



Financial Reporting Council

The Audit Enforcement Procedure



Contents

Part 1	3	Part 5 – Interim Orders	21
Interpretation/Glossary	3	Applications for an Interim Order	21
Delegation	8	Interim Order Hearing	22
Part 2 – Initial Stages	9	Review	23
Initial Action by Case Examiner	9	Amendment and revocation	24
Decision to Investigate	10	Amendment	24
Notice of Investigation	10	Revocation	25
Part 3 – Investigation	11	Part 6 – Settlement	25
Amending the Scope of an Investigation	11	Part 7 – Appeal	27
Investigation Powers	11	Part 8 – Reconsideration	29
Investigation Report	12	Part 9 – Sanctions	30
Liability for Enforcement Action – Executive Counsel	13	Part 10 – Costs	31
Proposed Decision Notice – Executive Counsel	13	Part 11 – General	32
Final Decision Notice – the Independent Reviewer	13	Notice of Closure	32
Referral to the Tribunal by Executive Counsel	14	Joinder of Allegations	32
Part 4 – The Tribunal	15	Joint Tribunal	32
Case Management Hearings and Directions	15	Publication	34
Notice of Hearing	16	Decision making	34
Evidence	17	Confidentiality	34
Burden and Standard of Proof	18	Guidance and policies	34
Postponements and Adjournments	18	Transitional Provisions	34
Proceeding in Absence	19		
Attendance of the Public	19		
Representation	20		
The Procedure at a Liability Hearing	20		
Tribunal Decision	20		

The FRC does not accept any liability to any party for any loss, damage or costs however arising, whether directly or indirectly, whether in contract, tort or otherwise from action or decision taken (or not taken) as a result of any person relying on or otherwise using this document or arising from any omission from it.

© The Financial Reporting Council Limited 2021

The Financial Reporting Council Limited is a company limited by guarantee.

Registered in England number 2486368.

Registered Office: 8th Floor, 125 London Wall, London EC2Y 5AS

Part 1

Interpretation/Glossary

1. In these Rules:

Accountancy Scheme	means the scheme of the Financial Reporting Council for the accountancy profession with such amendment or amendments as may time to time be made thereto.
Actuarial Scheme	means the scheme of the Financial Reporting Council for the actuarial profession with such amendment or amendments as may from time to time be made thereto.
Adverse Finding	means a finding by a Tribunal that a Respondent has breached a Relevant Requirement.
AEP	means this or any previous version of this Audit Enforcement Procedure as the context requires.
Advisor	means advisors appointed by the FRC from time to time to its Advisory Panel or as Senior Advisors.
Allegation	means the document which is provided to the Tribunal under Rule 34 setting out the particulars of Executive Counsel's case that the Respondent has breached Relevant Requirements.
Appeal Tribunal	means the tribunal appointed to consider an appeal in accordance with Rule 119.
Audit Reporting Requirements	has the meaning set out in Regulation 2, SATCAR 2016.
Board	means the board of directors of the FRC established and appointed under the FRC's Articles of Association. Where the Board has delegated any of its functions and decisions to the Conduct Committee any references to the Board shall mean the Conduct Committee.

Case Examiner	means an officer of the FRC whose responsibilities include the exercise of the functions under Part 2 of this AEP. The Case Examiner shall not be a practising auditor or an individual who has, during the previous five years, carried out statutory audits; held voting rights in an audit firm; been a member of the administrative, management or supervisory body of an audit firm; or been a partner, employee of, or otherwise contracted by, an audit firm.
Case Management Directions	means directions either agreed between the Parties under Rule 38 or given by the Chair under Rule 42.
Case Management Hearing	means a Hearing held by the Chair to give Case Management Directions under Rule 41.
Chair	means the Chair of the Tribunal or Appeal Tribunal as the context requires.
Conduct Committee	means the Conduct Committee as established by the Board under the FRC's Articles of Association.
Constructive Engagement	means any of the range of forms of engagement set out in the Case Examiner Guidance issued by the Conduct Committee.
Convener	means any person appointed by the FRC to exercise administrative functions, and who shall be responsible for: (a) providing administrative support to a Tribunal and an Appeal Tribunal; (b) the appointment of Tribunals and Appeal Tribunals under this AEP; and (c) for the appointment of a person for the purposes of Rules 24, 106 and 116.
Costs	means costs, expenses and disbursements.
Decision Maker	means the Case Examiner, Board, Conduct Committee, Executive Counsel, Chair, Tribunal or Appeal Tribunal as the context requires.
Decision Notice	means, as the context requires, a Proposed Decision Notice, Final Decision Notice, Proposed Settlement Decision Notice or Final Settlement Decision Notice.

Enforcement Action	means any steps taken preparatory or pursuant to the issuance of a Decision Notice following a decision made by Executive Counsel under Rule 19.
Executive Counsel	means a legally qualified officer of the FRC appointed to that office by the FRC's People Committee or the person or persons to whom the Board or Executive Counsel delegates responsibility.
Final Decision Notice	means the notice issued by Executive Counsel, Tribunal or Appeal Tribunal as applicable setting out the Decision Maker's conclusive findings.
Final Settlement Decision Notice	means the notice served by Executive Counsel pursuant to Rule 108 setting out the conclusive findings, Sanction and amount payable in respect of Executive Counsel's Costs.
Formal Complaint	is as defined in the Accountancy Scheme or the Actuarial Scheme (as applicable).
FRC	means the Financial Reporting Council Limited, a company limited by guarantee incorporated in England and Wales and the designated competent authority pursuant to SATCAR 2016.
Hearing	means an oral hearing before a Tribunal, Appeal Tribunal, Joint Tribunal or Joint Appeal Tribunal and includes hearings conducted in whole or in part via telephone or electronic communication.
Independent Reviewer	means either a person appointed under Rule 24 or Rule 106. That person shall be a lawyer (a current or former member of the judiciary, a barrister, an advocate or a solicitor), and shall not (save in relation to consideration of any other Proposed Settlement Decision Notice) have participated in any prior stage of the case, and shall not participate in any subsequent stage of the case
Interim Order	means an order which imposes restrictions on the Respondent pending the outcome of the FRC's investigation, Enforcement Action or any appeal under this AEP. An Interim Order may impose (a) a requirement for the Respondent to cease the alleged breach of a Relevant Requirement; (b) a suspension of the Respondent from carrying out Statutory Audits, signing audit reports or from exercising functions in a Statutory Audit Firm or in a Public Interest Entity; or (c) any other requirement in relation to the exercise of Statutory Audit work.

Interim Order Hearing	Means a Hearing to determine whether an Interim Order should be made under Rule 81, and a Hearing to review an Interim Order under Rule 91 or Rule 97 or a Hearing to determine an application for amendment or revocation of an Interim Order.
Interim Order Review Hearing	means a Hearing to review an Interim Order.
Investigation Report	means the report prepared by or on behalf of Executive Counsel pursuant to Rule 16.
Joint Appeal Tribunal	means a tribunal appointed under Rule 157.
Joint Tribunal	means a tribunal appointed under Rule 153.
Liability Hearing	means a Hearing to determine the matters raised in an Allegation.
Notice of Appeal	means the document lodged pursuant to Rule 113 seeking leave to appeal and setting out the grounds of appeal.
Notice of Closure	means written notification given under Rule 148 or Rule 149 that an investigation or Enforcement Action against a Respondent has been closed.
Notice of Hearing	means written notification in accordance with Rule 45.
Notice of Investigation	means written notification in accordance with Rule 11 that the Board has referred a matter to Executive Counsel for investigation under Rule 9, and the scope of the investigation.
Notice of Referral to the Tribunal	means a written notification in accordance with Rule 31 requesting the appointment of a Tribunal.
Notice of Revocation	means a written notification given under with Rule 101(a) that an Interim Order has been revoked.
Party	means the Respondent or Executive Counsel, as the context requires.

