

# Memorandum of Understanding on Reciprocal Arrangements

between

The Financial Reporting Council

and

The Australian Securities and  
Investments Commission

Effective from 26 March 2024

## 1. Definitions

In this Memorandum, the following phrases shall have the meaning ascribed to them below:

- a. **ASIC** means Australian Securities and Investments Commission which is Australia's regulator for corporate markets, financial services and consumer credit established under and administering the Australian Securities and Investments Commission Act 2001 primarily operating under the Corporations Act 2001, with responsibilities including licensing and monitoring financial services businesses in Australia to ensure they operate efficiently, honestly and fairly, as well as registering Registered Company Auditors in Australia.
- b. **Audit Qualification** means a qualification awarded to an individual who satisfies the prescribed criteria which permits that person to apply to be registered to undertake audit work in either Australia or the United Kingdom (as the case may be).
- c. **Australian Accountancy Body** means **CAANZ** and **CPAA**. A reference to an **Australian Accountancy Body** in this Memorandum shall be a reference to either or both of these bodies as the context requires.
- d. **Australian Applicant** means a person who (i) is a **Registered Australian Auditor**, or (ii) holds the **CAANZ** Chartered Accountant or **CPAA** CPA qualification.
- e. **Australian Audit Qualification recognised by the FRC** means a qualification granted by an **Australian Accountancy Body** in relation to which the **FRC** has made a declaration pursuant to section 1221 of the Companies Act 2006, such that persons holding those qualifications are to be regarded as holding an approved third country qualification.
- f. **CAANZ** means Chartered Accountants Australia and New Zealand, an Australian registered body corporate that is a professional accounting body governed by its Royal Charter and Byelaws.
- g. **CPAA** means CPA Australia Limited, an Australian registered body corporate that is a professional accounting body.
- h. **FRC** means the Financial Reporting Council Limited, which is, amongst other things, the competent authority for statutory audit and an independent regulator in the United Kingdom, responsible for regulating auditors based on its obligations and authority under applicable legislation including the Companies Act 2006 and the Statutory Auditors and Third Country Auditors Regulations 2016.
- i. **Participants** means the **FRC** and **ASIC**
- j. **Recognised Qualifying Body** means a United Kingdom body which offers a professional qualification that is recognised in accordance with Schedule 11 of the Companies Act 2006.
- k. **Recognised Supervisory Body** means any of Chartered Accountants Ireland ("CAI"), Institute of Chartered Accountants England and Wales ("ICAEW"), Institute of Chartered Accountants Scotland ("ICAS") and Association of

Chartered Certified Accountants (“ACCA”) to which the **FRC** has delegated the task of registration of statutory auditors under a delegation agreement made pursuant to regulation 3 of the Statutory Auditors and Third Country Auditors Regulations 2016. A reference to a **Recognised Supervisory Body** in this Memorandum shall be a reference to the bodies identified above jointly or individually as the context requires.

- l. **Registered Australian Auditor** means a person registered by **ASIC** as a **Registered Company Auditor** and who has successfully completed (i) the **CAANZ** Chartered Accountant or **CPAA** CPA qualification and (ii) holds full membership of **CAANZ** or **CPAA**.
- m. **Registered Company Auditor** means a person registered as an auditor under Part 9.2 of the Corporations Act 2001.
- n. **Responsible Individual** means a principal or employee responsible for audit work and designated as such by a registered audit firm in the United Kingdom.
- o. **United Kingdom Applicant** means a person who is a **Responsible Individual** or holds an **Audit Qualification** awarded by a **Recognised Qualifying Body**.
- p. **United Kingdom Audit Qualification recognised by ASIC** means an individual applicant’s qualification which **ASIC** has assessed as demonstrating equivalent knowledge and experience pursuant to s1280(2B) of the Corporations Act 2001.

