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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 2

#### Amendment of primary legislation

#### CHAPTER 3

#### Schedules 10, 11, 11A and 12 to the Companies Act 2006

#### Amendment of Schedule 10 to the Companies Act 2006

27. Part 2 (requirements for recognition of a supervisory body) of Schedule 10 (recognised supervisory bodies) to the Companies Act 2006 is amended in accordance with regulations 28 to 32.

#### Commencement Information

**II** Reg. 27 in force at 31.12.2020 on IP completion day (in accordance with 2020 c. 1, Sch. 5 para. 1(1)), see reg. 2

28. In paragraph 6 (holding of appropriate qualification)—

- [<sup>F1</sup>(za) in sub-paragraph (1)(a), for “an EEA auditor” substitute “ a third country auditor ”;  
(zb) in sub-paragraph (1)(aa), for “an EEA auditor” substitute “ a third country auditor ”;  
(zc) in sub-paragraph (1)(b), omit “which is not an EEA auditor”];

[<sup>F2</sup>(a) omit sub-paragraph (1)(c);]

(b) for sub-paragraph (1A) <sup>M1</sup> substitute—

“(1A) The requirements of this sub-paragraph are that—

- (a) the individual holds a professional qualification which covers all the subjects that are covered by a recognised professional qualification and that are subjects of which knowledge is essential for the pursuit of the profession of statutory auditor, or

[<sup>F3</sup>(b) the individual is an EEA auditor who—

- (i) on or before IP completion day, holds a professional qualification which does not cover all those subjects,  
(ii) on or before IP completion day, has been approved by the body or is in the process of seeking approval from the body, and  
(iii) has met whichever of the requirements of sub-paragraph (1B) is specified in the body's rules.”];

**Status:** Point in time view as at 31/12/2020.

**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 3.* (See end of Document for details)

- (c) for sub-paragraph (1B) <sup>M2</sup>, substitute—
  - “(1B) [<sup>F4</sup>For the purposes of sub-paragraph (1A)(b)(iii)], the body's rules must specify one of the following requirements—
    - (a) a requirement to pass an aptitude test in accordance with sub-paragraph (2),
    - (b) a requirement to complete an adaptation period in accordance with sub-paragraphs (2B) and (2C), or
    - (c) a requirement either to pass an aptitude test in accordance with sub-paragraph (2) or to complete an adaptation period in accordance with sub-paragraphs (2B) and (2C), according to the choice of the individual.”;
  - (d) in sub-paragraph (2C) <sup>M3</sup>, for “that the condition in sub-paragraph (1A)(b) can be satisfied by completing an adaptation period” substitute “ a requirement that may or must be met by completing an adaptation period ”;
  - [<sup>F5</sup>(da) in sub-paragraph (2C)(a), for “another EEA State” substitute “ an EEA State ”;]
  - <sup>F6</sup>(e) . . . . .