Proposed Decision Notice	means the notice issued by Executive Counsel under Rule 21 setting out the proposed findings, Sanction and amount payable in respect of Executive Counsel's Costs under Rule 22(c).
Proposed Settlement Decision Notice	means the notice issued by Executive Counsel pursuant to Rule 103, setting out the proposed findings, Sanction and amount payable in respect of Executive Counsel's Costs, which reflects terms agreed with the Respondent.
Public Interest Entity	has the meaning set out in Regulation 2, SATCAR 2016.
Publication Policy	means the FRC's publication policy from time to time in force and issued by the Conduct Committee.
Recognised Supervisory Body	means a supervisory body, within the meaning of section 1217(1) of the Companies Act 2006, recognised in accordance with Schedule 10 of that Act (as amended) and for the purposes of Rule 14 of Part 3 of this AEP the body to which an investigation under this AEP may be delegated pursuant to Regulation 3(2) of SATCAR 2016.
Register	means the register of persons approved as eligible for appointment as Statutory Auditors.
Relevant Requirement	has the meaning set out in Regulation 5(11) SATCAR 2016 or, in cases concerning the exercise of Third Country Audit Functions by persons eligible for appointment as a Statutory Auditor, Regulation 11(5)(b) of SATCAR 2016.
Respondent	means a Statutory Auditor or Statutory Audit Firm in respect of whom an investigation has been commenced under this AEP.
Rule	means a rule set out in this AEP.
Sanction	means a sanction under Rule 136.

Sanction and Costs Hearing	means a Hearing to determine what, if any, Sanction should be imposed on a Respondent and also to determine what Costs, if any, should be paid following an Adverse Finding.
SATCAR 2016	means the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/649).
Statutory Audit	means an audit of annual financial statements or consolidated financial statements required by the Companies Act 2006.
Statutory Auditor	means a natural person who is eligible for appointment as a statutory auditor or was eligible at the time of the relevant conduct (and for these purposes includes such a person who is or was appointed to perform Third Country Audit Functions).
Statutory Audit Firm	means a legal person or any other entity, regardless of its legal form, that is eligible to be appointed as a statutory auditor, or was so eligible at the time of the relevant conduct (and for these purposes includes such a person or any other entity that is or was appointed to perform Third Country Audit Functions).
Third Country Audit Function	has the meaning set out in Regulation 11(8) of SATCAR 2016.
Tribunal	means a tribunal appointed under Rule 32.
Tribunal Panel	means the combined Tribunal and Appeal Panel constituted in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board, and from which a person to be appointed under Rules 24, 106 and 116 and a Tribunal, Joint Tribunal, Appeal Tribunal or Joint Appeal Tribunal, may be appointed.

In this AEP, words denoting the singular may include the plural; and any reference to a statute includes that statute as amended from time to time; any statute re-enacting or replacing it; and any statutory instruments, regulations or rules made under that statute or any statute re-enacting or replacing it.

Delegation

2. The Board may delegate any of its functions and decisions as set out in this AEP to the Conduct Committee.

Part 2 – Initial Stages

Initial Action by Case Examiner

3. On receipt of information about a Statutory Auditor or Statutory Audit Firm, and in order to determine whether there is a question as to whether the Statutory Auditor or Statutory Audit Firm has breached a Relevant Requirement the Case Examiner may:
 - (a) give notice in writing to require any Statutory Auditor or Statutory Audit Firm to provide information and/or to create documents which relate to the Statutory Audit of, or the performance of Third Country Audit Functions in respect of, the annual accounts or the consolidated accounts of any audited person;
 - (b) request any specialist advice;
 - (c) request or receive from any other person any information which may be material to an investigation; and
 - (d) in relation to the Statutory Audit of a Public Interest Entity, give notice in writing to any person specified below requiring that person to provide information and documents:
 - (i) any person involved in the activities of a Statutory Auditor (including any person to whom a Statutory Auditor has outsourced such activities);
 - (ii) any Public Interest Entity;
 - (iii) any subsidiary or parent of a Public Interest Entity or any other subsidiary of a company of which a Public Interest Entity is a subsidiary; and
 - (iv) any person otherwise having a connection to a Statutory Auditor carrying out the Statutory Audit of the annual accounts or consolidated accounts of a Public Interest Entity.
4. Where the Case Examiner determines that the information about a Statutory Auditor or Statutory Audit Firm does not raise a question as to whether either has breached a Relevant Requirement, the Case Examiner shall take no further action.
5. Where the Case Examiner determines that the information about a Statutory Auditor or Statutory Audit Firm raises a question as to whether either has breached a Relevant Requirement, the Case Examiner may:
 - (a) take no further action;
 - (b) arrange Constructive Engagement with the Statutory Auditor or Statutory Audit Firm;
 - (c) refer the matter to Executive Counsel to apply for an Interim Order to be made by a Tribunal; or
 - (d) refer the matter to the Board.

Decision to Investigate

6. Where a matter is referred under Rule 5(d), the Board shall consider whether to direct the Case Examiner to attempt to resolve the matter through Constructive Engagement with the Statutory Auditor or Statutory Audit Firm.
7. Following a direction under Rule 6, and if the Case Examiner is unable to resolve the matter to the Case Examiner's satisfaction, the Case Examiner shall return the matter to the Board.
8. Where the Board has not made a direction under Rule 6, or a matter has been returned to it pursuant to Rule 7, the Board must consider whether there is a good reason to investigate the matter.
9. Where the Board considers that there is a good reason to investigate the matter, it shall:
 - (a) determine the scope of the investigation; andeither
 - (b) refer the matter for investigation by Executive Counsel; or
 - (c) direct whether the investigation should be delegated to the appropriate Recognised Supervisory Body. Where the Board has delegated the investigation to a Recognised Supervisory Body the Recognised Supervisory Body may, on behalf of the FRC, exercise the powers set out in Rule 14.
10. Where the Board considers that there is not a good reason to investigate the matter, it shall take no further action.

Notice of Investigation

11. Where the Board refers a matter for investigation, the Board shall send both Executive Counsel and the Respondent a Notice of Investigation (which will be copied to the Respondent's Recognised Supervisory Body) which shall state:
 - (a) the scope of the investigation; and
 - (b) whether the investigation has been delegated to a Recognised Supervisory Body.

Part 3 – Investigation

Amending the Scope of an Investigation

12. If, in the course of an investigation, Executive Counsel considers that facts or circumstances which appear to warrant investigation are outside the scope of the investigation set out in the Notice of Investigation, or Executive Counsel considers that a Statutory Auditor or Statutory Audit Firm should be added as a Respondent to the investigation, then Executive Counsel shall report those matters to the Board.
13. The Board may direct that the scope of, and parties to, the investigation are to be amended. Upon making such amendment, the Board:
 - (a) where the scope of the investigation has been amended, shall notify in writing the Respondent, the Respondent's Recognised Supervisory Body and Executive Counsel of the new scope; and
 - (b) where any Respondent has been added to an investigation;
 - (i) shall notify in writing Executive Counsel, that Respondent and that Respondent's Recognised Supervisory Body; and
 - (ii) shall notify in writing any other Respondents unless the Board considers that to do so would not be in the public interest.

