

**Summary of Business of the Regulatory Standards & Codes Committee
held on 22 June 2023 at FRC, 125 London Wall, London EC2Y 5AS**

MEMBERS:	Hannah Nixon	Chair
	John Coomber	Committee member
	Sir Ashley Fox	Committee member
	Clare Thompson	Committee member
ADVISORS:	Howard Walpole	Senior Advisor
	Paul Cox	Senior Advisor
	Richard Lawrence	Senior Advisor

1. Preliminaries

The Committee approved the minutes of the meeting held on 27 April 2023

APPROVAL ITEMS

2. Feedback Statement and Final Revised Technical Standard – Funeral Plan Trusts

The Committee considered the proposal to publish the revised Technical Standard - Funeral Plan Trusts. It was noted that the changes to TAS 400 related mainly to the revision of existing provisions to reflect the new FCA regime and address known gaps in the quality of actuarial work.

The Committee agreed to recommend to the Board for approval, the publication in July 2023 of the Feedback Statement and Impact Assessment and Technical Actuarial Standard 400: Funeral Plans.

3. Finalisation of amendments to FRS 102 – Pillar Two (FRED 83)

The Committee discussed the report outlining amendments that would introduce a temporary exception to the accounting standards for deferred taxes arising from the implementation of the OECD’s Pillar Two model rules alongside targeted disclosure requirements.

Further to discussion, the Committee agreed to recommend to the Board for approval, amendments to FRS 102 and FRS 101 – International tax reform – Pillar Two model rules for issue, with the associated Feedback Statement and Impact Assessment.

NOTED ITEMS

4. Actuarial Sector and Regulatory Outlook

The Committee received a paper setting out the following:

- a) basic information on the UK actuarial sector, how the professional bodies operate within the sector, and the outlook on the risk to the quality of actuarial work.
- b) the current actuarial regulatory environment which relies on cooperation of the UK professional body, and how this is going to change as the FRC transitions to ARGAs.

5. Statements of Recommended Practice (SORP)

The Committee noted the update for the 2022-23 review cycle of SORPs. On balance, the FRC was satisfied that all seven SORP making bodies are operating in line with the SORP Policy and noted good engagement from many SORP-making bodies during the year.

6. **Periodic Review Update**

The Committee received an update on the status of the Periodic Review following close of the consultation period for FRED 82 *Draft amendments to FRS 102 The financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs*.

7. **FRC Lab**

The Committee noted the update on the following projects:

- ESG Data – to set guidance for companies in navigating the provision of data through the investment chain. The report is expected to be published in July 2023.
- Materiality – to assist companies in reporting on the material elements of their business model and strategy. The report is expected to be published in September 2023.
- Business-model focussed reporting – focuses on the connections between business model and other aspects of reporting. The report is expected to be published in November 2023.
- Company and Organisational Data Explorer (CODEx) a cross-regulator programme that would enable better use of digital reporting by regulators.

8. **Revised FRC Ethical Standard**

The Director for UK Audit Policy introduced the proposed revisions to the Ethical Standard and stated the following main reasons for the revision:

- a) To consult on the Other Entities of Public Interest (OEPI) category introduced in 2019
- b) To take account of changes to the International Ethics Standards Board for Accountants (IESBA) Code of Ethics (including a significant expansion of the Code's definition of a PIE)
- c) To respond to issues identified through audit inspection and enforcement cases
- d) To provide greater clarity in respect of specific prohibitions and requirements

The Committee provided feedback to help with redrafting the Ethical Standard and it was noted that the draft will be presented to the Committee for discussion at the July meeting.

9. **Report of the Executive Director, Regulatory Standards**

The Committee was presented with an overview of the work of the Regulatory Standards Division since the last meeting.

It was reported that work on the Corporate Governance Code consultation was progressing well and feedback from stakeholders has been supportive. The round tables were very popular and fully subscribed and plans are in place to schedule more events.

Other highlights from the report included:

- YouGov report on Audit Committee Chairs' views on, and approach to ESG.
- International Engagement – that the work of the international standard setting bodies particularly in sustainability continues at a demanding space.
- Audit Sandbox – that there are currently three live policy issues being dealt with by the audit sandbox initiative namely; the Objective, Reasonable and Informed Third Party, Materiality in Local Government and Models for delivering large FTSE audits with firms from different networks.
- Actuarial update – that there will be a delay to consulting on TAS 200 due to PRA's proposed consultation in June and September 2023 on the revision of the rulebook to implement Solvency II reform.

- Corporate Reporting Statutory Instrument – that the Department of Business and Trade (DBT) continues to progress the Corporate Reporting Statutory Instrument which relates to new reporting requirements for size-based PIES on the resilience statement, directors reporting on fraud, the audit and assurance policy and capital maintenance and distributable profits.
- Practice Note 10 – that FRC has delegated responsibility for the development and maintenance of PN10 to the Public Audit Forum
- Competition policy – that given the cross-organisation importance of competition and FRC’s strategic objective to create a more resilient market, significant competition policy matters would be reported to the Board
- ISSB Endorsement – the FRC continue to work with DBT to set up the UK Sustainability Disclosure Technical Advisory Committee.
- Local audit – that the FRC has taken on responsibility for the Local Audit Liaison Committee.
- Stewardship Code – analysis of applications received following the deadline for applications to the Stewardship Code indicates a large proportion of renewals from existing signatories and 17 new applications.

10. **Date of next meeting:** 18 July 2023