
STATUTORY INSTRUMENTS

2007 No. 3494

**The Statutory Auditors and Third
Country Auditors Regulations 2007**

PART 5

REGISTRATION OF THIRD COUNTRY AUDITORS

Interpretation

29. In this Part of these Regulations “the designated body” means the body known as the Professional Oversight Board established under the articles of association of The Financial Reporting Council Limited⁽¹⁾.

The register of auditors

30.—(1) Section 1239 of the Companies Act 2006 (register of auditors) is amended as follows.

(2) At the end of subsection (2)(d) omit “and”.

(3) In subsection (2)(e) omit the words “or a third country auditor”.

(4) After subsection (2)(e) insert—

“and

(f) in the case of a third country auditor which is a firm, the name and address of each person who is—

(i) an owner or shareholder of the firm, or

(ii) a member of the firm’s administrative or management body.”

(5) In subsection (7) omit the words “in accordance with subsections (2)(e) and (3)”.

Meaning of “registered third country auditor” and “UK-traded non-EEA company”

31.—(1) Section 1241 of the Companies Act 2006 (meaning of “third country auditor” etc) is amended as follows.

(2) For the heading, substitute “Meaning of “registered third country auditor” and “UK-traded non-EEA company””.

(3) In subsection (1) omit the definition of “third country auditor”.

(4) In subsection (2)—

(a) for the opening words substitute “In this Part “UK-traded non-EEA company” means a body corporate—”;

(b) in paragraph (a), for “a country or territory which is not a member State or part of a member State” substitute “a third country”.

Duties of registered third country auditors

32.—(1) Section 1242 of the Companies Act 2006 (duties of registered third country auditors) is amended as follows.

(2) In subsection (1)—

(a) after “third country auditor” insert “who audits the accounts of a UK-traded non-EEA company”;

(b) in paragraph (a), omit “of traded non-Community companies”.

(3) In subsection (2)(a), for “third country audits” substitute “audits of accounts of UK-traded non-EEA companies”.

Arrangements for registered third country auditors: consequential amendments

33.—(1) Schedule 12 to the Companies Act 2006 (arrangements in which registered third country auditors are required to participate) is amended as follows.

(2) In the italic cross-heading above paragraph 1, for “traded non-Community companies” substitute “UK-traded non-EEA companies”.

(3) In paragraph 1—

(a) in sub-paragraph (1)(a) for “third country audit functions” substitute “functions related to the audit of UK-traded non-EEA companies”;

(b) omit sub-paragraph (2).

(4) In paragraph 2—

(a) in sub-paragraph (1)(a) for “third country audit functions” substitute “functions related to the audit of UK-traded non-EEA companies”;

(b) in sub-paragraph (2), omit the definition of “third country audit function”.

Register of third country auditors

34.—(1) The designated body must keep the register of third country auditors (see section 1239 of the Companies Act 2006).

(2) The register must contain the following information in relation to each third country auditor who is an individual—

(a) his name and address;

(b) his registered number;

(c) an indication that he is a third country auditor;

(d) if he is responsible for audit work on behalf of a third country auditor which is a firm, the firm’s name, address, registered number and, if it has a website, its address;

(e) in the case of a third country auditor who has registered with an EEA competent authority—

(i) the name and address of that authority, and

(ii) the registration number which that authority has allocated to it;

(f) the name and address of any body which has authorised the third country auditor to conduct audits in accordance with the law of a third country; and

(g) if he has entered into arrangements with a body for the purposes of section 1242(1) of the Companies Act 2006 (duties of registered third country auditors), the name and address of that body.

(3) The register must contain the following information in relation to each third country auditor which is a firm—

- (a) its name and address;
- (b) the address of each of its offices in which it carries out third country audit work;
- (c) its registered number;
- (d) an indication that it is a third country auditor;
- (e) its contact information and, if it has a website, its address;
- (f) its legal form;
- (g) the name and address of each person who is—
 - (i) an owner or shareholder of the firm, or
 - (ii) a member of the firm’s administrative or management body;
- (h) the name, address and registered number of each individual who performs third country audits on behalf of the firm;
- (i) in the case of a third country auditor which is a member of a network—
 - (i) a list of the names and addresses of the other members of that network, or
 - (ii) an indication of where that information is available to the public;
- (j) in the case of a third country auditor which has registered with an EEA competent authority—
 - (i) the name and address of that authority, and
 - (ii) the registration number which that authority has allocated to it;
- (k) the name and address of any body which has authorised the third country auditor to conduct audits in accordance with the law of a third country; and
- (l) if it has entered into arrangements with a body for the purposes of section 1242(1) of the Companies Act 2006 (duties of registered third country auditors), the name and address of that body.

