



COMPANIES ACT 1982

**REGISTER OF RECOGNISED  
AUDITORS REGULATIONS 2009**

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## COMPANIES ACT 1982

### **REGISTER OF RECOGNISED AUDITORS REGULATIONS 2009**

The Financial Supervision Commission makes these Regulations under section 14G of the Companies Act 1982<sup>1</sup>.

#### **1 Title**

The title of these Regulations is the Register of Recognised Auditors Regulations 2009.

#### **2 Commencement**

If approved by Tynwald<sup>2</sup>, these regulations come into operation on XXXXX.

#### **3 Interpretation**

In these Regulations —

“the Act” means the Companies Act 1982;

“the Commission” means the Financial Supervision Commission;

“the cost of oversight” means any fees payable by the recognised auditor to the ICAEW, POB or the Commission in relation to its oversight, monitoring or registration as a recognised auditor, including but not limited to the annual scale fees;

“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;

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<sup>1</sup> 1982 c.2

<sup>2</sup> As required by section 14G(9) of the Act

“incorporated in the Island” includes companies incorporated, formed and registered or capable of being wound up under the Companies Act 1931<sup>3</sup>, and companies incorporated or continued under the Companies Act 2006<sup>4</sup> and limited liability companies formed under the Limited Liability Companies Act 1996<sup>5</sup>;

“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;

“the POB” means the Professional Oversight Board of the UK’s Financial Reporting Council;

“recognised accountancy body” has the same meaning as in section 14F of the Act;

“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 Act;

“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);

“responsible individual” means an individual, designated by the recognised auditor, who is responsible for audit work on a recognised auditor’s behalf, who is permitted to sign audit reports for the recognised auditor and whose name is entered on the register;

“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;

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<sup>3</sup> X111 p.235

<sup>4</sup> 2006 c.13

<sup>5</sup> 1996 c.19

“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 Register of recognised auditors**

- (1) The Commission shall establish and maintain a register of recognised auditors in which there shall be entered all persons who –
  - (a) under regulation 5 are auditors eligible to be entered on the register;
  - (b) have applied to and been approved by the Commission to be entered on the register using the form provided by the Commission for this purpose; and
  - (c) have paid the application fee or annual fee prescribed in regulation 6(2) or 8(2) as the case may be.
- (2) In order to withdraw from the register a recognised auditor must apply in writing to the Commission for permission to deregister, providing a full explanation for the application.

#### **5 Eligibility for entry on the register**

An auditor is eligible to be entered on the register if –

- (a) the auditor is qualified for appointment as auditor of companies under sections 14 to 14H of the Act (being companies within the meaning of the Companies Act 1931 and of the Companies Act 2006);
- (b) all responsible individuals of the auditor are members of a recognised accountancy body and are permitted by that body to practice / engage in public practice;
- (c) the auditor and all responsible individuals of the auditor are bound by and must comply with the Rules when auditing the accounts of market traded companies;
- (d) all responsible individuals of the auditor have been designated by the auditor as competent to audit the accounts of a market traded company.

#### **6 Application for entry on the register**

- (1) An application for entry on the register must be made by the auditor using the application form provided for this purpose by the Commission, and be accompanied by such information and documents in support of the application as the Commission may require.
- (2) An auditor will be only entered on the register if prior to the first year of registration a non-refundable application fee of £500 has been paid.
- (3) An application for registration may be accepted or refused at the discretion of the Commission.
- (4) An application for registration may be accepted subject to conditions.
- (5) If an application for registration has been accepted, the Commission may at any time –
  - (a) withdraw or suspend the registration;
  - (b) make the registration subject to conditions or further conditions; or
  - (c) vary or withdraw any condition.
- (6) Section 32 of the Financial Services Act 2008<sup>6</sup> (appeals to the Financial Services Tribunal) shall apply in respect of a decision of the Commission under paragraphs (3) to (5) as it applies in respect of a decision referred to in that section.
- (7) If an auditor is responsible for the audit of a market traded company at the time these Regulations come into operation (“the operative date”), it may continue to carry on that activity subject to its making an application for entry on the register within 3 months of the operative date, and until –
  - (a) the end of the period within which an appeal can be brought under paragraph (6) against the decision on the application, or
  - (b) where an appeal is brought, the determination or withdrawal of the appeal.

