



Financial Reporting Council

# **Public Interest Entity (PIE) Auditor Registration Regulations**

August 2022

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The Financial Reporting Council makes these Public Interest Entity (PIE) Auditor Registration Regulations as a written instrument and in accordance with paragraphs 7 to 9 of Schedule 13 to the Companies Act 2006.

The Public Interest Entity (PIE) Auditor Registration Regulations are made available to the public as required by paragraph 8 of Schedule 13 to the Companies Act 2006 on the date of this certificate.

This is a true copy of the instrument.

By Order of the Board

25 August 2022

A handwritten signature in blue ink, appearing to read 'Jonathan', is positioned below the date.

Signed on behalf of the Board

Sir Jonathan Thompson, Chief Executive Officer

The FRC does not accept any liability to any party for any loss, damage or costs howsoever arising, whether directly or indirectly, whether in contract, tort or otherwise from any 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.

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Registered in England number 2486368.

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# Part 1. Introduction

- 1.1 The FRC has made these Regulations as a written instrument in the exercise of the powers under Section 1239 of the Companies Act 2006 transferred to it under the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012 and in accordance with Regulations 3(1) and 3(8) of the Statutory Auditors and Third Country Auditors Regulations 2016 and Schedule 10 paragraph 5A of the Companies Act 2006.
- 1.2 These Regulations may be cited as the 'Financial Reporting Council Public Interest Entity ('PIE') Auditor Registration Regulations'.
- 1.3 These Regulations come into force on 5 December 2022 save that the Transitional Regulations apply during the Transitional Period.
- 1.4 These Regulations provide for a register of firms and individuals approved to undertake Statutory Audit Work for PIEs.
- 1.5 On and from the date that these Regulations come into force, no firm or individual may undertake Statutory Audit Work for PIEs unless that firm or individual is registered on the PIE Auditor Register ('PAR').
- 1.6 These Regulations should be considered alongside any guidance published by the FRC from time to time and any other document referred to in these Regulations.
- 1.7 The FRC may from time to time issue, approve and/or amend guidance and policies in respect of the exercise by the FRC of any of its functions or powers pursuant to these Regulations.

## Part 2. Definitions and interpretation

2.1 In these Regulations the following words have the following meanings:

<b>Annual Return</b>	means the annual return for PIE auditor registration which will be submitted to the FRC at the same time as a PIE Registered Audit Firm submits its annual return to its RSB.
<b>Appeal</b>	means an appeal of the outcome of an Internal Review brought under paragraph 14.8 of these Regulations.
<b>Appeal Rules</b>	means the rules which set out the procedures for Appeals under Part 14 of these Regulations and which appear at Annex 2 to these Regulations.
<b>Applicant</b>	means a firm or individual who submits an Application to the FRC under these Regulations.
<b>Application</b>	means an application to be entered onto the PAR and includes a Transitional Application.
<b>Audit Enforcement Procedure</b>	means the Audit Enforcement Procedure published by the FRC from time to time.
<b>Authorised Contacts</b>	means the person or persons appointed and authorised by a Principal Authorised Contact to make submissions to the FRC concerning the relevant PIE Registered Audit Firm's entry on the PAR and/or the entries on the PAR of that firm's PIE Registered RIs.
<b>Audit Firm Governance Code</b>	means the Audit Firm Governance Code published by the FRC from time to time.
<b>Audit Report</b>	has the meaning given to the term 'audit report' in regulation 2 of SATCAR 2016.
<b>Board</b>	means the board of directors of the FRC established and appointed under the FRC's Articles of Association.
<b>Condition</b>	means a restriction on, or requirement of, registration, put in place in accordance with Part 8 of these Regulations.
<b>Eligibility Criteria</b>	means the criteria set by the FRC in accordance with Regulation 3(1)(f) of SATCAR 2016.
<b>Formal Notification</b>	means a notification issued by the FRC setting out its decision in relation to an entry on the PAR (other than a decision resulting in a Registration Notice) including a decision relating to publication.
<b>FRC</b>	means the Financial Reporting Council Limited, a company limited by guarantee incorporated in England and Wales and the competent authority under SATCAR 2016.

<b>Internal Review</b>	means a review of a Registration Decision conducted by the FRC in accordance with Part 14 of these Regulations.
<b>Minimum Level of Professional Indemnity Insurance</b>	means the minimum level of Professional Indemnity Insurance cover set from time to time for a Statutory Audit Firm by the FRC or the RSB with which the firm is registered (whichever amount is higher).
<b>Notice of Appeal</b>	means the document lodged pursuant to paragraph 14.8 of these Regulations seeking to appeal the outcome of an Internal Review and setting out the grounds for the Appeal.
<b>Notice Period</b>	means a period of 20 working days' notice given by the FRC of a decision that it is minded to make under these Regulations. This period may be varied if agreed between the FRC and the recipient Applicant, PIE Registered Audit Firm or PIE Registered RI, as appropriate.
<b>PAR</b>	means the PIE Auditor Register established and maintained in accordance with these Regulations.
<b>PIE</b>	means Public Interest Entity and has the meaning given in regulation 2 of SATCAR 2016 save that for the purposes of these Regulations it excludes relevant authorities under section 2 of the Local Audit and Accountability Act 2014.
<b>PIE Registered Audit Firm</b>	means a Statutory Audit Firm which, at the relevant time, is registered on the PAR to undertake Statutory Audit Work in respect of PIEs.
<b>PIE Registered RI</b>	means an RI who, at the relevant time, is registered on the PAR to undertake Statutory Audit Work in respect of PIEs.
<b>PIE Registration Tribunal Panel</b>	means the tribunal appointed to consider an Appeal in accordance with Part 14 of these Regulations.
<b>Principal</b>	means an individual in a sole practice (where the firm is a sole practice), a person who is a partner (including both salaried and equity partners) (where the firm is a partnership), a member of a limited liability partnership (where the firm is a limited liability partnership), a director (where the firm is a corporate practice) or any individual who is held out as being a company director, partner, or member.
<b>Principal Authorised Contact</b>	means an RI who is a Principal in a PIE Registered Audit Firm and who is appointed and authorised by that firm to be the main contact with the FRC and whose name has been notified to the FRC.
<b>Recognised Supervisory Body/RSB</b>	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.

<b>Register of Statutory Auditors</b>	means the register maintained pursuant to the FRC's Audit Register Instrument 2016 of those firms and individuals approved as eligible for appointment as Statutory Auditors by an RSB.
<b>Registration Decision</b>	has the meaning given in paragraph 14.1 of these Regulations.
<b>Registration Notice</b>	means a notice issued by the FRC setting out its decision to grant an Application and relevant details thereof including any Conditions and/or Undertakings that attach to the relevant entry on the PAR, including a decision relating to publication.
<b>Registration Requirements</b>	means, as appropriate, the requirements for registration as a PIE Registered Audit Firm in paragraph 4.1 and/or the requirements for registration as a PIE Registered RI in paragraph 5.1 of these Regulations.
<b>Registration Review</b>	means a periodic review of a PIE Registered Audit Firm to assess whether the firm and/or each of its PIE Registered RIs meets the Registration Requirements at the relevant time and whether there is any reason in the public interest to amend the relevant PAR entry/entries.
<b>Relevant Change</b>	means a change that must be notified to the FRC in accordance with paragraph 15.3 of these Regulations.
<b>RI (Responsible Individual)</b>	means a natural person who is a Principal or employee (but not a sub-contractor or a consultant) of a Statutory Audit Firm and is registered with an RSB as a Statutory Auditor.
<b>SATCAR 2016</b>	means the Statutory Auditors and Third Country Auditors Regulations 2016.
<b>Statutory Audit Firm</b>	means a legal person or any other entity, regardless of its legal form (but not a natural person) that is registered with an RSB as a Statutory Auditor.
<b>Statutory Audit Work</b>	has the meaning given to the term 'statutory audit work' in section 1210 of the Companies Act 2006.
<b>Statutory Auditor</b>	means a legal or natural person or any other entity that is eligible for appointment under section 1212 of the Companies Act 2006 to undertake the work set out at section 1210 of the Companies Act 2006.
<b>Transitional Application</b>	means an application to be included on the PAR made under the Transitional Regulations.
<b>Transitional Period</b>	means the period from 5 September 2022 to 4 December 2022 inclusive.
<b>Transitional Regulations</b>	means the Transitional Regulations set out at Annex 1 to these Regulations which apply during the Transitional Period only.