(4) The register of third country auditors must be kept in electronic form.

(5) The information on the register must be kept available for inspection by any person by electronic means, unless it is excluded in accordance with paragraph (6).

(6) Information on the register relating to an individual may be excluded from being made available for inspection if making the information so available would create or be likely to create a serious risk that the individual, or any other person, would be subject to violence or intimidation.

(7) In this regulation “network” means an association of persons cooperating 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—

- (a) a network is not a firm, and
- (b) an association of individuals which is a firm is not a network.

Application for registration of third country auditor

35.—(1) A third country auditor may apply to the designated body for registration in accordance with this regulation.

(2) An application for registration must be in writing.

(3) An application for registration of a third country auditor must include—

(a) the information required for his entry in the register (see regulation 34), other than

(i) his registered number, and

(ii) the name and address of any body with which he has entered into arrangements for the purposes of section 1242(1) of the Companies Act 2006 (duties of registered third country auditors);

(b) the statement required by regulation 36 (application statement); and

(c) evidence demonstrating that the matters included in the statement required by regulation 36 (application statement) are correct.

(4) For the purposes of paragraph (3)(c) a statement by the third country competent authority which oversees or regulates the third country auditor to the effect that the third country auditor is a fit and proper person to conduct audits in that third country may be treated as evidence demonstrating that the statement required by regulation 36(c) is correct.

(5) An application for registration must—

(a) in the case of a third country auditor who is an individual, be signed by the third country auditor;

(b) in the case of a third country auditor which is a firm, be signed by a person authorised by the firm to sign on its behalf.

(6) An application may be delivered to the designated body by electronic means, if the designated body so agrees.

Application statement

36.—(1) A third country auditor must make a statement for the purposes of his application under regulation 33 (application for registration of third country auditor) to the effect that—

(a) in the case of a third country auditor who is an individual, he holds a qualification which meets requirements equivalent to those which apply to an appropriate qualification for the purposes of section 1219 of the Companies Act 2006;

(b) in the case of a third country auditor which is a firm—

(i) a majority of the members of the firm's administrative or management body hold qualifications which meet requirements equivalent to those which apply to an appropriate qualification for the purposes of that section, and

(ii) each individual who conducts audits of UK-traded non-EEA companies (within the meaning of Part 42 of the Companies Act 2006) on behalf of that firm holds a qualification which meets requirements equivalent to those which apply to an appropriate qualification for the purposes of that section;

(c) he is a fit and proper person to conduct audits of UK-traded non-EEA companies;

(d) he conducts such audits in accordance with standards equivalent to those required by Articles 22, 24 and 25 of the Audit Directive (independence, objectivity and audit fees);

(e) he conducts such audits in accordance with standards equivalent to those determined under arrangements within paragraph 22 of Schedule 10 to the Companies Act 2006 (independent determination of technical standards); and

- (f) he publishes on a website an annual transparency report equivalent to that required for auditors of public interest entities by Article 40 of the Audit Directive (transparency report).

Acceptance and refusal of application for registration

37.—(1) The designated body may register a third country auditor if he has made an application in accordance with regulation 35 (application for registration of third country auditor).

(2) The designated body may not register a third country auditor if it considers that the statement required by regulation 36 (application statement) made by him is not correct.

(3) If the designated body refuses to register a third country auditor, it must give him written notice to that effect stating the reason for the refusal.

Allocation of registered number

38. The designated body must allocate a number to each third country auditor which it registers, which shall be known as the third country auditor's registered number.

Duty to provide updated information

39.—(1) A registered third country auditor must take all reasonable steps to notify the designated body without undue delay of—

- (a) the name and address of any body he has entered into arrangements with for the purposes of section 1242(1) of the Companies Act 2006 (arrangements for monitoring of audits of UK-traded non-EEA companies);
- (b) any information or event which may lead the designated body to consider that the statement required by regulation 36 (application statement) made by the third country auditor is not correct;
- (c) any information necessary to ensure that the information in the register relating to him is correct.

Removal of third country auditor from the register

40.—(1) If the designated body considers that the statement required by regulation 36 (application statement) made by the third country auditor is no longer correct, it must—

- (a) notify the third country auditor of the steps he must take to ensure that the statement is correct, and
- (b) if the third country auditor has not taken those steps on or before the date three months after the notification, remove him from the register.

(2) The designated body may remove a third country auditor from the register if it considers that the third country auditor has failed to comply with his obligations under—

- (a) regulation 39 (duty to provide updated information),
- (b) section 1242 of the Companies Act 2006(2) (duties of registered third country auditors),
- (c) section 1243 of that Act (matters to be notified to the Secretary of State), or
- (d) section 1244 of that Act (Secretary of State's power to call for information).