## 2. Objectives and purpose

- a. This Memorandum of Understanding (Memorandum) is between the **FRC**, and the Australian Securities and Investments Commission (**ASIC**).
- b. This Memorandum covers individuals holding **Audit Qualifications** (i) recognised by **ASIC** or (ii) recognised by the **FRC**.
- c. The United Kingdom bodies defined as **Recognised Supervisory Bodies** are recognised by the **FRC** as **Recognised Qualifying Bodies**.
- d. The purpose of this Memorandum is to outline the arrangements concerning the recognition of audit qualifications between the **Participants**. It details the basis upon which each **Participant** recognises **Audit Qualifications** from the other’s jurisdiction and records their understanding of the application processes whereby:
  - i. **Australian Applicants** may be regarded as holding approved third country qualifications for the purpose of becoming a statutory auditor in the United Kingdom; and
  - ii. **United Kingdom Applicants** who have completed the required education in the United Kingdom to obtain an **Audit Qualification** awarded by a **Recognised Qualifying Body** may have that education assessed as equivalent for the purpose of becoming a **Registered Company Auditor** in Australia.
- e. **ASIC** will assess applications for **Registered Company Auditor** status from those holding a United Kingdom **Audit Qualification** on a case-by-case basis in

accordance with the requirements under section 1280 of the Corporations Act 2001 and its policies outlined in Regulatory Guide 180. Persons with qualifications assessed and deemed equivalent by **ASIC** will receive comparable treatment to holders of an **Australian Audit Qualification recognised by the FRC** and will be registered as auditors in Australia.

- f. The **FRC** has provided assurances to **ASIC** (i) regarding the basis for recognition of Australian Audit Qualifications in the United Kingdom (see paragraph 3 below), and (ii) subject to the process in paragraph 7 below, that persons who hold an **Australian Audit Qualification recognised by the FRC** will receive comparable treatment to holders of a **United Kingdom Audit Qualification recognised by ASIC**.
- g. United Kingdom Audit Qualifications that are held by individuals and have been assessed as equivalent in Australia are recognised by **ASIC** in accordance with its approval and governance processes for the purposes of section 1280(2B) of the Corporations Act 2001.
- h. Australian Audit Qualifications that are recognised in the United Kingdom are recognised by the **FRC** exercising the power contained in section 1221 of the Companies Act 2006.
- i. This Memorandum has no impact on, or connection to, any visa or residency requirements that may be imposed by immigration authorities in the United Kingdom or Australia.
- j. This Memorandum does not alter, supersede, or replace any reciprocal membership agreements existing between the **Australian Accountancy Bodies** and the **Recognised Supervisory Bodies**.
- k. This Memorandum is not legally binding, and the **Participants** agree the Memorandum does not create any legal rights or obligations which are enforceable upon them by either the **Participants** or third parties.

### 3. Basis of Recognition

#### *United Kingdom*

- a. The **FRC** has declared that **Registered Australian Auditors** and individuals who hold audit qualifications awarded by an **Australian Accountancy Body** are to be regarded, subject to an aptitude test or adaptation period as relevant, as holding an approved third country qualification for the purpose of becoming a statutory auditor in the United Kingdom.
- b. The **FRC** requires an **Australian Applicant** to maintain their membership of the **Australian Accountancy Body** that granted that person their qualification.
- c. The **FRC** is satisfied that the fact that **Registered Australian Auditors** are qualified to audit accounts under Australian law, when taken with the requirement to pass an aptitude test, provides assurance of professional competence equivalent to that afforded by a recognised professional qualification (under the Companies Act 2006) in the United Kingdom.

- d. The **FRC** is satisfied that **Australian Audit Qualifications recognised by the FRC**, when taken with the requirement to complete an adaptation period, provide assurance of professional competence equivalent to that afforded by a recognised professional qualification (under the Companies Act 2006) in the United Kingdom.