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<b>Tribunal Panel</b>	means the combined Tribunal and Appeal Panel constituted in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the FRC, and from which any PIE Registration Tribunal Panel shall be appointed.
<b>Undertaking</b>	means an agreement between the FRC and, as appropriate, an Applicant, a PIE Registered Audit Firm or a PIE Registered RI reached in accordance with Part 9 of these Regulations.

- 2.2 In these Regulations, 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 otherwise, as re-enacted, re-issued or amended.
- 2.3 Part headings are not part of the Regulations and are for guidance only.



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## Part 3. Content of the PAR

3.1 The FRC shall ensure that the PAR is published.

3.2 The PAR shall include details of:

- a) each PIE Registered Audit Firm, including:
  - i. the name and principal address of the PIE Registered Audit Firm;
  - ii. the registration number from the Register of Statutory Auditors of the PIE Registered Audit Firm;
  - iii. the Responsible Individuals designated to undertake PIE Statutory Audit Work on its behalf;
  - iv. the name of the RSB with which it is registered to undertake Statutory Audit Work;
- b) each PIE Registered RI, including:
  - i. the name of the PIE Registered RI;
  - ii. the registration number from the Register of Statutory Auditors of the PIE Registered RI;
  - iii. the name of the PIE Registered Audit Firm(s) at which the PIE Registered RI is employed or is a Principal;
  - iv. the name of the RSB with which the PIE Registered RI is registered to undertake Statutory Audit Work; and
- c) any other information relating to a PIE Registered Audit Firm and/or a PIE Registered RI that the FRC considers is appropriate and in the public interest to include.

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## Part 4. Registration Requirements for PIE Registered Audit Firms

- 4.1 The Registration Requirements for a PIE Registered Audit Firm are that: (i) it meets the Eligibility Criteria; (ii) it is a Statutory Audit Firm and (iii) it:
- a) knows or has reasonable grounds to believe, it will undertake at least one audit of a PIE within the period of 24 months, (unless the FRC agrees a longer period) following:
    - i. the date on which its Application is received by the FRC; and
    - ii. the date on which any Annual Return is submitted to the FRC;
  - b) has designated one or more individuals to apply to be PIE Registered RIs and has authorised and supports the Applications of these individuals to be PIE Registered RIs;
  - c) has in place, and will maintain, procedures to determine the continuing competence, experience and fit and proper status both of its designated PIE Registered RIs and of all of its Principals and employees involved in PIE Statutory Audit Work (including any such Principal or employee who is not a PIE Registered RI);
  - d) has in place, and will maintain, procedures to ensure all Principals and employees involved in PIE Statutory Audit Work are aware of, and comply with, these Regulations;
  - e) can satisfy the FRC of its suitability to be a PIE Registered Audit Firm including demonstrating that it is fit and proper;
  - f) has provided all necessary evidence and information with its Application, along with any further explanations required by the FRC;
  - g) has paid to the FRC and/or its RSB, any registration fees set by the FRC and/or its RSB in relation to its Statutory Audit Work, including for PIEs;
  - h) has, and will maintain, in place appropriate resources and an appropriate system of quality management to enable it to perform PIE Statutory Audit Work to the required standards;
  - i) has and will maintain, governance arrangements, Principals, management and ownership interests in the PIE Registered Audit Firm, which are suitable to operate and/or control a business that carries out PIE Statutory Audit Work;
  - j) has, in place (or will have in place prior to commencing, any PIE Statutory Audit Work) and will continue to have during the period that it is registered, at least the Minimum Level of Professional Indemnity Insurance and has supplied its Professional Indemnity Insurance information to the FRC;

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- k) has agreed that the FRC, the FRC's directors and staff and the FRC's Board and Committees cannot be held liable for damages for anything done or not done in dealing with the functions connected with registration under these Regulations, unless the act or omission is shown to have been in bad faith;
  - l) has provided the FRC with the contact details of its Principal Authorised Contact;
  - m) has supplied and will supply information or documents that may be required by the FRC to demonstrate compliance with the Registration Requirements;
  - n) commits to:
    - i. comply with these Regulations and any other relevant regulations, procedures or rules of the FRC, including the Audit Firm Governance Code (where relevant);
    - ii. comply with any Conditions and/or Undertakings attached to its entry on the PAR;
    - iii. deal with the FRC, including its staff and representatives, in an open, cooperative and timely manner;
    - iv. notify the FRC in writing as soon as possible, and in any event within 10 working days, of becoming aware of a Relevant Change; and
    - v. comply with all relevant legislation, auditing standards, ethical standards and quality control standards relating to PIE related Statutory Audit Work.

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## Part 5. Registration Requirements for a PIE Registered RI

- 5.1 The Registration Requirements for a PIE Registered RI are that: (i) they meet the Eligibility Criteria, (ii) they are an RI and (iii) they:
- a) are designated to be a PIE Registered RI by an Applicant Statutory Audit Firm or a PIE Registered Audit Firm;
  - b) know, or have reasonable grounds to believe, that they will undertake PIE Statutory Audit Work within the period of 24 months, (unless the FRC agrees a longer period), following:
    - i. the date on which their Application is received by the FRC;
    - ii. the date on which any Annual Return is submitted to the FRC by the audit firm for whom they are a designated RI;
  - c) have sufficient experience and competence to undertake PIE Statutory Audit Work;
  - d) can satisfy the FRC that they are fit and proper to undertake PIE Statutory Audit Work;
  - e) have provided all necessary evidence and information with their Application, along with any further explanations required by the FRC;
  - f) have paid to the FRC and/or their RSB, any registration fees set by the FRC and/or their RSB in relation to their Statutory Audit Work, including for PIEs;
  - g) have agreed that the FRC, its directors and staff and its Board and Committees cannot be held liable for damages for anything done or not done in dealing with the functions connected with registration under these Regulations, unless the act or omission is shown to have been in bad faith;
  - h) have supplied and will supply information or documents that may be required by the FRC to demonstrate compliance with the Registration Requirements;
  - i) commit to:
    - i. comply with these Regulations and any other relevant regulations, procedures or rules of the FRC;
    - ii. comply with any Conditions and/or Undertakings attached to their entry on the PAR;
    - iii. deal with the FRC, including its staff and representatives, in an open, cooperative and timely manner;

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- iv. notify the FRC in writing as soon as possible, and in any event within 10 working days, of becoming aware of a Relevant Change;
  - v. maintain their knowledge and expertise of PIE Statutory Audit Work by completing appropriate continuing professional development; and
  - vi. comply with all relevant legislation, auditing standards, ethical standards and quality control standards relating to PIE related Statutory Audit Work.

