
STATUTORY INSTRUMENTS

2019 No. 177

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

PART 2

Amendment of primary legislation

CHAPTER 2

Part 42 of the Companies Act 2006

Amendment of Part 42 of the Companies Act 2006

14. After section 1240 (information to be made available to public), insert—

“CHAPTER 4A

Equivalent Third Countries and Transitional Third Countries

Power to approve third countries as equivalent or transitional third countries

1240A.—(1) The Secretary of State may by regulations grant to a third country, or make provision for the grant to a third country of—

- (a) approval as an equivalent third country,
- (b) provisional approval, for a period of up to seven years, as an equivalent third country, or
- (c) transitional approval, for a period of up to seven years, as a transitional third country,

in relation to the comparability of the third country’s audit regulatory regime to the audit regulatory regime of the United Kingdom.

(2) Regulations under subsection (1) may (among other things)—

- (a) specify the procedure for assessing the audit regulatory regime of a third country;
- (b) set out the considerations which must be taken into account, or may be taken into account, by the Secretary of State when determining—
 - (i) whether the third country has an audit regulatory regime comparable to that of the United Kingdom,
 - (ii) whether to grant approval, provisional approval or transitional approval, and
 - (iii) the period for which provisional approval or transitional approval should be granted;
- (c) specify the procedure for the granting of approval, provisional approval or transitional approval;

- (d) set out a list of third countries that have been granted approval, provisional approval or transitional approval;
 - (e) make provision for the amendment, suspension or withdrawal of approval, provisional approval or transitional approval.
- (3) In this section, “audit regulatory regime” in relation to a country or territory, means the system of public oversight, quality assurance, investigations and sanctions for auditors in that country or territory.
- (4) Regulations under this section are subject to negative resolution procedure.

CHAPTER 4B

Approved Third Country Competent Authorities

Power to approve third country competent authorities

1240B.—(1) The Secretary of State may by regulations grant to a third country competent authority, or make provision for the grant to a third country competent authority of—

- (a) approval as an approved third country competent authority, or
- (b) provisional approval, for a period of up to seven years, as an approved third country competent authority,

in relation to the exchange of audit working papers and investigation reports.

- (2) Regulations under subsection (1) may (among other things)—
- (a) specify the procedure for assessing the adequacy of the third country competent authority, in relation to the authority’s ability to co-operate with the competent authority on the exchange of audit working papers and investigation reports;
 - (b) set out the considerations which must be taken into account, or may be taken into account, by the Secretary of State when determining—
 - (i) whether to grant approval or provisional approval, and
 - (ii) in relation to the granting of provisional approval, the period of the approval;
 - (c) specify the procedure for the granting of an approval or a provisional approval;
 - (d) set out a list of third country competent authorities that have been granted an approval or a provisional approval;
 - (e) make provision for the amendment, suspension or withdrawal of an approval or a provisional approval.
- (3) Regulations under this section are subject to negative resolution procedure.”.