Investigation Powers

14. In order to investigate and determine whether to issue a Proposed Decision Notice, Executive Counsel may at any stage of the investigation prior to the issue of a Proposed Decision Notice:
 - (a) give notice in writing to require any Statutory Auditor or Statutory Audit Firm to provide information and/or to create documents which relate to the Statutory Audit of, or the performance of Third Country Audit Functions in respect of, the annual accounts or the consolidated accounts of any audited person;
 - (b) request any specialist advice;
 - (c) request experts to carry out verifications or investigations;
 - (d) require any Statutory Auditor or Statutory Audit Firm to co-operate with investigations, including attending for interview; and
 - (e) request or receive from any other person any information which may be material to an investigation.
15. In the course of an investigation in relation to the Statutory Audit of a Public Interest Entity Executive Counsel may:
 - (a) enter premises at any reasonable time to carry out on-site inspections of statutory audit work or audit firms, subject to:

-
- (i) providing notice in writing to the occupier of such premises which sets out:
 - (A) why entry is necessary;
 - (B) the name of the audited person;
 - (C) the accounting years in question;
 - (D) the risk of committing a statutory offence contrary to paragraph 5 of Schedule 2 to SATCAR 2016.
 - (ii) allowing at least two working days between the date of receipt of the notice and the date of entry,
- (b) give notice in writing to any person specified below requiring that person to provide information relating to the Statutory Audit of the annual accounts or the consolidated accounts of any Public Interest Entity including by requiring any natural person specified below to appear before Executive Counsel at a specified place to answer questions at interview:
- (i) any person involved in the activities of a Statutory Auditor (including any person to whom a Statutory Auditor has outsourced such activities);
 - (ii) any Public Interest Entity;
 - (iii) any subsidiary or parent of a Public Interest Entity or any other subsidiary of a company of which a Public Interest Entity is a subsidiary; and
 - (iv) any person otherwise having a connection to a Statutory Auditor carrying out the Statutory Audit of the annual accounts or consolidated accounts of a Public Interest Entity.

Investigation Report

16. Unless Rule 146 applies, following completion of the investigation, Executive Counsel shall prepare and provide to the Respondent an Investigation Report which shall:
- (a) state the scope of the investigation referred by the Board to Executive Counsel;
 - (b) summarise the nature of the evidence and documents obtained in the course of the investigation;
 - (c) specify those Relevant Requirements which the Respondent appears to have breached; and
 - (d) append or supply copies of all documentary or digital evidence that is referred to in the Investigation Report.
17. On receipt of the Investigation Report, the Respondent shall have 56 days or such other period as may be agreed by Executive Counsel to make written representations.
18. Executive Counsel may take into account a failure to make such representations when determining whether a Respondent should be liable for Enforcement Action.

Liability for Enforcement Action – Executive Counsel

19. After consideration of any representations received from the Respondent under Rule 17, and having received any information sought under Rules 14 or 15 as applicable, Executive Counsel will decide:
 - (a) if the Respondent has breached any Relevant Requirements; and,
 - (b) if so, whether the Respondent should be liable for Enforcement Action.
20. If Executive Counsel decides that the Respondent should not be liable for Enforcement Action, Executive Counsel shall issue a Notice of Closure pursuant to Rule 148.

Proposed Decision Notice – Executive Counsel

21. If Executive Counsel decides that the Respondent should be liable for Enforcement Action, Executive Counsel shall issue a Proposed Decision Notice to the Respondent.
22. A Proposed Decision Notice must include:
 - (a) the breaches of Relevant Requirement(s), with reasons;
 - (b) the proposed Sanction, with reasons;
 - (c) a proposed amount payable in respect of Executive Counsel's Costs; and
 - (d) an invitation to the Respondent to provide written agreement to all or part of the Proposed Decision Notice within 28 days or such other period as Executive Counsel may agree is reasonable in all the circumstances.

Final Decision Notice – the Independent Reviewer

23. Where the Respondent agrees to a Proposed Decision Notice to the satisfaction of Executive Counsel, within 14 days of such agreement Executive Counsel shall deliver the Proposed Decision Notice to the Convener.
24. The Convener shall as soon as practicable appoint an Independent Reviewer from the Tribunal Panel to consider the Proposed Decision Notice.
25. Within 14 days of receipt of a Proposed Decision Notice or such longer time period as the Parties may agree, the Independent Reviewer shall determine whether it is appropriate to issue the Proposed Decision Notice as a Final Decision Notice and shall either:
 - (a) approve the issuance of a Final Decision Notice by Executive Counsel;or
 - (b) decline to approve the issuance of a Final Decision Notice by Executive Counsel and provide the Parties with reasons in writing as to why it is not appropriate to approve the issuance of a Final Decision Notice;and
 - (c) in either case, the Independent Reviewer shall notify Executive Counsel accordingly.

-
26. Subject to Rule 28, Executive Counsel shall serve a Final Decision Notice on the Respondent within 14 days of receipt of a notification pursuant to 25(c) approving the issue of a Final Decision Notice under Rule 25(a).
27. Before the Independent Reviewer may decline to approve the issuance of the Final Decision Notice, that person must:
- (a) notify Executive Counsel and the Respondent in writing of the reasons why that person is not minded to approve the issuance of the Final Decision Notice;
 - (b) invite written representations from Executive Counsel and the Respondent on the appropriateness of issuing the Final Decision Notice;
 - (c) direct that any such representations be served on that person and any other Party within such time as that person directs; and
 - (d) consider any such representations.
28. If the Independent Reviewer declines to approve the issue of a Final Decision Notice under Rule 25, Executive Counsel may:
- (a) issue a revised Proposed Decision Notice in accordance with Rule 21; or
 - (b) refer for determination by the Tribunal in accordance with Rule 29.

Referral to the Tribunal by Executive Counsel

29. The conditions for referral are:
- (a) the Respondent has failed to respond to the Proposed Decision Notice issued pursuant to Rule 21 within the period specified in the Proposed Decision Notice;
 - (b) the Respondent has responded but has not provided written agreement to the Proposed Decision Notice issued pursuant to Rule 21 to Executive Counsel's satisfaction;
 - (c) the Independent Reviewer has declined to approve the issue of a Final Decision Notice pursuant to Rule 25(b), and Executive Counsel does not intend to issue a revised Proposed Decision Notice in accordance with Rule 28(a); or
 - (d) the Independent Reviewer has declined to approve the issuance of a Final Settlement Decision Notice under Rule 110 and Executive Counsel does not intend to issue a revised Proposed Settlement Decision Notice.

-
30. Executive Counsel shall refer a matter for determination by the Tribunal and request the appointment of a Tribunal where one or more of the conditions for referral in Rule 29 are met.
 31. Executive Counsel shall refer a matter for determination by the Tribunal pursuant to Rule 30 by serving a Notice of Referral to the Tribunal on:
 - (a) the Convener; and
 - (b) the Respondent.

Part 4 – The Tribunal

32. The Convener shall appoint a Tribunal from the Tribunal Panel within 14 days of the matter being referred pursuant to Rule 30 and notify the Parties of that appointment. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
33. A Tribunal shall exercise its functions in accordance with this AEP and the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
34. Within 56 days of receipt of notification of the appointment of the Tribunal, or such other period of time as may be agreed between the Parties, Executive Counsel shall serve on the Respondent and the Tribunal an Allegation, together with any factual evidence on which Executive Counsel relies.
35. The Chair or the Tribunal may, upon application of a Party, amend the Allegation provided that the amendment can be made without injustice. When considering whether to make an amendment to an Allegation, the Chair or the Tribunal must invite and consider any representations from the Parties.
36. Proposed Decision Notices issued pursuant to Rule 21 shall be treated as without prejudice save in relation to Costs and, unless the Parties agree otherwise, may not be provided to, or referred to before the Tribunal until the Tribunal has determined whether breaches of Relevant Requirements have occurred.