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## Part 6. Applications for registration

- 6.1 Applications to become a PIE Registered Audit Firm or a PIE Registered RI must be submitted in accordance with these Regulations.
- 6.2 A Transitional Application may only be made during the Transitional Period by a Statutory Audit Firm which is auditing a PIE at the start of the Transitional Period.
- 6.3 To make an Application other than a Transitional Application, each Applicant must:
- a) provide the Applicant's evidence that the Applicant meets the Registration Requirements; and
  - b) confirm that the Applicant agrees to comply with the Registration Requirements and these Regulations for as long as they remain on the PAR.

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## Part 7. Assessment of Applications

- 7.1 Upon receipt of an Application, the FRC shall decide whether the Applicant meets the Registration Requirements and whether there is any reason in the public interest not to grant the Application.
- 7.2 Where the FRC decides that the Applicant meets the Registration Requirements and that there is no reason in the public interest not to grant the Application, it will:
- a) issue a Registration Notice to the Applicant confirming that the Application has been granted and the Applicant's entry on the PAR will take effect on and from the registration date set out in the Registration Notice;
  - b) if the Applicant is a Statutory Audit Firm, confirm the date of its first Annual Return;
  - c) monitor compliance of the PIE Registered Audit Firm and each of its PIE Registered RIs with the Registration Requirements including by way of periodic Registration Reviews.
- 7.3 Where the FRC decides that the Applicant does not meet the Registration Requirements and/or that it would not be in the public interest to grant the Application without additional Conditions and/or Undertakings, it may:
- a) refuse the Application; or
  - b) grant the Application with Conditions; and/or
  - c) agree Undertakings with the Applicant and then grant the Application.
- 7.4 Where the FRC is considering refusing to grant the Application, it shall:
- a) inform the Applicant of:
    - i. its intention to refuse to grant the Application;
    - ii. the reasons for refusing to grant the Application;
    - iii. the earliest date at which the Applicant would be able to re-apply; and
    - iv. the duration of the Notice Period;
  - b) invite written representations from the Applicant within the Notice Period;
  - c) consider any written representations received within the Notice Period from the Applicant;
  - d) reach a final decision as to whether or not to refuse or grant the Application.

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- 7.5 Where an Application is refused, the FRC shall notify the Applicant of its decision and the reasons for the refusal and the earliest date at which the Applicant may re-apply.
- 7.6 Where the FRC is minded to grant an Application with Conditions attached, the FRC shall follow the process set out at paragraph 8.3 before reaching its final decision.
- 7.7 If the FRC decides to grant an Application with Conditions attached it shall:
- a) issue a Registration Notice to the Applicant confirming:
    - i. that the Application has been granted with Conditions attached;
    - ii. the Conditions that apply;
    - iii. the reasons for the Conditions; and
    - iv. that the Applicant's entry on the PAR will take effect on and from the date set out in the Registration Notice;
  - b) if the Applicant is a Statutory Audit Firm, confirm the date of its first Annual Return;
  - c) monitor compliance of the PIE Registered Audit Firm or PIE Registered RI with the Conditions and Registration Requirements including by way of periodic Registration Reviews.
- 7.8 Where an Application is being granted subject to Undertakings agreed in accordance with Part 9 below, the FRC shall:
- a) issue a Registration Notice to the Applicant confirming:
    - i. that the Application has been granted with Undertakings;
    - ii. the Undertakings that have been agreed; and
    - iii. that the Applicant's entry on the PAR will take effect on and from the date set out in the Registration Notice;
  - b) if the Applicant is a Statutory Audit Firm, confirm the date of its first Annual Return;
  - c) monitor compliance of the PIE Registered Audit Firm or PIE Registered RI with the Undertakings and Registration Requirements including by way of periodic Registration Reviews.



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## Part 8. Conditions

- 8.1 The FRC may attach Conditions to the entry of a PIE Registered Audit Firm and/or a PIE Registered RI at the time that an Application is granted and at any other time during which the firm or RI is a PIE Registered Audit Firm or a PIE Registered RI, as appropriate.
- 8.2 Conditions may be applied if, in the reasonable opinion of the FRC, they are necessary in the public interest or in order for the PIE Registered Audit Firm or PIE Registered RI to meet the Registration Requirements.
- 8.3 Where the FRC is considering applying Conditions to an entry on the PAR, it shall:
- a) inform the PIE Registered Audit Firm, PIE Registered RI or Applicant of:
    - i. its intention to apply Conditions;
    - ii. the Conditions it intends should apply;
    - iii. the duration for which the Conditions would apply;
    - iv. the reasons it considers Conditions would be appropriate; and
    - v. the duration of the Notice Period;
  - b) invite written representations from the PIE Registered Audit Firm, PIE Registered RI or Applicant, as appropriate, within the Notice Period;
  - c) consider any written representations received within the Notice Period from the PIE Registered Audit Firm, PIE Registered RI or Applicant, as appropriate;
  - d) reach a final decision as to whether or not to apply Conditions and, if Conditions will be applied, the form that these Conditions will take.
- 8.4 Where Conditions are applied, they shall take effect from the date set out in the Registration Notice where paragraph 7.7 applies and, in all other cases, from the date set out in the Formal Notification of the Conditions.
- 8.5 Where Conditions relating to a PIE Registered RI are in place, the PIE Registered Audit Firm at which they work must have internal quality control procedures to monitor the relevant PIE Registered RI's compliance with the relevant Conditions.
- 8.6 Compliance with Conditions shall be monitored by the FRC, including by way of Registration Reviews.
- 8.7 Any PIE Registered Audit Firm or PIE Registered RI whose inclusion on the PAR is subject to Conditions, must notify the FRC as soon as possible, and at least within 10 working days of becoming aware, if it has reason to believe it has (or may have) breached or will (or may) in future breach any of these Conditions.

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- 8.8 The FRC may vary or end Conditions at any time, including on the application of a PIE Registered Audit Firm, a PIE Registered RI, or of its own accord. Where the FRC is minded to vary Conditions, it shall (unless Part 12 applies), follow the process set out in paragraph 8.3 before any variation takes effect. Where a Condition is varied or ended, this variation or ending shall take effect from the date set out in the relevant Formal Notification setting out the FRC's decision.
- 8.9 Conditions may be published on the PAR unless the FRC believes it would not be in the public interest to do so.
- 8.10 The FRC may issue guidance concerning the process for attaching, varying, ending and publishing Conditions.

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## Part 9. Undertakings

- 9.1 The FRC may invite:
- a) an Applicant to agree to Undertakings in connection with an Application; or
  - b) a PIE Registered Audit Firm or a PIE Registered RI, as appropriate, to agree to Undertakings in connection with its and/or their entry on the PAR.
- 9.2 Undertakings may be sought if, in the reasonable opinion of the FRC, they are necessary in the public interest or compliance with such Undertakings is necessary in order for the Applicant, PIE Registered Audit Firm or PIE Registered RI (as appropriate) to meet the Registration Requirements.
- 9.3 Where the FRC considers that Undertakings are appropriate, it shall invite the Applicant, PIE Registered Audit Firm or PIE Registered RI, as appropriate to agree Undertakings. An Applicant, PIE Registered Audit Firm or PIE Registered RI, as appropriate, who wishes to accept an invitation to agree Undertakings proposed by the FRC must confirm their agreement in writing within 10 working days of the receipt of the invitation.
- 9.4 Where Undertakings are agreed, they shall, where paragraph 7.8 applies, take effect from the date set out in the Registration Notice or, in all other cases, take effect from the date set out in the relevant Formal Notification.
- 9.5 Where Undertakings relating to a PIE Registered RI are in place, the PIE Registered Audit Firm at which they work must have internal quality control procedures to monitor compliance with the relevant Undertakings.
- 9.6 Compliance with agreed Undertakings shall be monitored by the FRC.
- 9.7 Any PIE Registered Audit Firm or PIE Registered RI whose inclusion on the PAR is subject to agreed Undertakings, must notify the FRC as soon as possible, and at least within 10 working days of becoming aware, if it has reason to believe it has (or may have) breached or will (or may) in future breach an agreed Undertaking.
- 9.8 The FRC may end an Undertaking at any time. It may vary an Undertaking with the agreement of the PIE Registered Audit Firm or PIE Registered RI which is the subject of the Undertaking. Where an Undertaking is varied or ended, this variation or ending shall take effect from the date set out in the relevant Formal Notification.
- 9.9 The FRC may decide to publish information on the PAR relating to an Undertaking if it believes it to be in the public interest to do so.
- 9.10 The FRC may issue guidance concerning the processes for agreeing, varying, ending and publishing Undertakings.