#### *Australia*

- e. United Kingdom Audit Qualifications that are assessed in Australia as equivalent or comparable qualifications to Australian Audit Qualifications for the purpose of applying for registration as a **Registered Company Auditor** will be recognised for each **United Kingdom Applicant** applying for registration, by **ASIC** on a case-by-case basis.
- f. **ASIC** has assessed courses necessary for membership of a **Recognised Supervisory Body** at particular points in time as equivalent to the qualifications required by the Corporations Act 2001, other than the need to undertake additional conversion courses in company law or tax law or their equivalents.

#### *Compliance with laws etc.*

- g. The **Participants** each recognise that auditors registered to practice in either the United Kingdom, Australia or both must follow the laws and professional standards of each jurisdiction in which they have been registered to practice, including any rules or regulations relating to an individual's obligations to undertake continuing professional development.

#### **4. Cooperation**

- a. The **Participants** will co-operate with each other until a **Participant** withdraws from this Memorandum in accordance with paragraph 8.
- b. The **Participants** are committed to pursuing the aims and purposes contained within this Memorandum in good faith and to act in accordance with its provisions on a voluntary basis.
- c. In the event there are any differences of opinion in respect of any matters relating to this Memorandum, the **Participants** will endeavor to resolve any differences of opinion through co-operation and consultation with each other.
- d. To the extent permitted by the law in their respective jurisdictions, the **Participants** both acknowledge and understand that co-operation includes the timely processing of, and response to, requests for information.
- e. To the extent permitted by law in their respective jurisdictions, the **Participants** will co-operate and will endeavor to avoid increasing the other's administrative burdens in connection with the registration of auditors from the other country.
- f. To the extent permitted by law in their respective jurisdictions, the **Participants** will make reasonable efforts to co-operate by making the other aware of any matters that may affect this Memorandum or the basis upon which a **Participant** has recognised an **Audit Qualification** awarded in the jurisdiction of the other as comparable to an **Audit Qualification** awarded in that **Participant's** jurisdiction. This clause does not apply to the provision of information about the continued eligibility of an **Australian Applicant** or **United Kingdom Applicant** or any

regulatory, investigative or enforcement activity by a **Participant**, which will be dealt with on a case-by-case basis according to the provisions of the clause.

- g. The **Participants** each acknowledge that any changes or circumstances which affect or impact the basis upon which an **Audit Qualification** from one jurisdiction has been recognised in the other, may trigger a **Participant** to review whether that qualification should continue to be so recognised.

## 5. Applicants for the purposes of this Memorandum

The **Participants** agree that both **United Kingdom Applicants** and **Australian Applicants** must be members of either a **Recognised Supervisory Body**, or an **Australian Accountancy Body** and have obtained their membership by completing a typical pathway to membership of that body. A 'typical pathway' is a pathway to membership which is completed through the education and training required by that body.

## 6. Application process – United Kingdom Applicants seeking registration as a Registered Company Auditor

**ASIC** has confirmed to the **FRC** the process for a **United Kingdom Applicant** seeking registration as a **Registered Company Auditor**. That process consists of the following steps:

- a. **ASIC** shall assess applications from **United Kingdom Applicants** seeking registration as a **Registered Company Auditor**.
- b. **United Kingdom Applicants** must apply in such form (and provide the supporting documentation required) providing detailed information about their education, professional qualifications, **Audit Qualification**, and audit experience as reasonably required by **ASIC**: see section 1280 of the Corporations Act 2001 and ASIC Regulatory Guide 180 Auditor registration (RG 180). A copy of Form 903AA, RG 180 and other guidance to assist persons seeking to become registered auditors in Australia is available on **ASIC's** web page at [www.asic.gov.au](http://www.asic.gov.au)
- c. RG 180 provides **ASIC** guidance about the audit registration process and how **ASIC** assesses whether an applicant meets the requirements of section 1280 of the Corporations Act 2001 including the approach that **ASIC** will take to assessing overseas applicants including United Kingdom auditors.
- d. **ASIC** assesses whether the applicant has the appropriate qualifications, experience, and skills, is capable and a fit and proper person for the purposes of section 1280 of the Corporations Act 2001 to become a **Registered Company Auditor**. This assessment includes assessing whether the applicant is a member in good standing of a **Recognised Qualifying Body**.
- e. **ASIC** may verify with the **Recognised Qualifying Body** the courses completed by the applicant to become a member and how professional membership was gained.