Case Management Hearings and Directions

37. Where a matter has been referred to the Tribunal to determine pursuant to Rule 30, Rules 38 to 44 apply. In addition, the Tribunal shall provide the Parties with directions as to whether any Interim Order should continue until the Sanctions and Costs Hearing is held.
38. Within 21 days following service of the Allegation, or such other period of time as may be agreed between the Parties or directed by the Tribunal, the Parties shall:
 - (a) seek to agree proposed Case Management Directions; and
 - (b) if proposed Case Management Directions are agreed, provide them to the Chair to consider and issue directions, as the Chair considers appropriate.

-
39. Where the Parties do not agree proposed Case Management Directions within the period of time required by Rule 38, the Chair must call a Case Management Hearing in order to provide Case Management Directions.
 40. Each Party shall provide the Tribunal with a copy of that Party's proposed Case Management Directions, together with a short, written explanation of that Party's position in relation to any Case Management Direction which is not agreed, at least 14 days prior to a Case Management Hearing.
 41. Case Management Directions may be provided at a Case Management Hearing, or by correspondence, telephone or other electronic communication as the Chair deems fit.
 42. Case Management Directions may, at any time, be given by the Chair:
 - (a) upon the request of a Party; or
 - (b) at the Chair's own volition.
 43. The Chair may rule on any question of law or admissibility of evidence and any such decisions are binding on the Tribunal conducting the proceedings.
 44. Following the issuance of Case Management Directions, save as otherwise agreed between the Parties, the Tribunal must hold a Liability Hearing to determine the matters raised in the Allegation.

Notice of Hearing

45. The Tribunal shall serve a Notice of Hearing on the Parties:
 - (a) in respect of Case Management Hearings, and save as otherwise agreed with the Parties, no less than 21 days before the date arranged for the Hearing; and
 - (b) in respect of all other Hearings:
 - (i) no less than 21 days before the date arranged for the Hearing; or
 - (ii) if Executive Counsel has provided a statement pursuant to Rule 82(d) that an application for an Interim Order should be heard as a matter of urgency, 7 days before the date arranged for the Interim Order Hearing; or
 - (iii) where the Tribunal considers that it is appropriate for an application for an Interim Order to be determined without notice to the Respondent, the Tribunal may not serve a Notice of Hearing on the Respondent but must serve one on Executive Counsel.
46. Where the Tribunal is to hold any Hearing, the Notice of Hearing shall:
 - (a) state the date, time and venue;
 - (b) warn that the Tribunal may proceed with the Hearing in the absence of any Party; and
 - (c) for Interim Order applications on notice, invite the Respondent to provide written representations regarding the application at least 14 days before the Interim Order Hearing or, if Rule 45(b)(ii) applies, at least 3 days before the Interim Order Hearing.
47. The Tribunal may vary the time periods set out in Rules 45 and 46 with the agreement of the Parties.

-
48. A Notice of Hearing may be served on a Party:
- (a) by ordinary post to the Party's personal address;
 - (b) by electronic mail to an email address that the Party has provided to either of the Tribunal, Convener, a Recognised Supervisory Body or the Financial Reporting Council; and
 - (c) where the Party is legally represented, by electronic mail to an electronic mail address of the legal representative.

Evidence

49. The Tribunal may take into account any relevant evidence, whether or not such evidence would be admissible in a court. The Tribunal shall at all times apply the rules of natural justice.
50. The Tribunal has a discretion to allow a Party to:
- (a) adduce written evidence which has not previously been disclosed; or
 - (b) call a witness in respect of whom a witness statement has not been served.
51. Production of an original or certified copy of a certificate purporting to be under the hand of a competent officer of a court in the United Kingdom or overseas that a person has been convicted of a criminal offence shall be conclusive evidence of the offence committed. Production of an original or certified copy of a certificate signed by an officer of a regulatory body shall be conclusive evidence of that regulator's determination.
52. Without prejudice to Rule 49, a finding or court-approved statement of fact:
- (a) in any report of an inspector appointed under the Companies Act 1985;
 - (b) in any civil or criminal proceedings before a Court of competent jurisdiction in or outside the United Kingdom;
 - (c) in any proceedings before, or report by, any regulatory, professional, supervisory or disciplinary body in or outside the United Kingdom;
 - (d) in any proceedings before, or report by, any body replacing, additional to or pre-dating a body identified in sub-paragraph 52(c) above and performing the same or broadly similar functions, and whose regulatory arrangements are of a similar standing; or
 - (e) in any report or proceedings which, in the opinion of the relevant Tribunal, corresponds or correspond to any report or proceedings referred to in sub-paragraphs (a) to (c) above,
- shall, for the purposes of this AEP, be prima facie evidence of the facts found.
53. Rules 50 to 52 are without prejudice to the generality of Rule 49 and nothing in Rule 52 shall affect the evidential status of any report or other document not referred to in Rule 52.
54. The Tribunal may, upon the application of any Party or of its own volition, direct that the identities of witnesses or other persons referred to in the proceedings or any other aspect of the Tribunal's proceedings shall not be disclosed in public, by the use of anonymisation or otherwise, where the Tribunal considers that such a direction is necessary in the interests of justice, or is otherwise in the public interest taking account of the interests of a witness or any other person.

-
55. Witnesses:
- (a) may be examined by the Party calling them;
 - (b) may be cross-examined;
 - (c) may be re-examined by the Party calling them;
 - (d) may be questioned by the Tribunal;
 - (e) may be re-examined by the Party calling them on matters arising out of the Tribunal's questions.
56. The Tribunal may, upon the application of any Party or of its own volition, require a witness to be excluded from the Hearing until they have given evidence.
57. The Chair or Tribunal, after receiving representations from the Parties, may adopt such measures as are considered necessary to receive evidence from a witness.

Burden and Standard of Proof

58. The standard of proof when deciding disputed facts at any Hearing shall be the civil standard.
59. The burden of proving any disputed facts in relation to the Allegation rests on Executive Counsel.

Postponements and Adjournments

60. The Chair may, of the Chair's own volition or upon the application of a Party, postpone a Hearing.
61. The Tribunal may, of its own volition or upon the application of a Party, adjourn the proceedings at any stage.
62. In considering whether to postpone or adjourn a Hearing, the Chair or Tribunal shall have regard to all relevant factors including any representations from the Parties in particular, as to fairness, the public interest and costs.
63. Subject to Rules 64, 65 and 66, the validity of proceedings shall not be undermined where a member of the Tribunal who conducted a Liability Hearing is not present at a subsequent Sanction and Costs Hearing.
64. In the event that a member of the Tribunal who conducted a Liability Hearing is unable to participate in a subsequent Sanction and Costs Hearing:
- (a) where that member is not the Chair, the Sanction and Costs Hearing shall proceed without that member; and
 - (b) where that member is the Chair, the Convener shall appoint a replacement from the Tribunal Panel subject to the requirements of the Tribunal and Appeal Panel Terms of Appointment issued by the Board.