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## Part 10. Waivers

- 10.1 If a PIE Registered Audit Firm or PIE Registered RI becomes aware that it no longer meets, or may no longer meet now or in the future, one or more of the Registration Requirements, it may apply to the FRC for a waiver from compliance with one or more relevant Registration Requirements.
- 10.2 The PIE Registered Audit Firm or PIE Registered RI must, when applying for a waiver, state:
- a) the circumstances and reasons for the application;
  - b) whether the non-compliance is current or anticipated;
  - c) to which Registration Requirement(s) the (potential) non-compliance relates;
  - d) the action that is being taken to remedy the (potential) non-compliance;
  - e) whether it has notified the RSB(s) with which it is registered or of which it is a member, and, if so, whether it has provided the RSB(s) with a copy of its waiver application; and
  - f) in relation to which Registration Requirement(s) it is seeking a waiver, for what duration and on what basis.
- 10.3 The FRC may grant a waiver from compliance with one or more of the Registration Requirements to a PIE Registered Audit Firm or PIE Registered RI on such terms as it considers appropriate if it is satisfied that:
- a) all reasonable steps are being taken to avoid non-compliance and/or minimise the extent and/or duration of the non-compliance;
  - b) there is reasonable justification for the current or anticipated non-compliance;
  - c) the waiver will not adversely affect any PIE; and
  - d) it would not be contrary to the public interest to grant the waiver.
- 10.4 The FRC's decision on whether or not to grant a waiver will be set out in a Formal Notification which shall confirm:
- a) the decision;
  - b) the reasons for the decision;
  - c) if a waiver is granted, the length of time for which it will apply;
  - d) any terms or conditions attached to the waiver; and

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- e) any other steps that the FRC requires the PIE Registered Audit Firm or PIE Registered RI to take in connection with the waiver.
- 10.5 The FRC may extend a waiver if it remains satisfied that the conditions in paragraph 10.3 are met. It may end or vary the terms of the waiver if it considers any of the conditions in paragraph 10.3 are no longer satisfied or the waiver is no longer required by the PIE Registered Audit Firm or PIE Registered RI.
- 10.6 Where a waiver is extended, varied or ended, the extension, variation or ending shall take effect from the date set out in the relevant Formal Notification.
- 10.7 Any waiver may be published on the PAR if the FRC believes it is in the public interest to do so.
- 10.8 The FRC may issue guidance concerning the processes for granting, varying, ending and publishing waivers.

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## Part 11. Suspension of registration

- 11.1 The FRC may suspend the entry on the PAR of a PIE Registered Audit Firm or PIE Registered RI if the FRC has reasonable grounds to believe that:
- a) the PIE Registered Audit Firm or PIE Registered RI is not complying, or will not comply, with the Registration Requirements; and/or
  - b) the continuance of the PIE Registered Audit Firm's, or PIE Registered RI's entry on the PAR would be likely to adversely affect a PIE; and/or
  - c) it would be in the public interest to do so.
- 11.2 The period of suspension shall be determined by the FRC.
- 11.3 Where the FRC is considering suspending an entry on the PAR it shall (unless Part 12 applies):
- a) inform the PIE Registered Audit Firm or PIE Registered RI of:
    - i. its intention to suspend their entry on the PAR;
    - ii. the length of the proposed suspension;
    - iii. the reasons that it considers the suspension to be appropriate; and
    - iv. the Notice Period;
  - b) invite written representations from the PIE Registered Audit Firm or PIE Registered RI, as appropriate, within the Notice Period;
  - c) require the PIE Registered Audit Firm or PIE Registered RI, as appropriate, to notify the FRC within the Notice Period of all PIE related Statutory Audit Work in which it is currently engaged;
  - d) consider any written representations received within the Notice Period from the PIE Registered Audit Firm or PIE Registered RI, as appropriate; and
  - e) reach a final decision as to whether or not to suspend the entry on the PAR and, if the suspension will be applied, the length of that suspension.
- 11.4 If a suspension is being applied, the FRC shall send a Formal Notification of the suspension to the PIE Registered Audit Firm or PIE Registered RI, setting out:
- a) the fact of the suspension;
  - b) the length of the suspension; and

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- c) the reasons for the suspension.
- 11.5 Where a suspension is applied, it shall take effect from the date set out in the relevant Formal Notification and shall be published on the PAR unless the FRC believes that it would not be in the public interest to do so.
- 11.6 The FRC may extend or end a suspension at any time. Where the FRC is minded to extend a suspension it shall (unless Part 12 applies) follow the process set out at paragraph 11.3. Where a suspension is extended or ended, this shall take effect from the date set out in the relevant Formal Notification.
- 11.7 During a period of suspension, the PIE Registered Audit Firm or PIE Registered RI, as appropriate, must comply with any instructions from the FRC, which may include that they must:
- a) resign from any ongoing PIE Statutory Audit Work or appointments; and/or
  - b) not accept re-appointment or any new appointments to undertake PIE Statutory Audit Work (including any that are at a tender stage when the suspension is imposed); and/or
  - c) not sign PIE Audit Reports unless agreed with the FRC.
- 11.8 The FRC may issue guidance concerning the processes for implementing, extending, ending and publishing a suspension.

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## Part 12. Urgent decisions

- 12.1 The FRC may make a decision to suspend a PIE Registered Audit Firm or PIE Registered RI from the PAR or apply or vary Conditions to their entry on the PAR, without complying with the processes set out at paragraphs 8.3 and 11.3 above, if it considers that in the circumstances it is in the public interest to do so.
- 12.2 In these circumstances, the FRC shall:
- a) send the PIE Registered Audit Firm or PIE Registered RI, as appropriate, Formal Notification of its decision as soon as possible, notifying the PIE Registered Audit Firm or PIE Registered RI of:
    - i. the decision to suspend, or to impose or vary Conditions immediately upon, their entry on the PAR;
    - ii. the details of any Conditions that are being imposed or varied;
    - iii. the length of any suspension;
    - iv. the reasons for the FRC's decision;
    - v. the reasons for making the decision as an urgent decision;
    - vi. the deadline by which written representations are invited;
  - b) invite written representations from the relevant PIE Registered Audit Firm or PIE Registered RI, as appropriate, during the period referenced at paragraph 12.2a)vi;
  - c) require the PIE Registered Audit Firm or PIE Registered RI to notify the FRC within the period referenced at paragraph 12.2a)vi of all PIE Statutory Audit Work in which it is currently engaged;
  - d) consider any written representations received within the period referenced at paragraph 12.2a)vi from the PIE Registered Audit Firm or PIE Registered RI; and
  - e) decide whether to maintain or amend its decision.
- 12.3 An urgent decision to suspend registration or apply or vary Conditions to an entry on the PAR shall take effect from the date set out in the relevant Formal Notification as referred to at paragraph 12.2a) and shall be published on the PAR unless the FRC considers that it is not in the public interest to do so.
- 12.4 The FRC may extend or shorten the suspension or vary the Conditions, provided it complies with the processes set out in paragraph 8.3, paragraph 11.3 or this Part 12, whichever applies, before reaching its decision. It shall send Formal Notification of any such decision. It may end the suspension or Conditions at any time.