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<sup>6</sup> 2008 c.8

## **7 Actions relating to an entry on the register**

- (1) An entry on the register may be suspended, withdrawn or made subject to conditions or further conditions.
- (2) The circumstances when the action in paragraph (1) may be taken include, but are not limited to –
  - (a) if the Commission is informed by a recognised accountancy body, the POB or the ICAEW that the recognised auditor or any responsible individual is not or is no longer a member of the body or for any other reason is not eligible to be entered on the register;
  - (b) if the Commission is satisfied that the recognised auditor or a responsible individual is not or is no longer competent or fit and proper to act as recognised auditor or responsible individual;
  - (c) if the Commission is otherwise satisfied that the recognised auditor or any responsible individual is not or is no longer eligible to be entered on the register;
  - (d) if the Commission is informed by a recognised accountancy body, the POB or the ICAEW that the recognised auditor or any responsible individual has been subject to that body's disciplinary procedures resulting in an adverse finding;
  - (e) if the Commission is informed by the POB or the ICAEW that the recognised auditor or any responsible individual has breached any of the Rules to a significant extent;
  - (f) if the Commission is satisfied that a condition in relation to the registration has been breached;
  - (g) if the Commission is satisfied that the recognised auditor has not paid the costs of oversight under the Public Oversight of Recognised Auditors Regulations 2009<sup>7</sup> to the ICAEW or POB.
- (3) If an entry on the register has been suspended, withdrawn or made subject to conditions or further conditions, the Commission may draw this matter to the attention of the public.

## **8 Annual confirmation of entry on the register**

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<sup>7</sup> SD XXX/09

- (1) Notwithstanding regulation 9, annually, prior to the anniversary of the date of first entry on the register the recognised auditor must confirm in writing to the Commission that the full details held within the register remain accurate. If this is not the case the recognised auditor must provide accurate information immediately in writing to the Commission.
- (2) An auditor shall only remain entered on the register if prior to any subsequent year for which registration is to continue a non-refundable annual fee of £250 has been paid.

## **9 Notifications**

- (1) A recognised auditor must notify the Commission immediately in writing of any the following –
  - (a) the recognised auditor becoming ineligible to be entered on the register;
  - (b) the termination of the appointment of any responsible individual or any responsible individual's becoming ineligible to hold that role in respect of the recognised auditor;
  - (c) the taking of any disciplinary action by a recognised accountancy body against any responsible individual that resulted in an adverse finding;
  - (d) any reasonable grounds it has for suspecting that it or a responsible individual has contravened the law of the Island or of the United Kingdom, or of any other EEA State or part of an EEA State which has implemented Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments;
  - (e) a request for the addition of a responsible individual to the register entry.
- (2) The written details required by paragraph (1) must be accompanied by such information and documents as the Commission may reasonably require.
- (3) Notwithstanding paragraph (1), the Commission may by notice in writing require a recognised auditor to notify it

of any other information as it may reasonably require for the exercise of the functions conferred on it by sections 14G or 17B of the Act, or section 80D of the Companies Act 2006, within such reasonable time, in respect of such periods, given in such form and verified in such manner as it may specify in that written notice.

**10 Content of register**

The register shall contain the information specified in the Schedule.

**11 Public inspection of register**

The register shall be available for public inspection in visible and legible form —

- (a) on the Commission's website; and
- (b) at the offices of the Commission whenever those offices are open for business.

Made XX XXXXXXXXXX 2009.

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Commissioner

\_\_\_\_\_  
Chief Executive

## Regulation 10

### SCHEDULE CONTENT OF REGISTER

1. The register shall contain the following particulars of each recognised auditor –
  - (a) the name of the recognised auditor;
  - (b) the address of the recognised auditor;
  - (c) in the case of a recognised auditor that is a body corporate, the name and address of each person who is a director of the body corporate resident in the Isle of Man; or if they are not resident in the Island, then the names and addresses of those involved in the audit of market traded companies;
  - (d) in the case of a recognised auditor that is a partnership, or LLC, the name and address of each partner or member resident in the Isle of Man; or if they are not resident in the Island, then the names and addresses of those involved in the audit of market traded companies;
  - (e) in the case of a recognised auditor that is an unincorporated body other than a partnership, the name and address of each Isle of Man resident member of the management committee or other similar governing body or (if there is none) of each Isle of Man resident officer of the unincorporated body with the functions of such a committee or body; or if they are not resident in the Island, then the names and addresses of those involved in the audit of market traded companies;
  - (f) the date when the recognised auditor was first entered on the register;
  - (g) any conditions to which the entry on the register is subject;
  - (h) a reference number for the entry;
  - (i) the name of all responsible individuals resident in the Isle of Man together with those persons' business addresses if different to the address of the recognised auditor. If there are no responsible individuals resident in the Island, then the names and addresses of those involved in the audit of market traded companies;
  - (j) the date when any current responsible individual was first entered on the register;
  - (k) the name of the recognised accountancy body that each responsible individual is a member of.

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## **EXPLANATORY NOTE**

(This note is not part of the Regulations)

These Regulations provide for the keeping by the Financial Supervision Commission of a register of recognised auditors. At present, only auditors that audit market traded companies (as defined in the Regulations) are required to be registered. The Regulations deal with matters such as application for entry on the register, notifications, the contents of the register and its inspection.