-
65. In the event that a member of the Tribunal is unable to continue to participate in a Liability Hearing:
- (a) where the member is neither the Chair nor an individual with audit experience, the Hearing shall proceed without that member; and
 - (b) where the member is either the Chair or an individual with audit experience;
 - (i) subject to the agreement of the Parties, the Convener shall appoint a replacement from the Tribunal Panel subject to the requirements of the Tribunal and Appeal Panel Terms of Appointment issued by the Board; or
 - (ii) the case shall be re-heard in full by a new Tribunal.
66. In the event that a member of the Tribunal is unable to continue to participate in a Sanction and Costs Hearing:
- (a) where the member is not the Chair the Hearing shall proceed without that member; and
 - (b) where the member is the Chair;
 - (i) subject to the agreement of the Parties, the Convener shall appoint a replacement from the Tribunal Panel subject to the requirements of the Tribunal and Appeal Panel Terms of Appointment issued by the Board; or
 - (ii) the case shall be re-heard in full by a new Tribunal.
67. Where a case is to be re-heard pursuant to either Rule 64(b)(ii) or Rule 65(b)(ii), the Convener shall appoint a new Tribunal at the earliest opportunity and notify the Parties of that appointment.

Proceeding in Absence

68. Where the Respondent fails to attend a Hearing, the Chair or Tribunal may continue in the Respondent's absence if:
- (a) it is satisfied that notification of the Hearing was properly given; and
 - (b) it is fair in all the circumstances to do so.

Attendance of the Public

69. Case Management Hearings and Interim Order Hearings shall be held in private. Liability Hearings and Sanction and Costs Hearings shall be held in public subject to Rule 70.
70. The Tribunal may, upon the application of any Party or of its own volition, direct that all or part of the Hearing shall be held in private where the Tribunal considers that publicity could prejudice the interests of justice, or that a private hearing may otherwise be in the public interest.
71. The Tribunal may exclude from the Hearing any person whose conduct has disrupted or is likely to disrupt proceedings.

Representation

72. At any Hearing, the Respondent may represent themselves or be represented by:
- (a) a solicitor or counsel; or
 - (b) another person at the discretion of the Tribunal provided that the person is not a witness in the case, a member of the FRC's governance structure or an employee of the FRC.

The Procedure at a Liability Hearing

73. Unless the Tribunal determines otherwise, the order of proceedings at a Liability Hearing is:
- (a) the Tribunal shall consider any preliminary legal arguments;
 - (b) the Respondent shall indicate whether any admissions are made, and if so, the Tribunal shall announce that such admitted matters have been found proved;
 - (c) Executive Counsel shall open the case and call factual evidence in support;
 - (d) the Respondent may open the Respondent's case and call factual evidence in support;
 - (e) Executive Counsel may call any expert evidence, for which the Tribunal has given permission, in support;
 - (f) the Respondent may call any expert evidence, for which the Tribunal has given permission, in support;
 - (g) Executive Counsel shall present closing submissions;
 - (h) the Respondent shall present closing submissions;
 - (i) Executive Counsel shall present closing submissions in reply.

Tribunal Decision

74. Subject to Rule 68, the Tribunal may not determine that the Respondent has breached a Relevant Requirement unless there has been a Liability Hearing at which the Parties have had the opportunity to lead evidence and make representations.
75. Following a Liability Hearing, the Tribunal shall provide the Parties and the Board with:
- (a) a Final Decision Notice on liability, which shall include:
 - (i) the Tribunal's findings as to whether the Respondent has breached a Relevant Requirement; and
 - (ii) written reasons for those findings; and
 - (b) in the event of any Adverse Finding, directions in relation to a Sanction and Costs Hearing, including whether any Interim Order should continue until the Sanction and Costs Hearing is held.

-
76. A Sanction and Costs Hearing pursuant to Rule 75(b) will be arranged by the Convener at the earliest opportunity.
 77. The Tribunal shall receive any evidence and hear any submissions from the Parties in relation to both Sanction and Costs.
 78. Following the Sanction and Costs Hearing, the Tribunal shall provide the Parties and the Board with a Final Decision Notice on Sanction and Costs, which shall include:
 - (a) the Tribunal's decision on Sanction and Costs; and
 - (b) written reasons for that decision.

Part 5 – Interim Orders

79. An Interim Order can be made by the Tribunal:
 - (a) upon the application of Executive Counsel on behalf of the Case Examiner pursuant to Rule 5;
 - (b) upon the application of Executive Counsel; or
 - (c) by the Tribunal of its own volition.
80. An Interim Order can be made by the Tribunal at any stage before issuing a Final Decision Notice on Sanction and Costs.
81. An Interim Order may only be made:
 - (a) following a Hearing to determine whether the Interim Order should be made; or
 - (b) with the agreement of the Parties.

Applications for an Interim Order

82. An application for an Interim Order made by Executive Counsel shall include:
 - (a) written reasons as to why it is necessary to make an Interim Order;
 - (b) a statement as to whether the application is made without notice to the Respondent;
 - (c) if applicable, written reasons as to why the application should be heard without notice to the Respondent;
 - (d) a statement as to whether the application should be heard as a matter of urgency;
 - (e) if applicable, written reasons as to why the application should be heard as a matter of urgency;
 - (f) a draft of the Interim Order proposed; and

-
- (g) any evidence or documents which Executive Counsel considers to be relevant to the Tribunal's consideration of whether to make an Interim Order.
83. Executive Counsel shall serve an application for an Interim Order made by Executive Counsel on:
- (a) the Convener; and
 - (b) the Respondent; save that an application made by Executive Counsel for an Interim Order to be heard without notice to the Respondent need not be served on the Respondent.
84. Upon receipt of an application for an Interim Order, the Convener:
- (a) if the application is made in respect of a matter which has not been referred to the Tribunal, shall as soon as possible appoint a Tribunal from the Tribunal Panel to determine the application; or
 - (b) if the application is made in respect of a matter which has been referred to the Tribunal, shall refer the application to the Chair of that Tribunal.
85. The Tribunal shall:
- (a) determine whether it is appropriate for the application for an Interim Order to be heard at an Interim Order Hearing without notice to the Respondent; and
 - (i) if it is, arrange a date for an Interim Order Hearing without notice to determine the application for an Interim Order; or
 - (ii) if the Tribunal determines that an Interim Order Hearing should be held on notice, serve a Notice of Hearing on the parties in accordance with Rules 45 to 48; and serve the application on the Respondent, if not already served, and
 - (b) in all cases, take into account the following non-exhaustive factors in determining whether an Interim Order Hearing should be held with or without notice:
 - (i) any risk to the public;
 - (ii) the public interest;
 - (iii) the seriousness of the alleged breaches of the Relevant Requirements;
 - (iv) the need for urgency in the particular matter;
 - (v) any risk of acts or omissions which might undermine or prejudice the purpose or effect of any Interim Order or other measures or proceedings under this AEP; and
 - (vi) the risk of unfair prejudice and injustice to the Respondent.
86. An Interim Order Hearing, with or without notice to the Respondent must be held as soon as possible.

Interim Order Hearing

87. Interim Order Hearings will be held in private.

-
88. Having considered any representations made by the Parties at an Interim Order Hearing, the Tribunal may make an Interim Order if the Tribunal is satisfied that:
- (a) at an Interim Order Hearing with notice:
 - (i) there are reasonable grounds to consider that the Respondent may have breached a Relevant Requirement; and
 - (ii) it is necessary for the protection of the public or is in the public interest for an Interim Order to be made.
 - (b) at an Interim Order Hearing without notice:
 - (i) there are reasonable grounds to consider that the Respondent may have breached a Relevant Requirement; andeither
 - (ii) there are reasonable grounds to consider that there is a risk of acts or omissions which might undermine or prejudice the purpose or effect of any Interim Order or other measures or proceedings under this AEP;or
 - (iii) it is necessary for the protection of the public.
89. When an Interim Order has been made, the Tribunal shall:
- (a) specify the duration of the Interim Order;
 - (b) arrange an Interim Order Review Hearing on notice to the Parties to review the matter;
 - (c) make any necessary directions in respect of that Interim Order Review Hearing;
 - (d) serve on the Parties as soon as possible:
 - (i) a copy of the Interim Order; and
 - (ii) written reasons for the decision to make the Interim Order; and
 - (e) provide a copy of the Interim Order to the relevant Recognised Supervisory Body.
90. Unless otherwise stated, an Interim Order shall have effect from the time that it is served on the Parties until a further Interim Order Hearing or Liability Hearing is held at which the Interim Order may be continued or revoked.