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- 12.5 Any decisions made under paragraph 12.4 shall take effect from the date set out in the relevant Formal Notification.
  - 12.6 If a suspension has been put in place, the PIE Registered Audit Firm or PIE Registered RI must comply with any instructions from the FRC, as set out in paragraph 11.7 above.
  - 12.7 The FRC may issue guidance concerning the processes for making and publishing urgent decisions to suspend registration or impose or vary Conditions.

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## Part 13. Removal from the PAR

- 13.1 A PIE Registered Audit Firm's entry on the PAR shall cease to have effect if:
- a) it ceases to be a registered Statutory Audit Firm;
  - b) it ceases to exist;
  - c) it does not submit its Annual Return in accordance with Part 16 below (unless the FRC decides otherwise);
  - d) the FRC decides to remove the PIE Registered Audit Firm from the PAR;
  - e) it is determined pursuant to proceedings under the Audit Enforcement Procedure that, for such period of time as is so determined, the PIE Registered Audit Firm must not undertake PIE Statutory Audit Work and/or must not hold PIE Registered Audit Firm status.
- 13.2 A PIE Registered RI's entry on the PAR shall cease to have effect if:
- a) they cease to be a Principal or employee of the PIE Registered Audit Firm which designated their PIE Registered RI status;
  - b) they cease to be a Statutory Auditor or to be registered as an RI;
  - c) the firm in which the individual was designated as a PIE Registered RI ceases to be a PIE Registered Audit Firm;
  - d) the FRC decides to remove the PIE Registered RI from the PAR;
  - e) it is determined pursuant to proceedings under the Audit Enforcement Procedure that, for such period of time as is so determined, the PIE Registered RI must not undertake PIE Statutory Audit Work and/or must not hold PIE Registered RI status.
- 13.3 The FRC may decide to remove a PIE Registered Audit Firm and/or a PIE Registered RI from the PAR on a voluntary basis where:
- a) a written request to the FRC is made by a PIE Registered Audit Firm and/or a PIE Registered RI for removal of its or their entry, as appropriate, from the PAR;
  - b) the PIE Registered Audit Firm which designated a PIE Registered RI notifies the FRC that the PIE Registered RI no longer wishes to hold PIE Registered RI status and the PIE Registered Audit Firm has agreed to this request; or
  - c) the PIE Registered Audit Firm which designated a PIE Registered RI notifies the FRC that the PIE Registered RI should no longer hold PIE Registered RI status.

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- 13.4 The FRC may decide to remove a PIE Registered Audit Firm and/or a PIE Registered RI from the PAR on an involuntary basis where:
- a) the FRC ceases to be satisfied that the Registration Requirements are being met or believes that it is in the public interest for the PIE Registered Audit Firm and/or PIE Registered RI to be removed from the PAR; or
  - b) a PIE Registered Audit Firm and/or a PIE Registered RI has not undertaken PIE Statutory Audit Work in the preceding 24 month period (or such longer period as the FRC considers appropriate).
- 13.5 Where the FRC is considering removing a PIE Registered Audit Firm or PIE Registered RI from the PAR under paragraph 13.4, it shall:
- a) inform the PIE Registered Audit Firm or PIE Registered RI of:
    - i. its intention to remove it from the PAR;
    - ii. the proposed length of the removal from the PAR;
    - iii. the reasons for the proposed removal;
    - iv. the Notice Period;
  - b) invite representations from the relevant PIE Registered Audit Firm or PIE Registered RI within the Notice Period;
  - c) require the PIE Registered Audit Firm or PIE Registered RI to notify the FRC within the Notice Period of all PIE Statutory Audit Work in which it is currently engaged;
  - d) consider any representations received within the Notice Period from the PIE Registered Audit Firm or PIE Registered RI;
  - e) reach a final decision as to whether or not to remove the entry from the PAR and, if so, the length for which the entry will be removed.
- 13.6 If a decision is made to remove the entry from the PAR on an involuntary basis, the FRC shall send a Formal Notification of the removal to the PIE Registered Audit Firm and/or PIE Registered RI. It may also send a Formal Notification if an entry is removed from the PAR on a voluntary basis. Any Formal Notification shall set out:
- a) the fact of the removal;
  - b) the length of the removal;
  - c) the reasons for the removal; and

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- d) any other instructions that the FRC requires the PIE Registered Audit Firm and/or PIE Registered RI to take, which may include that the PIE Registered Audit Firm and/or PIE Registered RI, as appropriate, must:
- i. resign from any ongoing PIE Statutory Audit Work or appointments;
  - ii. not accept re-appointment or any new appointments to undertake PIE Statutory Audit Work (including any that are at a tender stage when the removal is imposed);
  - iii. notify the FRC of all PIE Statutory Audit Work in which it is engaged at the date of its removal from the PAR;
  - iv. remove all references to being a PIE Registered Audit Firm and/or PIE Registered RI, as appropriate, from their website and other client facing materials.

13.7 Where the FRC decides to remove a PIE Registered Audit Firm and/or PIE Registered RI from the PAR on an involuntary basis it may indicate the earliest date at which the PIE Registered Audit Firm or PIE Registered RI may re-apply to be entered on the PAR.

13.8 Where a decision is made to remove an entry from the PAR on an involuntary basis, it shall take effect from the date specified in the relevant Formal Notification, and it shall be published unless the FRC believes it would not be in the public interest to do so. Any decision to remove an entry from the PAR on a voluntary basis may be published if the FRC believes it would be in the public interest to do so.

13.9 The FRC reserves the right to reinstate a PIE Registered Audit Firm and/or PIE Registered RI at any time, if it is in the public interest to do so.

13.10 The FRC may issue guidance concerning the processes for deciding whether to remove and/or reinstate a PIE Registered Audit Firm and/or PIE Registered RI.

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## Part 14. Internal reviews and appeals

- 14.1 If a PIE Registered Audit Firm, a PIE Registered RI or an Applicant does not agree with a decision made under paragraphs 7.3a), 7.3b), 8.3d), 8.8, 10.4, 10.5, 11.3e), 11.6, 12.1, 12.4, 13.4, 15.6, Annex 1 paragraph 4a) or b)i, in relation to their Application or entry on the PAR ('the Registration Decision'), they may submit a request in writing for Internal Review to the FRC within 20 working days of the date of the Registration Decision (or such other deadline as the FRC decides is necessary in the public interest).
- 14.2 The FRC may, of its own initiative, decide within 20 working days of the date of a Registration Decision (or such other deadline as the FRC decides is necessary in the public interest) to conduct an Internal Review of a Registration Decision.
- 14.3 If the FRC decides to conduct an Internal Review of a Registration Decision on its own initiative, the FRC shall notify the relevant PIE Registered Audit Firm, PIE Registered RI or Applicant at least 20 working days before commencing the Internal Review. In such cases, the FRC may seek representations from the PIE Registered Audit Firm, PIE Registered RI or Applicant.
- 14.4 An Internal Review of the Registration Decision can only be brought on one or more of the following grounds:
- a) the decision was materially flawed or unlawful;
  - b) there is new information which is likely to lead to a different decision;
  - c) the process followed in reaching the decision was manifestly unfair;
  - d) it is necessary in the public interest.
- 14.5 Following receipt of a request for an Internal Review, the FRC shall decide whether there is an arguable case that one or more of the grounds in 14.4 is satisfied and whether the request was lodged in accordance with paragraph 14.1. If these requirements are met, then the FRC shall undertake an internal review of the Registration Decision. The Internal Review (and the decision as to whether the review shall be undertaken) shall be conducted by a person or persons who (i) is/are at least as senior as the person or persons who made the Registration Decision and (ii) was/were not involved in the making of the Registration Decision.
- 14.6 The outcome of an Internal Review may be that:
- a) the Registration Decision is upheld;
  - b) the Registration Decision is revoked, varied or replaced by any other decision that could have been made by the person or persons who made the Registration Decision in accordance with these Regulations; or

