



COMPANIES ACT 1982
COMPANIES ACT 2006

**ACCOUNTING (RECOGNISED AUDITORS)
REGULATIONS 2009**

Approved by Tynwald

Coming into operation

The Financial Supervision Commission makes these Regulations under section 17C of the Companies Act 1982¹ and section 80E of the Companies Act 2006².

1 Title

The title of these Regulations is the Accounting (Recognised Auditors) Regulations 2009.

2 Commencement

If approved by Tynwald³, these Regulations come into operation on XXXXX.

3 Interpretation

In these Regulations —

“exempt company” means a company which is an issuer exclusively of debt securities admitted to trading on a regulated market, the denomination per unit of which is at least Euro 50,000 (or the equivalent at the date of issue denominated in another currency);

“the ICAEW” means the Institute of Chartered Accountants in England and Wales;

“incorporated in the Island” includes companies incorporated, formed and registered or capable of being wound up under the Companies Act 1931⁴, and

¹ 1982 c.2

² 2006 c.13

³ As required by section 17C(8) of the Act and section 80E(8) of the Companies Act 2006

⁴ X111 p.235

companies incorporated or continued under the Companies Act 2006 and limited liability companies formed under the Limited Liability Companies Act 1996⁵;

“market traded company” means a company incorporated in the Island, the transferable securities of which are admitted to trading on a regulated market, except where that company is an exempt company;

“recognised auditor” means an auditor that is entered on the register;

“the register” means the register of recognised auditors to be kept under section 14G of the Companies Act 1982;

“regulated market” has the same meaning as in Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (see Article 4.1(14) of the Directive);

“the Rules” means the Crown Dependencies’ Audit Rules and Guidance issued by the ICAEW from time to time (that is after as well as before the making of these Regulations), and which are issued for the purpose of ensuring that a recognised auditor, when auditing a market traded company, is subject in the Island to a system of oversight, quality assurance, investigation and penalties;

“transferable securities” has the same meaning as in Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (see Article 4.1(18) of the Directive).

4 Qualification for appointment as auditor of a market traded company

- (1) Notwithstanding sections 14 to 14H of the Companies Act 1982, or section 80C of the Companies Act 2006, only a recognised auditor that has agreed to be bound by the Rules and disciplinary procedures of POB and the ICAEW is qualified for appointment of a market traded company, or may describe itself or hold itself out in any manner that it is so qualified.
- (2) Despite paragraph (1) a statutory auditor as defined in EC Directive 2006/43/EC is qualified for appointment of a market traded company if, when auditing a market traded company, it is subject in the relevant Member State to a system of oversight, quality assurance, investigations and penalties that meets the requirements of that

⁵ 1996 c.19

Directive, and that system is of such a scope that would include the audit of the market traded company.

- (3) Despite paragraphs (1) and (2), a person is also qualified as auditor of a market traded company if the person, when auditing a market traded company, is subject, in a jurisdiction outside the Island, to a system of oversight, quality assurance, investigations and penalties that has been assessed by the European Commission, pursuant to Article 46 of the EC Directive 2006/43/EC, as equivalent to those required of Member States under that Directive, and that system is of such a scope that would include the audit of the market traded company.
- (4) An auditor that ceases to be a recognised auditor must immediately resign any office held as auditor of a market traded company (with immediate effect) giving written notice to all such companies that the resignation is by reason of the application of this paragraph and due to the auditor's becoming ineligible for appointment.

Made XX XXXXXXXXXX 2009.

Commissioner

Chief Executive

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations XXXXXXXX.