Review

91. An Interim Order Review Hearing to review an Interim Order shall take place:
- (a) when the Interim Order has been made at an Interim Order Hearing arranged without notice to the Respondent, no later than 3 days from the date of the Interim Order; or
 - (b) in all other cases, no later than 28 days before the date of the expiry of the Interim Order.

-
92. At an Interim Order Review Hearing:
- (a) the Tribunal shall consider any representations made by the Parties; and
 - (b) the Tribunal may make a further Interim Order if it is satisfied that:
 - (i) there are reasonable grounds to consider that the Respondent may have breached a Relevant Requirement; and
 - (ii) it is necessary for the protection of the public or is in the public interest or is in the interests of the Respondent for an Interim Order to be made.

Amendment and revocation

93. Either Party may apply to the Tribunal that imposed the Interim Order to amend or revoke that order, or to appeal it under Rule 112.
94. An application to amend or revoke an Interim Order shall include:
- (a) written reasons as to why the grounds in Rule 88 no longer apply; and
 - (b) any evidence or documents which are relevant to the Tribunal's consideration of whether to amend or revoke an Interim Order.
95. A Party shall serve an application to amend or revoke an Interim Order on:
- (a) the Convener; and
 - (b) the other Party.
96. Upon receipt of an application to amend or revoke an Interim Order, the Convener shall:
- (a) if the application is made in respect of a matter which has not been referred to the Tribunal, refer the application to the Chair of the Tribunal appointed pursuant to Rule 84(a); or
 - (b) if the application is made in respect of a matter which has been referred to the Tribunal, shall refer the application to the Chair of that Tribunal.
97. The Tribunal shall arrange a date for an Interim Order Hearing with notice to the parties to determine the application, which shall be held as soon as practicable.

Amendment

98. The Tribunal may amend an Interim Order:
- (a) with the agreement of the Parties; and
 - (b) if it is satisfied that the terms of the amended order will protect the public and/or is in the public interest.

-
99. When an Interim Order has been amended, the Tribunal shall:
- (a) specify the duration of the amended Interim Order;
 - (b) arrange an Interim Order Review Hearing to review the matter;
 - (c) make any necessary directions in respect of that Interim Order Review Hearing; and
 - (d) serve on the Parties as soon as possible:
 - (i) a copy of the amended Interim Order; and
 - (ii) written reasons for the decision to make an Interim Order.

Revocation

100. The Tribunal may revoke an Interim Order if it is satisfied, having regard to all the circumstances:
- (a) that the order is no longer necessary to protect the public; and
 - (b) it is not in the public interest for the order to continue.
101. An Interim Order shall be revoked by:
- (a) a Notice of Revocation giving written reasons; or
 - (b) a Final Decision Notice relating to liability, Sanction and Costs following expiry of the appeal period or the conclusion of any appeal.

Part 6 – Settlement

102. At any time after issuance of a Notice of Investigation pursuant to Rule 11 but prior to the issue of a Final Decision Notice by the Tribunal, Executive Counsel, having regard to the public interest, may enter into settlement discussions with the Respondent.
103. Where, following settlement discussions, Executive Counsel is minded to agree terms of a settlement with the Respondent, Executive Counsel shall issue a Proposed Settlement Decision Notice to the Respondent.
104. A Proposed Settlement Decision Notice must include:
- (a) the breaches of Relevant Requirement(s), with reasons;
 - (b) the proposed Sanction, with reasons;
 - (c) a proposed amount payable in respect of Executive Counsel's Costs; and
 - (d) an invitation to the Respondent to provide written agreement to the Proposed Settlement Decision Notice within 28 days or other such period as Executive Counsel decides is reasonable in all the circumstances.

-
105. Where the Respondent provides written agreement to the Proposed Settlement Decision Notice, within 14 days of such agreement Executive Counsel shall deliver the Proposed Settlement Decision Notice to the Convener.
 106. The Convener shall as soon as practicable appoint an Independent Reviewer from the Tribunal Panel to consider the Proposed Settlement Decision Notice.
 107. Within 14 days of receipt of a Proposed Settlement Decision Notice, or such longer time period as the Parties may agree, the Independent Reviewer shall determine whether it is appropriate to issue the Proposed Settlement Decision Notice as a Final Settlement Decision Notice and shall either:
 - (a) approve the issuance of a Final Settlement Decision Notice by Executive Counsel and notify Executive Counsel and the Board accordingly; or
 - (b) decline to approve the issuance of a Final Settlement Decision Notice by Executive Counsel and provide the Parties with reasons in writing as to why it is not appropriate to approve the issuance of a Final Settlement Decision Notice.
 108. Executive Counsel shall serve a Final Settlement Decision Notice on the Respondent within 14 days of receipt of a notification pursuant to Rule 107(a).
 109. Before the Independent Reviewer may decline to approve the issuance of a Final Settlement Decision Notice, that person must:
 - (a) notify in writing Executive Counsel and the Respondent of the reasons why that person is not minded to approve the issuance of the Final Settlement Decision Notice;
 - (b) invite written representations from Executive Counsel and the Respondent on the appropriateness of issuing the Final Settlement Decision Notice;
 - (c) direct that any such representations be served on that person and any other Party within such time as that person directs; and
 - (d) consider any such representations.
 110. If, having considered the parties' representations pursuant to Rule 109, the Independent Reviewer declines to approve the issuance of a Final Settlement Decision Notice, Executive Counsel may:
 - (a) resume settlement discussions with the Respondent; or
 - (b) proceed with Enforcement Action.
 111. The content of any settlement discussions between Executive Counsel and a Respondent shall not be admissible as evidence in any proceedings against the Respondent under this AEP.

Part 7 – Appeal

112. A Party may appeal to the Appeal Tribunal:
- (a) the decision to impose or refuse to impose an Interim Order; and
 - (b) a Final Decision Notice made by the Tribunal.
113. Any application to appeal made pursuant to Rule 112 must be made in writing to the Convener:
- (a) within 28 days of the issuing of the relevant Interim Order; or
 - (b) within 28 days of the issuing of the Final Decision Notice on Liability or Sanction, whichever is the later, by way of a Notice of Appeal.
114. The Notice of Appeal shall:
- (a) be in writing;
 - (b) identify the finding and/or order appealed against; and
 - (c) state the ground of appeal.
115. Neither the scope of the appeal nor the grounds so stated shall be amended or changed except with the leave of the Appeal Tribunal appointed to hear the appeal.
116. Upon receipt of a Notice of Appeal, the Convener shall notify the Board and as soon as practicable appoint a person from the Tribunal Panel to consider whether to give leave to appeal. That person shall be a current or former member of the judiciary or a Queen’s Counsel, and shall not sit on any subsequent Appeal Tribunal in connection with the case. The Convener shall provide the Board with details of the person appointed and notify each Party. The person so appointed shall within 14 days of receipt of a Notice of Appeal from the Convener consider whether to give permission to appeal and will grant permission if they are satisfied that:
- (a) there is an arguable case for appeal on one or more of the grounds set out in Rule 117 as applicable;
 - (b) the appeal was lodged in accordance with Rule 113 unless there are good reasons for giving leave to appeal out of time; and
 - (c) Rule 124 does not apply.
117. Any appeal under Rule 112 can only be made on the grounds that the Tribunal decision was:
- (a) wrong in law;
 - (b) unfair because of a serious procedural irregularity;
 - (c) irrational;
 - (d) made in the absence of significant and relevant new evidence which could not have been adduced previously;
 - (e) based on a material misstatement of fact; or
 - (f) manifestly unreasonable.