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- c) the decision is remitted back to the person or persons who made the Registration Decision to take the decision again.
- 14.7 Where an Internal Review of a Registration Decision is undertaken, the outcome shall be sent to any relevant parties in a Formal Notification. The effective date for the Registration Decision that is the subject of the Internal Review shall:
- a) where the Registration Decision was made under Part 12 (Urgent decisions), be the date specified in the original Formal Notification unless the FRC determines that such an effective date would not be in the public interest;
  - b) in all other cases, shall not be the date specified in the original Registration Notice or Formal Notification (as appropriate) unless the FRC determines that any deferral would not be in the public interest;
  - c) subject to a) and b) above, where it is upheld under paragraph 14.6a) or revoked, varied or replaced under paragraph 14.6b), be the date specified in the Formal Notification sent by the FRC setting out the outcome of the Internal Review;
  - d) after remittal under paragraph 14.6c), be the date specified in the Formal Notification sent by the FRC after the decision has been taken again by the person or persons who made the original Registration Decision (or another designated person).
- 14.8 If a PIE Registered Audit Firm, a PIE Registered RI or an Applicant wishes to Appeal against the outcome of the Internal Review, they should submit a Notice of Appeal in writing to the FRC, within 20 working days of the date of the Formal Notification of the outcome of the Internal Review.
- 14.9 An Appeal against the outcome of the Internal Review shall be considered by a PIE Registration Tribunal Panel.
- 14.10 The outcome of an Appeal before the PIE Registration Tribunal Panel may be that:
- a) the outcome of the Internal Review is upheld;
  - b) the outcome of the Internal Review is revoked, varied or replaced by any other decision that could have been made by the person or persons who made the original Registration Decision in accordance with these Regulations;
  - c) the decision is remitted back to the person or persons who made the original Registration Decision (or another designated person) to take the decision again.
- 14.11 The PIE Registration Tribunal Panel may make an order for the costs of an Appeal in accordance with the process set out in the Appeal Rules.
- 14.12 Where there is an Appeal against the outcome of an Internal Review, the outcome of the Internal Review shall not take effect until the conclusion of the appeals process unless the FRC determines that any deferral would not be in the public interest.

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- 14.13 Any decision made by the PIE Registration Tribunal Panel shall come into force on the date of the PIE Registration Tribunal Panel's decision, unless otherwise stated by the PIE Registration Tribunal Panel. Decisions of the PIE Registration Tribunal Panel shall be published (unless the PIE Registration Tribunal Panel determines that it is not in the public interest to do so) and shall be final.
- 14.14 The process for Appeals to the PIE Registration Tribunal Panel are set out in the Appeal Rules.
- 14.15 An Appeal can only be brought against the outcome of the Internal Review on one or more of the following grounds:
- a) the decision was materially flawed or unlawful;
  - b) there is new information which is likely to lead to a different decision;
  - c) the process followed in reaching the decision was manifestly unfair;
  - d) it is necessary in the public interest.

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## Part 15. Changes to information relevant to Registration Requirements

- 15.1 The FRC shall make any amendments to the PAR that it considers necessary to keep the PAR accurate and up to date.
- 15.2 Where the FRC has made decisions that are to be published, the PAR shall be updated on the date that these decisions take effect.
- 15.3 Upon becoming aware of a Relevant Change affecting it, a PIE Registered Audit Firm or PIE Registered RI must notify the FRC as soon as possible and a maximum of 10 working days after becoming aware of that Relevant Change.
- 15.4 A Relevant Change for a PIE Registered Audit Firm shall be that:
- a) it is appointed to undertake the Statutory Audit Work of a PIE;
  - b) an audited entity for which it undertakes Statutory Audit Work has:
    - i. become (or will become) a PIE. The notification must include details of the name of the audited entity and of why it is, or will become, a PIE;
    - ii. ceased (or will cease) to be a PIE. The notification must include details of the name of the audited entity and of why it has ceased (or will cease) to be a PIE;
  - c) it is removed or resigns from its appointment to undertake the Statutory Audit Work of a PIE;
  - d) it believes that it no longer meets, or may no longer meet now or in the future, any one or more of the Registration Requirements for PIE Registered Audit Firms;
  - e) it believes that a PIE Registered RI that it has designated to undertake PIE Statutory Audit Work:
    - i. is no longer meeting (or may, no longer be meeting), the Registration Requirements for a PIE Registered RI;
    - ii. is no longer, or will no longer be, its employee or Principal;
    - iii. will cease or has ceased carrying out PIE Statutory Audit Work;
  - f) there are changes in the contact details of:
    - i. the PIE Registered Audit Firm;
    - ii. one or more of its PIE Registered RIs;



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- iii. its Principal Authorised Contact or Authorised Contacts;
  - g) any other change has occurred, or will occur, which the PIE Registered Audit Firm considers may affect its entry on the PAR or the entry of one or more of its PIE Registered RIs or its or their ability to conduct PIE Statutory Audit Work.
- 15.5 A PIE Registered Audit Firm must notify the FRC of any changes in the PIE audit portfolios of its PIE Registered RIs every 6 months.
- 15.6 Upon receipt of a notification under paragraph 15.3 and/or paragraph 15.5, the FRC shall determine:
- a) what (if any) changes need to be made to, and reflected in, the PAR; and
  - b) any further steps that are required as a result of the information provided, including (but not limited to) consideration of Conditions, Undertakings, suspension or removal from the PAR in accordance with these Regulations.
- 15.7 The FRC may send a Formal Notification to the PIE Registered Audit Firm or PIE Registered RI of any decisions made under paragraph 15.6.
- 15.8 The FRC may issue guidance concerning the timing of notifications under paragraph 15.5 and the processes for deciding what if any action to take in the event of notifications made under paragraphs 15.3 or 15.5.

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## Part 16. Annual Return to the FRC and Registration Reviews

- 16.1 A PIE Registered Audit Firm's Annual Return must be submitted by its Principal Authorised Contact or Authorised Contacts within 30 working days of the PIE Registered Audit Firm's Annual Return date.
- 16.2 The FRC may extend the date for submission of the Annual Return to the FRC if it is satisfied that there are circumstances which justify the extension.
- 16.3 The Annual Return shall include confirmation that the PIE Registered Audit Firm:
- a) has complied, and will comply, with the Registration Requirements;
  - b) has completed the Annual Return and all of the relevant questions on the PIE Registered Audit Firm's latest annual return submitted to the RSB with which it is registered.
- 16.4 If a PIE Registered Audit Firm does not submit its Annual Return as required, its entry on the PAR shall cease to have effect and it shall be removed from the PAR (unless the FRC decides otherwise).
- 16.5 The FRC may issue guidance concerning the process for completing an Annual Return.
- 16.6 Registration Reviews will be carried out for a PIE Registered Audit Firm every 12 to 18 months. The FRC will notify the PIE Registered Audit Firm of the commencement date of the Registration Review.
- 16.7 During a Registration Review, the FRC shall assess whether the PIE Registered Audit Firm and each of its designated PIE Registered RIs meets the Registration Requirements and whether there is any reason in the public interest to amend the firm's PAR entry/entries.

