (bb) insurance undertakings by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 <sup>M34</sup> (see in particular regulation 6(1A)) (“insurance undertaking” has the meaning given by regulation 2 of those Regulations),”.

#### Commencement Information

- I29** Reg. 74 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

- M28** 2000 c. 8.
- M29** S.I. 2001/2587.
- M30** 2006 c. 46. Sections 485A and 485B were inserted by paragraph 4 of Schedule 3 to S.I. 2016/649 and amended by regulation 12(2)(a) to (d), and (3)(a) and (b) respectively, of S.I. 2017/516. Section 485C was inserted by regulation 12(4) of S.I. 2017/516. Sections 489A and 489B were inserted by paragraph 8 of Schedule 3 to S.I. 2016/649 and amended by regulation 12(8)(a) to (d), and (9)(a) and (b) respectively, of S.I. 2017/516. Section 489C was inserted by regulation 12(10) of S.I. 2017/516. Section 494ZA was inserted by regulation 12(14) of S.I. 2017/516 and amended by paragraph 20 of Schedule to S.I. 2017/1164.
- M31** 1986 c. 53. Paragraphs 3B and 3C of Schedule 11 were inserted by paragraph 8(a) of Schedule 4 to S.I. 2016/649 and amended by regulation 2(6)(b)(i) to (v) of S.I. 2017/516. Paragraphs 3D and 3E of Schedule 11 were inserted by regulation 2(6)(d) of S.I. 2017/516. Paragraph 3DA of Schedule 11 was inserted by paragraph 3 of Schedule 1 to S.I. 2017/1164.
- M32** 1992 c. 40. Schedule 14A was inserted by regulation 1 of S.I. 2017/516. Paragraph 4A of Schedule 14A was inserted by paragraph 6 of Schedule 1 to S.I. 2017/1164.
- M33** S.I. 2008/1911.
- M34** S.I. 2008/565.

**Changes to legislation:**

There are currently no known outstanding effects for the The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019, PART 3.