-
118. Following a decision to give leave or refuse leave to appeal under Rule 116, the person appointed shall notify the Convener and provide reasons in writing for that decision, and the Convener shall notify each Party of the decision and reasons.
 119. If the person appointed under Rule 116 gives leave to appeal, the Convener shall, as soon as practicable, appoint an Appeal Tribunal from the Tribunal Panel to determine the appeal in accordance with the provisions of this AEP and notify the Parties concerned. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
 120. An Appeal Tribunal shall exercise its functions in accordance with this AEP and the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
 121. Following the appointment of an Appeal Tribunal pursuant to Rule 119, that Appeal Tribunal shall either hold an Appeal Hearing to determine the matters for which leave to appeal has been granted, or shall determine those matters on paper without an oral Hearing, if it considers that it is fair in all the circumstances to do so.
 122. If there is more than one appeal from a Tribunal or Joint Tribunal, all such appeals shall, unless the Appeal Tribunal otherwise decides, be heard together.
 123. The Appeal Tribunal may:
 - (a) revoke or vary the relevant Interim Order or Final Decision Notice;
 - (b) give such direction or take such other steps as the Tribunal could have given or taken; or
 - (c) make any other decision which the Tribunal could have made.
 124. Where a Respondent has agreed to a Decision Notice in accordance with Rule 23 there is no right of appeal.
 125. A Respondent may, either voluntarily or at the invitation of the Appeal Tribunal or the Executive Counsel at any stage of the appeal make an admission in respect of any alleged particulars of fact or any alleged breaches of Relevant Requirements which the Appeal Tribunal may then take into account.
 126. The Appeal Tribunal may permit a Party to adduce evidence that was not before the Tribunal if the Appeal Tribunal is content that there is a good reason as to why that evidence was not before the Tribunal.
 127. Without prejudice to Rule 126, in coming to its decision the Appeal Tribunal may take into account any significant and relevant evidence, whether or not such evidence would be admissible in a court.
 128. An Appeal shall be by way of a review only and not by way of a rehearing, providing always that where an Appeal is made on the grounds set out in Rule 117(d), the Appeal Tribunal may receive any new evidence in writing and request that a witness attend an Appeal Hearing.
 129. The Appeal Tribunal shall issue a Final Decision Notice, which shall be signed by its Chair, setting out its decision and reasons and any related orders made pursuant to Rule 123 and send it to the Parties and the Board.
 130. At any time before a Final Decision Notice is issued by the Appeal Tribunal, the appellant Party may withdraw the appeal by notice in writing to the Convener.

Part 8 – Reconsideration

131. Subject to Rule 134 the Board may reconsider any decision made in respect of Rules 5(a), 5(b), 6 and 10 where it appears that:
- (a) either:
 - (i) the decision was materially flawed, for any reason, in whole or in part; or
 - (ii) significant and relevant new evidence which could not have been adduced previously has been received within three years of the decision under reconsideration;and
 - (b) it is necessary in the public interest or to prevent injustice to reconsider the decision.
132. Where the Board decides to reconsider a decision, it shall provide the Respondent with any new relevant evidence or information and invite the Respondent to submit written representations regarding the reconsideration.
133. Where the Board reconsiders a decision it:
- (a) must take into account any representations made by the Respondent; and
 - (b) may:
 - (i) decide the original decision should stand;
 - (ii) substitute for all or part of the original decision any decision which the Decision Maker could have made under the Rule in question; or
 - (iii) where the Board was not the Decision Maker, remit the matter back to the Decision Maker for a fresh decision where the matter shall follow the same procedure under this AEP applicable to that Decision Maker.
134. Other than in respect of Rule 131(a)(ii), a reconsideration pursuant to Rule 131 must take place no later than four months beginning from the date of the relevant decision. The Board shall notify the Respondent in writing, as soon as is reasonably practicable, of its decision in respect of reconsideration and the reasons for that decision.

Part 9 – Sanctions

135. Sanctions and Costs imposed under this AEP shall be determined and imposed in accordance with Regulation 5 of SATCAR 2016.
136. Executive Counsel and the Tribunal may impose the following Sanctions:
- (a) a notice requiring the Respondent to cease or abstain from repetition of the conduct giving rise to the breach of the Relevant Requirement(s);
 - (b) publish a statement (which may take the form of a reprimand or severe reprimand) to the effect that the Respondent has contravened a Relevant Requirement;
 - (c) order the Respondent to take action to mitigate the effect or prevent the recurrence of the breach of the Relevant Requirement(s);
 - (d) a prohibition banning the Respondent, either permanently or for a specified period, from carrying out Statutory Audits and/or signing audit reports;
 - (e) a declaration that the audit report does not satisfy the Audit Reporting Requirements;
 - (f) a declaration that the audit report does not satisfy the requirement in Regulation 4(1) of SATCAR 2016;
 - (g) where a declaration is made pursuant to sub-paragraph (e) or (f), order that the Respondent waives client fees payable, or repays client fees paid, to the Respondent in connection with the carrying out of the Statutory Audit;
 - (h) a temporary prohibition of up to three years' duration banning the Respondent from being a member of the management body of a firm that is eligible for appointment as a Statutory Auditor;
 - (i) a temporary prohibition of up to three years' duration banning the Respondent from acting as a director of or being otherwise concerned in the management of a Public Interest Entity;
 - (j) a financial penalty of such amount as is considered appropriate; and
 - (k) exclusion as a member of one or more Recognised Supervisory Bodies.
137. Any Sanction imposed on a Respondent shall have effect at expiry of the appeal period or the issuance by the Appeal Tribunal of its Final Decision Notice and may be entered on the Register by, or at the direction of, the FRC.

Part 10 – Costs

138. Final Decision Notices under Rule 26 shall set out an amount payable in respect of Executive Counsel's Costs.
139. A Party may serve on the other Party and the Tribunal a schedule of Costs relating to or connected with a Hearing no less than two working days before the date of that Hearing.
140. After announcing the Tribunal's or Appeal Tribunal's decision the Chair may invite representations as to whether Costs should be awarded against either Party.
141. After hearing representations from the Parties, the Tribunal or Appeal Tribunal may order a Party to pay all or part of the Costs incurred by the other Party by a specified date.
142. The Tribunal or Appeal Tribunal may order the Respondent to pay all or part of the Tribunal's Costs in respect of the Hearing.
143. The Tribunal or Appeal Tribunal shall have regard to the following when assessing whether a Party should be liable for the Costs of the other Party, or for the Tribunal's Costs in respect of the Hearing:
 - (a) the Party's ability to pay;
 - (b) the Tribunal's decision on the facts and, if appropriate, the Sanction or the Appeal Tribunal's decision on the Appeal; and
 - (c) whether it is it fair and equitable in all the circumstances.
144. The Tribunal or Appeal Tribunal shall not award Costs to the Respondent unless it finds that it was unreasonable for Executive Counsel to have pursued all or a substantial part of the case.
145. Where the Tribunal or Appeal Tribunal orders a Party to pay the Costs of the other Party, the Chair may:
 - (a) summarily assess the Costs award; or
 - (b) request the Parties to agree the amount of the Costs award.

