

**THE AUDIT REGISTER INSTRUMENT 2016****FRC 01/2016****Powers exercised**

- A. The Financial Reporting Council Ltd (“the FRC”) makes this instrument in exercise of the powers conferred upon the Secretary of State by section 1239(1)(a), (2)(a) to (c), (5)(a) to (c) and (6) of the Companies Act 2006 (“the Act”) to make regulations requiring the keeping of a register of the persons eligible for appointment as a statutory auditor.
- B. The power to make such regulations was transferred to the FRC by Article 7(1) of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc.) Order 2012 (“the Order”).
- C. This instrument is made by the FRC subject to the provisions of paragraph 7 of Schedule 13 to the Act.

**PART 1****Introduction****Citation, commencement, application and revocation**

1. (1) This instrument may be cited as the Audit Register Instrument 2016 and comes into force-
  - (a) on 17th June 2016, if the instrument is made on or before 16th June 2016;
  - (b) on the day after the day on which the instrument is made, if it is made on or after 17th June 2016.
- (2) The Statutory Auditors (Registration) Instrument 2008 (FRC 02/2008) is revoked as of the date this instrument comes into force.

**Interpretation**

2. In this instrument-
  - “EEA auditor”, “EEA competent authority”, “firm”, “statutory auditor” and “third country” have the same meaning as in Part 42 of the Companies Act 2006;
  - “maintaining body” means the body responsible for the task mentioned in regulation 3(1)(i) of the Statutory Auditors and Third Country Auditors Regulations 2016 (“SATCAR 2016”);
  - “network” has the same meaning as in regulation 2 of SATCAR 2016;
  - “register” means the register required to be kept under regulation 3;
  - “registered person” means a person eligible for appointment as a statutory auditor whose details have been entered in the register;
  - “registration body” means a body responsible for the tasks mentioned in regulation 3(1)(g) and (h) of SATCAR 2016, and the registration body of a person means the body under whose rules that person is eligible for appointment as a statutory auditor;

“working day” means a day which is not a Saturday or a Sunday, Christmas Day, Good Friday or a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom in which the registration body has its principal office.

## PART 2

### Register of Auditors

#### **Register of persons eligible for appointment as statutory auditors**

3. The maintaining body must, in accordance with regulation 4, keep an up to date register of persons eligible for appointment as a statutory auditor in electronic form.

#### **Contents of the register**

4. (1) The register must contain the information set out—
- (a) in Part 1 of the Schedule, in relation to a person eligible for appointment as a statutory auditor who is an individual; and
  - (b) in Part 2 of the Schedule, in relation to a person eligible for appointment as a statutory auditor which is a firm.
- (2) Information on the register relating to a person may be excluded from being made available for inspection to the extent that making such information available would create or would be likely to create a serious risk that any individual would be subject to violence or intimidation as a result.

#### **Inspection of the register**

5. (1) The maintaining body must make the register available for inspection on a website accessible to the public, or by other electronic means.
- (2) The maintaining body must ensure that the information contained in the register may be inspected in each of the following ways—
- (a) alphabetically by name of registered persons;
  - (b) by reference to registered individuals or registered firms;
  - (c) by reference to the registration number of the registered person;
  - (d) by reference to the registration body of the registered person; and
  - (e) by address of the registered person.
- (3) Each registration body must provide at its principal office in the United Kingdom facilities by which any person may inspect the register by electronic means at any reasonable time during a working day.
- (4) Any person inspecting the register under paragraph (1) may require a copy of any entry on the register relating to a particular individual or firm from the maintaining body.
- (5) Any person inspecting the register under paragraph (3) may require a copy of any entry on the register relating to a particular individual or firm from the registration body.
- (6) The maintaining body or the registration body, as the case may be, may charge a fee not exceeding £1 for a copy of an entry on the register.



**Obligations of registration bodies with respect to keeping the register**

6. (1) This regulation applies where the maintaining body and the registration body are not the same body.
- (2) A registration body must co-operate with the maintaining body for the purpose of enabling the maintaining body to keep the register up to date.
- (3) A registration body must send to the maintaining body for entry on the register, in electronic form—
  - (a) the information required by regulation 4 in relation to each person that the registration body has determined to be eligible for appointment as a statutory auditor; and
  - (b) any changes to the information sent under sub-paragraph (a) of which it becomes aware.
- (4) A registration body must take reasonable care to ensure that the information that it is required to send under paragraph (3)—
  - (a) is accurate at the time of sending; and
  - (b) is sent to the maintaining body within the period of ten working days beginning with the day on which the body—
    - (i) makes the determination, in a case where paragraph (3)(a) applies; or
    - (ii) becomes aware of the relevant change, in a case where paragraph (3)(b) applies.
- (5) Paragraph (3)(a) does not require a registration body to send any information which appears in the register which is in existence at the time this instrument comes into force.