- f. **ASIC** may verify the good standing of the **United Kingdom Applicant** from the **Recognised Supervisory Body** of which that **United Kingdom Applicant** is a member.
- g. **ASIC** may verify that the person applying to be a **Registered Company Auditor**:
  - i. meets the prescribed minimum standards set by **ASIC**; and
  - ii. is otherwise a fit and proper person to be a **Registered Company Auditor**.
- h. **United Kingdom Applicants** shall complete a course in auditing prescribed by Regulation 9.2.03 unless they shall have already completed a course in auditing that has been assessed as equivalent by an **Australian Accountancy Body**. On a case-by-case basis, **United Kingdom Applicants** may also be required to complete conversion courses in Australian company law and taxation law depending on whether they can demonstrate qualifications or prior experience that are relevant to Corporations Act 2001 audit work.
- i. **ASIC** may, if it considers the **United Kingdom Applicant** has insufficient audit experience to meet its eligibility requirements for registration as a **Registered Company Auditor**, require more information to assess the **United Kingdom Applicant's** capabilities of performing the duties of an auditor and require the applicant to complete a further period of audit experience in respect of audits of the financial statements of entities under Chapter 2M of the Corporations Act 2001. This may also include additional information to demonstrate that they are otherwise a fit and proper person to be a **Registered Company Auditor** for the purposes of section 1280(2)(c) of the Corporations Act 2001.
- j. The final decision on registration as a **Registered Company Auditor** rests with **ASIC**.

## 7. Application process – Australian Applicants seeking recognition of an Australian Audit Qualification in the United Kingdom and/or registration as a Responsible Individual

The **FRC** has confirmed to **ASIC** the process for an **Australian Applicant** seeking registration as a **Responsible Individual** and recognition of an **Australian Audit Qualification** consists of the following steps:

### Recognition of Australian Audit Qualification in the United Kingdom

- a. A **Recognised Qualifying Body** which receives an application from an **Australian Applicant** for recognition of their **Audit Qualification** in the United Kingdom will be responsible for assessing the application.
- b. **Australian Applicants** should apply in such form and providing such information about their professional qualifications, **Audit Qualification** and audit experience as the **Recognised Qualifying Body** may require.
- c. The **Recognised Qualifying Body** assesses whether the applicant's qualifications and experience meet their requirements to grant an **Audit Qualification** valid in the UK. The assessment will consider whether the applicant is a member of an **Australian Accountancy Body** in good standing.

- d. The **Recognised Qualifying Body** may seek verification of an **Australian Applicant's** membership, registration, and good standing from the relevant **Australian Accountancy Body** and from **ASIC**.
- e. **Australian Applicants** will be required to pass an aptitude test (see paragraph 7 (g) below) or to complete an adaptation period (paragraph 7(h)) as relevant but shall not be required to obtain any further audit qualifications, provided they hold an **Australian Audit Qualification recognised by the FRC**.
- f. If a person holds an Australian Audit Qualification which does not fall within the definition of an **Australian Audit Qualification recognised by the FRC**, that person may pass additional examinations post-qualification for the purpose of obtaining an **Australian Audit Qualification recognised by the FRC**. This should be undertaken before a person seeks recognition of their qualification under this Memorandum.
- g. An aptitude test is set by a **Recognised Qualifying Body** and tests subjects that are not covered by the **Audit Qualification** already held by that individual, knowledge of which is essential to pursue the profession of statutory auditor in the United Kingdom. The subjects which may be tested include, but are not limited to, United Kingdom tax and audit law.
- h. An adaptation period is a period, not exceeding three years, in which the person ("the section 1221(7C) applicant") pursues the profession of statutory auditor under the supervision of another person who holds an appropriate qualification (under section 1219 Companies Act 2006), subject to an assessment of the section 1221(7C) applicant's ability to pursue the profession of statutory auditor in the United Kingdom (known as an "ability assessment").
- i. The decision whether an **Australian Applicant** has completed the necessary steps to be awarded an **Audit Qualification** in the United Kingdom rests with the **Recognised Qualifying Body**.