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## Part 17. General rules

- 17.1 In the event of a conflict between these Regulations and the regulations, rules, and guidance of the relevant RSBs, these Regulations will take precedence.
- 17.2 In making decisions under these Regulations, the FRC may consider any information that comes to its attention from any source if that information is relevant to the FRC's assessment of whether a PIE Registered Audit Firm, PIE Registered RI or an Applicant meets the Registration Requirements and/or the public interest considerations for inclusion on the PAR.
- 17.3 Any information relied upon by the FRC decision maker when making a Registration Decision will be provided on request to the PIE Registered Audit Firm, PIE Registered RI or Applicant, subject to any legal restrictions on disclosure.
- 17.4 The FRC can, exercising the investigation powers granted to it under Schedule 2 of SATCAR 2016, require relevant information about a PIE Registered Audit Firm, a PIE Registered RI and/or their PIE related Statutory Audit Work in order for the FRC to undertake its functions under these Regulations.
- 17.5 The FRC may (subject to any legal restrictions on disclosure) share information with RSBs and/or within the FRC as it considers appropriate and necessary and may use this information for its functions that are not related to these Regulations.
- 17.6 The FRC may provide a copy of any issued Formal Notifications or Registration Notices to the RSBs with which the relevant PIE Registered Audit Firm or PIE Registered RI is registered or, in the case of PIE Registered RIs, of which they are a member; and/or to a PIE Registered Audit Firm where the Formal Notification or Registration Notice relates to a PIE Registered RI that that firm has designated for PIE Statutory Audit Work.
- 17.7 Any information which: (i) is not in the public domain; (ii) is confidential; and (iii) is disclosed to any person ('the recipient') by the FRC pursuant to these Regulations shall be kept confidential save that the recipient may disclose the information:
- a) to their legal representative(s);
  - b) to any other person to whom disclosure is necessary for the purposes of obtaining evidence, information or assistance in connection with an Internal Review or Appeal;
  - c) with the prior written consent of the FRC; or
  - d) to the extent required by law.
- 17.8 The FRC may publish thematic reports about the processes followed and decisions made under these Regulations.

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17.9 Any Formal Notification, Registration Notice, other decision, order, or other document which needs to be served on a PIE Registered Audit Firm, PIE Registered RI, Applicant or other entity or individual under these Regulations will be sent by email or post, or delivered by hand:

- a) if sent by email it will be sent to the latest email address notified by the addressee, and service will take effect immediately;
- b) if sent by post, it will be sent by first class mail to the latest address given by the addressee and service will take effect two working days after posting; or
- c) if it is delivered by hand to the addressee, service will take effect immediately.

Any information, application or other document which is submitted by a PIE Registered Audit Firm, PIE Registered RI, Applicant or other entity or individual to the FRC will be treated under the timescales shown in a) to c) above.

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# ANNEX 1 Transitional Regulations

## Regulations for Transitional Applications made during the Transitional Period

1. A Transitional Application may be made by a Statutory Audit Firm only and must include the following confirmations and supporting evidence, where required:
  - a) that the Applicant will adhere to these Regulations and all other relevant regulations, procedures and rules of the FRC;
  - b) in respect of each Applicant Statutory Audit Firm:
    - i. the RIs that the Statutory Audit Firm wishes to designate for PIE Registered RI status;
    - ii. how many PIE Audit Reports have been signed by the Statutory Audit Firm in the last 12 months, unless the FRC agrees a longer period;
    - iii. how many PIE Audit Reports it expects to sign in the next 24 months, unless the FRC agrees a longer period;
    - iv. how the Statutory Audit Firm meets the Registration Requirements set out in Part 4 above;
    - v. details of the RSB with which the Statutory Audit Firm is registered and with which each of the relevant RIs is registered;
  - c) for each of that Applicant Statutory Audit Firm's designated RIs:
    - i. that they have signed PIE Audit Reports in the last 12 months, unless the FRC agrees a longer period;
    - ii. that they are expected to sign PIE Audit Reports in the next 24 months, unless the FRC agrees a longer period; and
    - iii. that they have undertaken continuing professional development in the last 12 months, unless the FRC agrees a longer period, that is appropriate for PIE Statutory Audit Work;
    - iv. that they meet the Registration Requirements in Part 5 above.
2. After receipt of a Transitional Application, the FRC shall decide whether the Transitional Application meets the requirements of these Regulations and whether there is any reason in the public interest not to grant the Transitional Application.

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3. Where the FRC decides that the Applicant satisfies the requirements in these Regulations and that there is no reason in the public interest not to grant the Transitional Application, it will:
    - a) issue a Registration Notice to the Applicant confirming that the Transitional Application has been granted and the Applicant's entry on the PAR will take effect on and from the date set out in the Registration Notice;
    - b) confirm the date of the Applicant's first Annual Return;
    - c) for each of the Applicant's designated RIs, set out in the Registration Notice whether that designated RI is: (i) approved as a PIE Registered RI; (ii) not approved as a PIE Registered RI; or (iii) approved as a PIE Registered RI with Conditions and/or subject to Undertakings;
    - d) monitor compliance of the PIE Registered Audit Firm and that firm's PIE Registered RIs with the requirements of these Regulations, including by way of Registration Reviews.
  4. Where the FRC decides that the Applicant does not meet the requirements of these Regulations or that it would not be in the public interest to grant the Transitional Application, it may:
    - a) refuse the Transitional Application;
    - b) issue a Registration Notice to the Applicant confirming that the Transitional Application has been granted and the Applicant's entry on the PAR will take effect on and from the date set out in the Registration Notice:
      - i. with Conditions attached; and/or
      - ii. subject to Undertakings;
  5. Where the FRC grants the Transitional Application with Conditions and/or Undertakings in accordance with paragraph 4 of these Transitional Regulations, it will indicate in the Registration Notice for each of the successful Applicant's designated RIs, whether that designated RI:
    - a) is approved as a PIE Registered RI;
    - b) is not approved as a PIE Registered RI; or
    - c) is approved as a PIE Registered RI with Conditions and/or subject to Undertakings.
  6. Conditions may be imposed and/or Undertakings may be agreed, where, in the reasonable opinion of the FRC, they are necessary in the public interest or in order for the Statutory Audit Firm and/or its designated RIs to meet the requirements of these Regulations.
  7. For the purposes of these Transitional Regulations and so that Undertakings can be agreed (where appropriate) with an Applicant Statutory Audit Firm's designated RIs, a reference to

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“Applicant” in Part 9 of the Regulations (or in the definition of “Undertaking” as used in that Part) shall include a reference to an RI designated by an Applicant Statutory Audit Firm in a Transitional Application.

8. Parts 1 to 17 of the Regulations shall apply to a Transitional Application for all matters not covered in these Transitional Regulations.

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## **ANNEX 2 Appeal Rules**

### **Procedures for Appeal under Part 14**

#### **Part 1 – Introduction**

- 1.1 The FRC has made these Rules to set out the procedures for Appeals under Part 14 of these Regulations.
- 1.2 These Rules shall be known as the 'Appeal Rules'.
- 1.3 These Rules should be considered alongside any applicable guidance and/or any other relevant document referred to in these Rules and Regulations.