**Obligation of persons eligible for appointment as a statutory auditor to provide updated information**

7. Any person eligible for appointment as a statutory auditor must take all reasonable steps to notify the registration body of the person, without undue delay, of any information necessary to ensure that the information in the register relating to that person is correct.

By Order of the Board  
16 June 2016

Signed on behalf of the Board



Sir Winfried Bischoff, Chairman

PART 1

**Information the Register must contain in relation to an individual eligible for appointment as a statutory auditor**

1. In relation to an individual the register is to contain the following information—
- (a) the individual's name and address;
  - (b) the individual's registered number;
  - (c) the name and address of the registration body under whose rules the individual is eligible for appointment as a statutory auditor;
  - (d) if the individual is responsible for statutory audit work on behalf of any firm, the firm's name, address, registered number and, if the firm has a website, the website address;
  - (e) the name of any EEA competent authority with whom the individual is registered for audit purposes and any registration number which such an authority has allocated to the individual;
  - (f) the name and address of any body which has authorised the individual to conduct audits in accordance with the law of a third country;

PART 2

**Information the Register must contain in relation to a firm eligible for appointment as a statutory auditor**

2. In relation to a firm the register is to contain the following information—
- (a) its name and address;
  - (b) its registered number;
  - (c) the address of each of its offices in which it carries out statutory audit work;
  - (d) information as to how the firm is to be contacted, the primary contact person and, if the firm has a website, the website address;
  - (e) the name, business address and registration number of each individual responsible for statutory audit work on behalf of the firm;
  - (f) its legal form—
    - (i) in the case of a limited liability partnership, the name and business address of each member of the partnership,
    - (ii) in the case of a body corporate, other than a limited liability partnership, the name and business address of each person who is a director of the body or who holds any shares in it,
    - (iii) in the case of a corporation sole the name and address of the individual for the time being holding the office by the name of which he is the corporation sole,
    - (iv) in the case of a partnership, the name and business address of each partner,and references in this paragraph to a limited liability partnership, a body corporate, a corporation sole or a partnership include references to any comparable undertaking incorporated in or formed under the law of any country or territory outside the United Kingdom;

- (g) the name and address of the registration body under whose rules it is eligible for appointment as a statutory auditor;
- (h) in the case of a firm which is a member of a network, the name of the network, and either–
  - (i) the names and addresses of the other members of the network and of the affiliates of all the members of that network, or
  - (ii) a reference to a website address or any other place where the information mentioned in sub-paragraph (h)(i) is available to the public;
- (i) the name of any EEA competent authority with whom it is registered for audit purposes and any registration number which such an authority has allocated to it;
- (j) the name and address of any body which has authorised the firm to conduct audits in accordance with the law of a third country;
- (k) whether the firm is eligible for appointment as a statutory auditor by virtue of being an EEA auditor which meets the requirements in paragraph 6(1)(c) of Schedule 10 to the Companies Act 2006.



## EXPLANATORY NOTE

(This note is not part of the Instrument)

This Instrument replaces the Statutory Auditors (Registration) Instrument 2008, which was made under powers delegated to the then Professional Oversight Board by the Secretary of State and adopted by the Financial Reporting Council (FRC) in 2012 when the relevant powers were delegated to the FRC.

It sets out responsibilities for the maintenance of the UK Audit Register, and specifies the information that it must contain and the requirements for public access to the Register.

The need to change the existing provisions derives from an amendment to Directive 2006/43/EC (Statutory Audit Directive) made by Directive 2014/56/EU. Article 3a(3) of the Statutory Audit Directive, as amended, provides for the registration of audit firms already approved in another Member State, subject to certain conditions. Article 17 then requires that the Audit Register records whether a firm has been registered under this provision, enacted in the UK by paragraph 6(1)(c) of Schedule 10 to the Companies Act 2006. This change is made by including requirement (k) in paragraph 2 of Schedule 1 to the Instrument.

The other changes are not substantive. They replace the existing provisions with equivalent requirements and as part of this (i) update references and amend definitions to reflect changes made by the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016 No 649) and (ii) re-format as an FRC Instrument.

We have not prepared a separate Impact Assessment because the impact is minimal, the costs associated with this change are small and the change is needed to meet EU obligations. As noted above, there is only one substantive change – the need to record on the register that an audit firm approved in another Member State is registered in the UK. That requires (i) each RSB as a registration body to record that information and include it in the information provided to the maintaining body for inclusion in the public register, and (ii) the maintaining body to amend the database for the public register to include this as a new data field.