

2022 No. 762

EXITING THE EUROPEAN UNION

AUDITORS

**The Statutory Auditors and Third Country Auditors
(Amendment) Regulations 2022**

<i>Made</i>	- - - -	<i>4th July 2022</i>
<i>Laid before Parliament</i>		<i>6th July 2022</i>
<i>Coming into force</i>		<i>27th July 2022</i>

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^(a).

In accordance with regulations 8(1) and 13(1) of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2020^(b), the Secretary of State is satisfied that the third countries determined by the European Commission immediately before IP completion day as having an equivalent system of audit inspections, investigations and sanctions to those in the European Union by virtue of an instrument adopted under Article 46(2) of Directive 2006/43/EC of the European Parliament and of the Council of 17th May 2006 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 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) Regulations 2022.

(2) These Regulations come into force on 27th July 2022.

Amendments to 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^(c) are amended as follows.

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

^(a) 2006 c. 46. Sections 1240A and 1240B were inserted by S.I. 2019/177, as amended by S.I. 2019/1392.

^(b) S.I. 2020/108.

^(c) S.I. 2019/177, as amended by S.I. 2019/1392, 2020/335, 2020/523, 2020/1247.

- (a) in paragraph 1—
 - (i) for sub-paragraph (1), substitute—

“(1) The EEA States and Gibraltar are approved as equivalent third countries for financial years beginning on or after IP completion day and are listed in column 1 of Table 1 of this Schedule.”;
 - (ii) after sub-paragraph (1) insert—

“(1A) The countries determined by the European Commission immediately before IP completion day as having an equivalent system of audit inspections, investigations and sanctions to those in the European Union by virtue of an instrument adopted under Article 46(2) of Directive 2006/43/EC of the European Parliament and of the Council of 17th May 2006 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, are approved as equivalent third countries and are listed in column 1 of Table 1 of this Schedule.”;
 - (b) in Table 1, in the entry for “The United States of America”, in column 2 omit “31st July 2022”.
- (3) In Schedule 2 (Approval of Third Country Competent Authorities)—
- (a) in paragraph 1—
 - (i) for sub-paragraph (1), substitute—

“(1) The competent authorities of the EEA States and Gibraltar are approved as approved third country competent authorities on IP completion day and are listed in column 1 of Table 3 of this Schedule.”;
 - (ii) after sub-paragraph (1) insert—

“(1A) The third country competent authorities which the European Commission has decided immediately before IP completion day are adequate to cooperate with the competent authorities of Member States on the exchange of audit working papers or other documents held by statutory auditors and audit firms under Article 47(3) of Directive 2006/43/EC of the European Parliament and of the Council of 17th May 2006 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 are approved as approved third country competent authorities and are listed in column 1 of Table 3 of this Schedule.”;
 - (b) in Table 3—
 - (i) in the entry for “The Public Company Accounting Oversight Board of the United States of America”, in column 2 omit “31 July 2022”;
 - (ii) in the entry for “The Securities and Exchange Commission of the United States of America”, in column 2 omit “31st July 2022”.

4th July 2022

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

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make amendments to the UK’s audit regime by amending the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (“the 2019 Regulations”).

Regulation 2(2)(a) grants fresh approval to the third countries previously approved by paragraph 1 of Schedule 1 to the 2019 Regulations but not as yet by the Secretary of State under section 1240A

of the Companies Act 2006. This is in order to remedy a technical problem whereby section 1262 of the Companies Act 2006 provides that an “equivalent third country” is one approved by the Secretary of State under section 1240A and does not include reference to the remaining third countries referred to in paragraph 1 of Schedule 1 to the 2019 Regulations.

Regulation 2(2)(b) amends Schedule 1 to the 2019 Regulations to remove the expiry date of the current period of provisional equivalence for the United States of America in Table 1, so that full equivalence is granted indefinitely.

Regulation 2(3)(a) grants fresh approval to the third country competent authorities previously approved by paragraph 1 of Schedule 2 to the 2019 Regulations but not yet by the Secretary of State under section 1240B of the Companies Act 2006. This is in order to remedy a technical problem whereby section 1262 of the Companies Act 2006 provides that an “approved third country competent authority” is one approved by the Secretary of State under section 1240B and does not include reference to the remaining third country competent authorities referred to in paragraph 1 of Schedule 2 to the 2019 Regulations.

Regulation 2(3)(b) amends Schedule 2 to the 2019 Regulations to remove the expiry date of the current period of provisional adequacy for the competent authorities of the United States (the Public Company Accounting Oversight Board and the Securities and Exchange Commission) in Table 3, so that full adequacy is granted indefinitely.

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

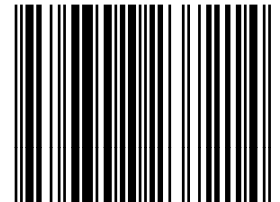
© Crown copyright 2022

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Jeff James, Controller of Her Majesty’s Stationery Office and Queen’s Printer of Acts of Parliament.

£4.90

<http://www.legislation.gov.uk/id/uksi/2022/762>

ISBN 978-0-34-823721-4



9 780348 237214