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## Part 2 – Definitions and interpretation

2.1 In these Rules the following words have the following meanings:

<b>Appeal Hearing</b>	means an oral hearing before the PIE Registration Tribunal Panel and includes hearings conducted in whole or in part via telephone or electronic communication.
<b>Appellant</b>	means the Party bringing an Appeal in accordance with these Rules and paragraph 14.8 of these Regulations.
<b>Chair</b>	means the Chair of the PIE Registration Tribunal Panel.
<b>Convener</b>	means any person appointed by the FRC to exercise administrative functions, and who shall be responsible for: a) providing administrative support to the PIE Registration Tribunal Panel; b) the appointment of the PIE Registration Tribunal Panel; and c) the appointment of a person for the purposes of Rule 3.5.
<b>Costs</b>	means costs, expenses and disbursements.
<b>Notice of Hearing</b>	means written notification in accordance with Rule 4.2.
<b>Party</b>	means the PIE Registered Audit Firm, a PIE Registered RI, an Applicant or the FRC, as the context requires.
<b>Rule</b>	means any provision of these Appeal Rules.

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## Part 3 – The Appeal process

- 3.1 A PIE Registered Audit Firm, a PIE Registered RI or an Applicant may Appeal the outcome of an Internal Review to the PIE Registration Tribunal Panel.
- 3.2 An Appeal is only available in respect of the outcome of an Internal Review of a Registration Decision (as defined in paragraph 14.1 of these Regulations).
- 3.3 A Party wishing to appeal the outcome of an Internal Review must submit to the FRC a Notice of Appeal which shall:
- a) be in writing;
  - b) identify the Internal Review decision appealed against, with reference to the relevant Formal Notification, Registration Notice or other notice;
  - c) state the ground(s) of the Appeal; and
  - d) confirm whether the Party seeking the Appeal would like the matter to be considered on the papers only or with an Appeal Hearing.
- 3.4 Neither the scope of the Appeal nor the grounds stated in the Notice of Appeal shall be amended except with the leave of the PIE Registration Tribunal Panel appointed to hear the Appeal.
- 3.5 Upon receipt of a Notice of Appeal, the FRC shall notify the Convener as soon as practicable and the Convener shall appoint a person from the Tribunal Panel to consider whether to give leave to bring the Appeal. The appointed person shall be a lawyer (a current or former member of the judiciary, a barrister, an advocate or a solicitor) and shall not sit on any subsequent PIE Registration Tribunal Panel in connection with the related Appeal (if any). The Convener shall provide the FRC with details of the person so appointed and notify each other affected Party.
- 3.6 The person so appointed shall, within 10 working days of their receipt of a Notice of Appeal, consider whether to give permission to appeal and will grant permission if they are satisfied that:
- a) there is an arguable case for an Appeal on one or more of the grounds set out in paragraph 14.15 of these Regulations; and
  - b) the Appeal was lodged in accordance with paragraph 14.8 of these Regulations.
- 3.7 Following a decision to give or to refuse leave to bring an Appeal, the person appointed shall notify the Convener of the decision and provide reasons in writing for that decision, and the Convener shall notify each affected Party of the decision and reasons.
- 3.8 If the person appointed under Rule 3.5 gives leave to Appeal, the Convener shall, as soon as practicable:

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- a) appoint a PIE Registration Tribunal Panel from the Tribunal Panel to determine the Appeal in accordance with the provisions of these Rules and Regulations. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board; and
  - b) notify the affected Parties of the appointment.
- 3.9 A PIE Registration Tribunal Panel shall exercise its functions in accordance with these Rules and Regulations and the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
- 3.10 The PIE Registration Tribunal Panel may, in accordance with paragraphs 14.10 and 14.11 of these Regulations:
- a) uphold the outcome of the Internal Review;
  - b) revoke, vary or replace the outcome of the Internal Review with any other decision that could have been made under these Regulations by the maker of the Registration Decision;
  - c) remit the decision back to the maker of the original Registration Decision (or another suitable or designated person) to take the decision again;
  - d) make an order for the Costs of an Appeal to be paid by a Party.
- 3.11 The PIE Registration Tribunal Panel shall issue a written decision, which shall be signed by its Chair, setting out its decision and reasons and send it to the affected Parties and the FRC.
- 3.12 At any time before a decision is issued by the PIE Registration Tribunal Panel, an Appellant may withdraw its Appeal by notice in writing to the Convener.

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## Part 4 – The Appeal procedure

- 4.1 Within 5 working days of the appointment of a PIE Registration Tribunal Panel the Chair will confirm whether the Appeal will be determined on the papers or whether it will be listed for an Appeal Hearing, such decision to be in the discretion of the Chair.
- 4.2 Where there is to be an Appeal Hearing, the PIE Registration Tribunal Panel shall serve a Notice of Hearing on the affected Parties no less than 15 working days before the date arranged for any Appeal Hearing. The Notice of Hearing shall:
  - a) state the date, time and venue; and
  - b) warn that the PIE Registration Tribunal Panel may proceed with the Appeal Hearing in the absence of any Party.
- 4.3 Where the matter will be determined on the papers, the PIE Registration Tribunal Panel shall notify the affected Parties in writing of the likely date on which the determination will be made.
- 4.4 If there is more than one Appeal arising from the same Internal Review decision, all such Appeals shall, unless the PIE Registration Tribunal Panel otherwise decides, be heard together.
- 4.5 The PIE Registration Tribunal Panel Appeal Hearing shall be held in public subject to the PIE Registration Tribunal Panel, upon the application of any Party or of its own volition, directing that all or part of the Appeal Hearing shall be held in private where it considers that publicity could prejudice the interests of justice, or that a private hearing may otherwise be in the public interest.
- 4.6 The PIE Registration Tribunal Panel may exclude from the Appeal Hearing any person whose conduct has disrupted or is likely to disrupt proceedings.
- 4.7 An Appeal shall be by way of a review only and not by way of a rehearing, providing always that:
  - a) where an Appeal is made on the grounds set out in paragraph 14.15b) of these Regulations, the PIE Registration Tribunal Panel may receive any new evidence; and
  - b) the PIE Registration Tribunal Panel may permit a Party to adduce evidence that was not before the maker of the Registration Decision or the internal reviewer if the PIE Registration Tribunal Panel is content that there is a good reason as to why that evidence was not before the earlier decision maker.
- 4.8 The PIE Registration Tribunal Panel may take into account such adduced new evidence or information, whether or not such evidence would be admissible in a court. The Tribunal shall at all times apply the rules of natural justice.

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- 4.9 After announcing the PIE Registration Tribunal Panel’s decision the Chair may invite representations as to whether Costs should be awarded against either Party.
- 4.10 After hearing representations from the Parties, the PIE Registration Tribunal Panel may order a Party to pay all or part of the Costs incurred by the other Party by a specified date.
- 4.11 The PIE Registration Tribunal Panel may order the Appellant to pay all or part of the PIE Registration Tribunal Panel’s Costs in respect of the Appeal also by a specified date.
- 4.12 The PIE Registration Tribunal Panel shall have regard to the following when assessing whether a Party should be liable for the Costs of the other Party, or for the PIE Registration Tribunal Panel’s Costs in respect of the Appeal:
- a) the Party’s ability to pay;
  - b) the decision on the Appeal; and
  - c) whether it is it fair and equitable in all the circumstances.
- 4.13 Where the PIE Registration Tribunal Panel 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.



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