Part 11 – General

Notice of Closure

146. At any time before the Notice of Referral to the Tribunal is issued, Executive Counsel may decide that the Respondent should no longer be liable for Enforcement Action.
147. At any time before the Notice of Hearing is issued in respect of a Liability Hearing, the Tribunal may, upon an application from Executive Counsel, decide that the Respondent should no longer be liable for Enforcement Action.
148. Where Executive Counsel makes a decision under Rule 146, Executive Counsel shall notify the Respondent in question of the decision by sending a Notice of Closure, which shall be copied to:
- (a) the Respondent's Recognised Supervisory Body; and
 - (b) any other Respondent in respect of the same matter who has previously been notified by Executive Counsel of the investigation into the Respondent who is now the subject of the decision under Rule 146.
149. Where the Tribunal makes a decision under Rule 147, they shall notify the Respondent of the decision by sending a Notice of Closure which shall be copied to:
- (a) the Respondent's Recognised Supervisory Body; and
 - (b) any other Respondent in respect of the same matter who has previously been notified by Executive Counsel of the investigation into the Respondent who is now the subject of the decision under Rule 147; and
 - (c) Executive Counsel.
150. The Chair may, upon the application of a Party, cancel a Hearing.

Joinder of Allegations

151. The Tribunal may consider and determine an Allegation against two or more Respondents together where:
- (a) the Allegation against each Respondent concerned arises out of the same or related circumstances; and
 - (b) it is appropriate in all the circumstances to do so.
152. Each Respondent has the right to exercise any of the rights accorded to a Respondent in these Rules whether or not any other joined Respondent exercises that right.

[Joint Tribunal

153. *Where Executive Counsel has served an Allegation pursuant to Rule 34 and (i) delivered a Formal Complaint under the Accountancy Scheme; or (ii) delivered a Formal Complaint under the Actuarial Scheme, and:*

- (a) *there is a common question of law or fact;*
- (b) *some or all of the acts or omissions which form the subject matter of the Allegation and Formal Complaint(s) arise wholly or in part out of the same event or events or circumstances; or*
- (c) *there is a compelling reason in the opinion of Executive Counsel why the Allegation and Formal Complaint(s) should be heard jointly,*

Executive Counsel may instruct the Convener to appoint a Joint Tribunal under this AEP, the Accountancy Scheme and / or the Actuarial Scheme to hear the Allegation and Formal Complaint(s) together.

154. *The Convener shall appoint the Joint Tribunal from the Tribunal Panel. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board.*

155. *Following the appointment of a Joint Tribunal:*

- (a) *a Party may make any representations to the Chair of the Joint Tribunal regarding that appointment within 14 days of receiving notification of the appointment; and*
- (b) *the Chair of the Joint Tribunal may, upon reading or hearing the representations of one or more of the Parties, direct that the Allegation and the Formal Complaint(s) under joint consideration should be considered separately if:*
 - (i) *it is not desirable for the Allegation and Formal Complaint(s) to be heard together in the circumstances; and / or*
 - (ii) *a Joint Tribunal would be inconsistent with dealing with the matter justly and at proportionate cost.*

156. *Where the Chair of the Joint Tribunal decides to hear the Allegation and Formal Complaint(s) separately, the Chair shall notify the Board of its decisions and the reasons for it. Where the Chair of the Joint Tribunal rejects a Party's application to hear the Allegation and the Formal Complaint(s) separately, the Chair shall give reasons.*

157. *Where there are two or more Notices of Appeal against Adverse Findings and/or orders made by the same Joint Tribunal by a Respondent under this AEP, a Member or Member Firm under the Accountancy Scheme and / or a Member within the meaning of the Actuarial Scheme, a Joint Appeal Tribunal under this AEP, the Accountancy Scheme and/or the Actuarial Scheme may be appointed to hear some or all of the appeal(s) together.*

158. *A Joint Tribunal shall, in accordance with guidance on Joint Tribunals issued by the Board, determine matters arising from:*

- (a) *an Allegation in accordance with the relevant provisions of this AEP; and*
- (b) *a Formal Complaint in accordance with the relevant provisions of the Accountancy Scheme or the Actuarial Scheme.*

-
159. *A Joint Tribunal may:*
- (a) *in respect of an Allegation, only make such orders as are provided for in this AEP; and*
 - (b) *in respect of a Formal Complaint, only make such orders as are provided for in the Accountancy Scheme or the Actuarial Scheme.*
160. *The provisions of this AEP that apply to Tribunals and Appeal Tribunals shall apply to Joint Tribunals and Joint Appeal Tribunals, save as otherwise required by this Part].*

Publication

161. The Board shall issue and maintain a Publication Policy.
162. Final Decision Notices issued under this AEP shall be published in accordance with the Publication Policy.

Decision making

163. The Tribunal and the Appeal Tribunal shall decide matters by a majority vote.
164. No member of the Tribunal and the Appeal Tribunal may abstain from a vote.

Confidentiality

165. Any information, which is not in the public domain, and which is disclosed to any person by any representative of the FRC pursuant to this AEP, shall be kept confidential subject to Rule 166.
166. Information which is not in the public domain, and which is disclosed to any person by any representative of the FRC pursuant to this AEP, may only be disclosed:
- (a) to that person's legal representatives;
 - (b) for the purposes of a Hearing;
 - (c) with the prior written consent of Executive Counsel;
 - (d) to the extent required by law; or
 - (e) to any other person to whom disclosure is necessary for the purposes of obtaining evidence, information or assistance in connection with the investigation or Enforcement Action subject to that person undertaking to keep the information confidential.

Guidance and policies

167. The Board may from time to time issue guidance and policies in respect of the exercise of any of the functions or powers exercised pursuant to this AEP.

Transitional Provisions

168. Subject to Rule 169, this AEP comes into force on 5 January 2022.
169. The Joint Tribunal provisions of this AEP (including those referenced at Rule 153 to Rule 160 inclusive and Rule 171(e)) shall not have effect on the date that this AEP comes into force.
170. Subject to Rule 171, all matters relating to the alleged breach of a Relevant Requirement (including those cases commenced under any previous version of the AEP) are to be conducted in accordance with the provisions of this AEP.
171. These transitional provisions apply to cases already commenced under any previous versions of the AEP:

Initial Investigation Reports

- (a) Initial Investigation Reports which have been provided in accordance with Rule 11 of previous versions of the AEP are to be treated as Investigation Reports for the purposes of this AEP.

Proposed Decision Notice

- (b) any Executive Counsel Decision Notice made under Rule 17 of the AEP in force on the day before this AEP comes into force, in relation to which no steps under Rules 18 to 27 of that AEP have yet been taken, is to be treated as a Proposed Decision Notice under Rule 22 of this AEP; and
- (c) any case in which actions have been taken under Rules 18-24 of the AEP in force on the day before this AEP comes into force should complete the steps in Rules 18-24. At the conclusion of Rule 24, such cases will transfer to this AEP at the point of application of Rule 23 of this AEP.

Interim Orders

- (d) any Interim Order made under Part 6 of the AEP in force on the day before this AEP comes into force must be reviewed at an Interim Order Review Hearing within 28 days of this AEP coming into force in accordance with Rules 91 and 92 unless a Liability Hearing is to be held within that time, in which case the Interim Order can be reviewed as part of that Hearing.

Joint Tribunal procedure

- (e) Rules 153 to 160 of this AEP do not apply to cases in which the Convener has already appointed a Tribunal under Rule 32 of the AEP in force on the day before this AEP comes into force. If a Tribunal has not yet been appointed under that Rule 32, Rules 153 to 160 apply.



Financial Reporting Council



**Financial
Reporting Council**
8th Floor
125 London Wall
London EC2Y 5AS
+44 (0)20 7492 2300
www.frc.org.uk