#### **Responsible Individual process**

- j. A **Recognised Supervisory Body** which receives an application from an **Australian Applicant** for registration as a **Responsible Individual** shall assess the application.
- k. **Australian Applicants** must apply in such form and providing such information about their professional qualifications, **Audit Qualification** and audit experience as the **Recognised Supervisory Body** reasonably requires.
- l. A **Recognised Supervisory Body** assesses whether an applicant meets the eligibility requirements to become a **Responsible Individual**. The assessment will consider whether the applicant is a member in good standing.
- m. A **Recognised Supervisory Body** may seek verification from the relevant **Australian Accountancy Body** that the applicant is a member of that body and of how their professional membership was gained.
- n. **Australian Applicants** must hold an **Audit Qualification** granted by a **Recognised Qualifying Body** or an **Australian Audit Qualification recognised by the FRC**.



- o. Where the applicant is a **Registered Australian Auditor**, a **Recognised Supervisory Body** may seek verification of this status from **ASIC** and an **Australian Accountancy Body**.
- p. Applicants must obtain membership, affiliate, or regulated non-member status of a **Recognised Supervisory Body**. This membership may be obtained through a reciprocal membership agreement between a **Recognised Supervisory Body** in the United Kingdom and an **Australian Accountancy Body**.
- q. Where an **Australian Applicant** has obtained membership of a **Recognised Supervisory Body** under reciprocal arrangements and subsequently ceases to be a member of an **Australian Accountancy Body**, their reciprocal membership of the **Recognised Supervisory Body** may be revoked by the **Recognised Supervisory Body**.
- r. A **Recognised Supervisory Body** may require **Australian Applicants** to complete a further period of audit experience in respect of audits of entities incorporated under the laws of the United Kingdom where it considers the applicant has insufficient audit experience to meet the eligibility requirements for registration as a **Responsible Individual**.
- s. The decision on whether an **Australian Applicant** should be registered as a **Responsible Individual** rests with the **Recognised Supervisory Body**.
- t. Where an individual has been granted **Responsible Individual** status by a **Recognised Supervisory Body** and also wishes to be responsible for work on the audits of Public Interest Entities ("PIE"), they must additionally seek registration as a PIE Registered Responsible Individual under the **FRC's** PIE Auditor Registration Regulations. The application form and registration guidance can be obtained from **FRC** website [www.frc.org.uk](http://www.frc.org.uk).

## 8. Duration and Review of this Memorandum

- a. This Memorandum will continue until either of the **Participants** withdraws in accordance with paragraph 8(d).
- b. This Memorandum will be reviewed by the **Participants** not less than every 5 years from the date it becomes effective. The review will consider the ongoing suitability of this Memorandum and whether there have been any changes to the basis upon which the **Participants** have recognised an **Audit Qualification** from the other's jurisdiction as comparable.
- c. Either of the **Participants** may withdraw from this Memorandum upon provision of 12 months' written notice to the other. Such a notice shall include, or be accompanied by, a written explanation of the reasons for withdrawal. A written explanation which cites a change to the basis upon which either of the **Participants** have recognised an **Audit Qualification** or courses from the other's jurisdiction as a reason for withdrawal, must identify the change(s) and the impacts that change(s) is considered to have on the basis of recognition.
- d. This Memorandum may only be amended by the written agreement of the **Participants**.

## Signing

Dated this 26th Day of March 2024

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### The Financial Reporting Council Limited

Signed by authorised signatories:

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*Sarah Rapson*  
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Sarah Rapson  
Executive Director of Supervision

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### Australian Securities and Investments Commission

Signed by authorised signatories:

Joseph Longo  
Chair

DocuSigned by:  
*J Longo*  
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