<p><b>F1</b> Regs. 28(za)-(zc) inserted (31.12.2020 immediately before IP completion day) by <a href="#">The Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020 (S.I. 2020/523)</a>, regs. 1(2), <b>14(e)(i)</b></p> <p><b>F2</b> Reg. 28(a) substituted (31.12.2020 immediately before IP completion day) by <a href="#">The Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020 (S.I. 2020/523)</a>, regs. 1(2), <b>14(e)(ii)</b></p> <p><b>F3</b> Words in reg. 28(b) substituted (31.12.2020 immediately before IP completion day) by <a href="#">The Statutory Auditors, Third Country Auditors and International Accounting Standards (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1392)</a>, regs. 1(2), <b>6</b> (as amended by <a href="#">S.I. 2020/523</a>, regs. 1(2), <b>27</b>); 2020 c. 1, Sch. 5 para. 1(1)</p> <p><b>F4</b> Words in reg. 28(c) substituted (31.12.2020 immediately before IP completion day) by <a href="#">The International Accounting Standards, Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/335)</a>, regs. 1, <b>7</b></p> <p><b>F5</b> Reg. 28(da) inserted (31.12.2020 immediately before IP completion day) by <a href="#">The Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020 (S.I. 2020/523)</a>, regs. 1(2), <b>14(e)(iii)</b></p> <p><b>F6</b> Reg. 28(e) omitted (31.12.2020 immediately before IP completion day) by virtue of <a href="#">The Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020 (S.I. 2020/523)</a>, regs. 1(2), <b>14(e)(iv)</b></p>	<p><b>Commencement Information</b></p> <p><b>I2</b> Reg. 28 in force at 31.12.2020 on IP completion day (in accordance with <a href="#">2020 c. 1, Sch. 5 para. 1(1)</a>), see <a href="#">reg. 2</a></p> <p><b>Marginal Citations</b></p> <p><b>M1</b> Sub-paragraph (1A) was inserted by paragraph 57(5) of Schedule 3 to <a href="#">S.I. 2016/649</a>.</p> <p><b>M2</b> Sub-paragraph (1B) was inserted by paragraph 57(5) of Schedule 3 to <a href="#">S.I. 2016/649</a>.</p> <p><b>M3</b> Sub-paragraph (2C) was inserted by regulation 17(4) of <a href="#">S.I. 2007/3494</a>, substituted by paragraph 57(7) of Schedule 3 to <a href="#">S.I. 2016/649</a>, and amended by regulation 13(8)(a) of <a href="#">S.I. 2017/516</a>.</p>
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- [<sup>F7</sup>29. In paragraph 7 (holding of appropriate qualification)—
  - (a) for sub-paragraph (2)(a), substitute—

- “(a) in relation to an individual, to that individual's—
- (i) holding an appropriate qualification, or
  - (ii) being a third country auditor and meeting the requirements of paragraph 6(1)(aa)(ii) or 6(1A);”;

(b) omit sub-paragraph (2)(b)(ii) and the “or” before it.]

**F7** Reg. 29 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(f)**

**Commencement Information**

**I3** Reg. 29 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**30.** In paragraph 13(5) (monitoring of audits) <sup>M4</sup>—

- (a) in paragraph (b)(i), omit “or”;
- (b) for paragraph (b)(ii), substitute—
  - “(ii) equivalent work, for the purposes of an appointment of a person to conduct inspections made prior to [<sup>F8</sup>IP completion day], on the audit of accounts under the law of an EEA State, or part of an EEA State, or
  - (iii) equivalent work, for the purpose 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;”.

**F8** Words in reg. 30(b) 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(g)**

**Commencement Information**

**I4** Reg. 30 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** Paragraph 13 was substituted by paragraph 65 of Schedule 3 to [S.I. 2016/649](#).

**31.** In paragraph 16AA(b) (transfer to approved third country competent authority) <sup>M5</sup>, omit “in the case of an approved third country competent authority listed in section 1253D(2)(a), (b), (c), (d) or (e).”.

**Commencement Information**

**I5** Reg. 31 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

*Status: Point in time view as at 31/12/2020.*

*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 3. (See end of Document for details)*

### Marginal Citations

**M5** Paragraph 16AA was inserted by regulation 5 of [S.I. 2010/2537](#), and amended by regulation 13(8)(b) of [S.I. 2017/516](#).

