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STATUTORY INSTRUMENTS

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**2020 No. 1247**

**EXITING THE EUROPEAN UNION  
AUDITORS**

**The Statutory Auditors and Third Country Auditors  
(Amendment) (EU Exit) (No. 2) Regulations 2020**

*Made - - - - 9th November 2020*

*Laid before Parliament 10th November 2020*

*Coming into force in accordance with regulation 1(2)*

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 1240A, 1240B and 1292(1) of the Companies Act 2006<sup>(1)</sup>.

In accordance with regulations 8(1) and 13(1) of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020<sup>(2)</sup>, the Secretary of State is satisfied that the EEA States and Gibraltar have audit regulatory regimes which are comparable to that of the United Kingdom, and that the third country competent authorities of those countries are adequate in relation to their ability to co-operate with the competent authority of the United Kingdom on the exchange of audit working papers and investigation reports.

**Citation and commencement**

1.—(1) These Regulations may be cited as the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) (No. 2) Regulations 2020.

(2) These Regulations come into force as follows—

- (a) this regulation and regulation 3 come into force immediately before regulation 3 of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020 comes into force;
- (b) regulation 4 comes into force immediately before regulation 17 of the Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020<sup>(3)</sup> comes into force;
- (c) regulation 2 comes into force immediately before IP completion day.

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<sup>(1)</sup> 2006 c. 46. Sections 1240A and 1240B were inserted by [S.I. 2019/177](#), as relevantly amended by [S.I. 2019/1392](#).

<sup>(2)</sup> [S.I. 2020/108](#).

<sup>(3)</sup> [S.I. 2020/523](#).

## **Amendment of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019**

2.—(1) The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019<sup>(4)</sup> are amended as follows.

(2) In Schedule 1 (Approval of Equivalent Third Countries and Transitional Third Countries)—

(a) in paragraph 1<sup>(5)</sup>—

(i) in sub-paragraph (1), after “Council [Directive 84/253/EEC](#),” insert “and the EEA States, and Gibraltar,”;

(ii) for sub-paragraph (2), substitute—

“(2) Approval is granted for an indefinite period, unless a date is recorded in column 2 of the Table against a country’s name, in which case the approval ceases to apply for financial years beginning after that date.”;

(b) in column 1 of Table 1, insert at the appropriate places—

"Austria"  
"Belgium"  
"Bulgaria"  
"Croatia"  
"Cyprus"  
"Czech Republic"  
"Denmark"  
"Estonia"  
"Finland"  
"France"  
"Germany"  
"Gibraltar"  
"Greece"  
"Hungary"  
"Iceland"  
"Ireland"  
"Italy"  
"Latvia"  
"Liechtenstein"  
"Lithuania"  
"Luxembourg"  
"Malta"  
"Netherlands"  
"Norway"  
"Poland"  
"Portugal"

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(4) [S.I. 2019/177](#), amended by [S.I. 2019/1392](#), [2020/108](#), [2020/335](#), [2020/523](#).

(5) Paragraph 1 is amended by [S.I. 2020/523](#).

"Romania"

"Slovakia"

"Slovenia"

"Spain"

"Sweden";

(c) omit paragraph 2 and Table 2.

(3) In Schedule 2 (Approval of Third Country Competent Authorities), in column 2 of Table 3, omit "31 December 2020" in each place.

(4) In Schedule 4 (Transitional provisions), in paragraph 2(a)(6), for "a transitional third country" substitute "an equivalent third country".

### **Amendments to the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020**

3.—(1) The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020 are amended as follows.

(2) In regulation 3(c), for "31 July 2022" substitute "30 April 2026".

### **Amendments to the Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020**

4.—(1) The Companies and Statutory Auditors etc. (Consequential Amendments) (EU Exit) Regulations 2020 are amended as follows.

(2) Omit regulation 17(b).

9th November 2020

*Callanan*  
Parliamentary Under Secretary of State  
Department for Business, Energy and Industrial  
Strategy

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(6) Paragraph 2 is amended by [S.I. 2020/523](#).

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make amendments to the UK’s audit regulatory regime in preparation for the end of the transition period.

Regulation 2(2) grants the EEA States and Gibraltar approval as equivalent third countries, and regulation 2(3) grants the competent authorities of the EEA States and Gibraltar approval as approved third country competent authorities, for the purposes of Part 42 of the Companies Act 2006 (c. 46) (as prospectively amended by the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177) (‘the 2019 Regulations’)). These changes will take effect from IP completion day. Previously, the 2019 Regulations granted these countries approval as transitional third countries until 31 December 2020, and their competent authorities provisional approval as approved third country competent authorities until 31 December 2020.

Regulation 3 extends the grant of provisional approval as an approved third country competent authority to the Independent Regulatory Board of Auditors of South Africa. Approval is granted from the end of the Transition Period and previously would have applied until 31 July 2022. It will now apply until 30 April 2026. This reflects Commission Implementing Decision (EU) 2020/589 of 23 April 2020 on the adequacy of the competent authority of the Republic of South Africa pursuant to [Directive 2006/43/EC](#) (OJ No L 138, 30.4.2020), p. 15).

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private or voluntary sector is foreseen.