### 32. In paragraph 20A (interpretation) <sup>M6</sup>—

- (a) at the beginning, insert “ (1) ”;
- (b) after “In this Part of this Schedule—” insert—
  - ““the Audit Directive” means Directive [2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives [78/660/EEC](#) and [83/349/EEC](#) and repealing Council Directive [84/253/EEC](#)”;
- (c) after the definition of “audit reporting requirements”, insert—
  - ““EEA auditor” means an individual or firm approved in accordance with the Audit Directive by an EEA competent authority to carry out audits of annual accounts or consolidated accounts required by European Union law;
  - “EEA competent authority” means a competent authority within the meaning of Article 2(10) of the Audit Directive of an EEA State”;
- (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 ”;
  - (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>F9</sup>IP completion day], were the United Kingdom a member State”;
- (e) omit the definition of “regulated market”;
- (f) in the definition of “third country audit function”—
  - (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 transitional third country; ”;
- (g) omit the definition of “transferable securities”<sup>M7</sup>;
- (h) after the definition of “third country audit function” insert—
  - “(2) For the purposes of this Schedule, Gibraltar is to be treated as if it were an EEA State and subject to the Audit Directive.”.

**F9** Words in reg. 32(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), **14(h)**

**Commencement Information**

**I6** Reg. 32 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**

**M6** Paragraph 20A was inserted by paragraph 71 of Schedule 3 to [S.I. 2016/649](#).

**M7** The definition of “transferable securities” was amended by paragraph 9(9) of Schedule 4 to [S.I. 2017/701](#).

**Amendment of Schedules 11, 11A and 12 to the Companies Act 2006**

**33.** Schedules 11, 11A and 12 to the Companies Act 2006 are amended in accordance with regulations 34 to 36.

**Commencement Information**

**I7** Reg. 33 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**34.** In Schedule 11 (recognised professional qualifications), in paragraph 9 (practical training)—

(a) in sub-paragraph (4)(b), omit “other than the United Kingdom”;

(b) after sub-paragraph (4), insert—

“(5) For the purpose of sub-paragraph (4), Gibraltar is to be treated as if it were an EEA State.”.

**Commencement Information**

**I8** Reg. 34 in force at 31.12.2020 on IP completion day (in accordance with [2020 c. 1, Sch. 5 para. 1\(1\)](#)), see [reg. 2](#)

**35.** In Schedule 11A (specified persons, descriptions, disclosures etc for the purposes of section 1224A) <sup>M8</sup>—

(a) in Part 2 (specified descriptions of disclosures), in paragraph 78 <sup>M9</sup>, for “EU obligation” substitute “retained EU obligation”; and

(b) in Part 3 (overseas regulatory bodies), in paragraph 79—

(i) for “EEA competent authority” substitute “ approved third country competent authority ”;

(ii) for “EEA competent authorities” substitute “ approved third country competent authorities ”.

**Status:** Point in time view as at 31/12/2020.

**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 3.* (See end of Document for details)

#### Commencement Information

- I9** Reg. 35 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

- M8** Schedule 11A was inserted by regulation 8(2) and the Schedule to [S.I. 2007/3494](#). Paragraph 78 was amended by article 6(1) of [S.I. 2011/1043](#).
- M9** Paragraph 78 was amended by article 6(1) of [S.I. 2011/1043](#).

36. In Schedule 12 (arrangements in which registered third country auditors are required to participate)—

- (a) in the italic cross-heading above paragraph 1 <sup>M10</sup>, for “UK-traded non-EEA companies” substitute “UK-traded third country companies”;
- (b) in paragraph 1 (arrangements for independent monitoring of audits of UK-traded non-EEA companies), in sub-paragraph (1)(a) <sup>M11</sup>, for “UK-traded non-EEA companies” substitute “UK-traded third country companies”;
- (c) in paragraph 2(1)(a) (arrangements for independent investigations for disciplinary purposes) <sup>M12</sup>, for “UK-traded non-EEA companies” substitute “UK-traded third country companies”.

#### Commencement Information

- I10** Reg. 36 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** The cross-heading was amended by regulation 33(2) of [S.I. 2007/3494](#).
- M11** Sub-paragraph (1)(a) was amended by regulation 33(3)(a) of [S.I. 2007/3494](#).
- M12** Sub-paragraph (2)(1)(a) was substituted by regulation 17(2) of [S.I. 2013/1672](#).

**Status:**

Point in time view as at 31/12/2020.

**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 3.