**Registration of Third Country Audit Entities**

**Guidance Note TCA1**

Fitness to conduct audits of UK-traded companies incorporated in a third country

1. Under UK law, a registered third country auditor must be a fit and proper person to conduct audits of UK-traded non-UK companies. This is assessed in each application in respect of:
2. The firm;
3. The members of the administrative or management board of the firm listed in question 11 of **Form B;** and
4. Those individuals listed in question 10 of **Form B** designated by the firm as being primarily responsible for carrying out, or signing on behalf of the firm, an audit of a relevant client (as listed in question 9 of **Form B**).
5. Question 13 of **Form B** requires the applicant to assess whether or not the firm is fit and proper and to make a declaration accordingly. This guidance note is intended to assist an applicant in assessing whether or not it can properly make such a declaration.

1. If an applicant, having considered this guidance note, is unsure as to whether it meets the requirement, it should **not** tick “Yes” or “No” at question 13 of **Form B**  but **should submit all relevant information with its application** to enable the Financial Reporting Council to consider the case.

1. Set out below are:

**PART I:** Questions that the firm should ask of itself; and

**PART II:** Questions that the firm should ask of individuals listed in questions 10 and 11 of **Form B**.

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| **PART I: THIRD COUNTRY AUDITOR** | | | | |
| Set out below are the questions that a firm should ask of itself in order to assess whether it is a fit and proper person to conduct audits of UK-listed non-UK companies. | | **Yes** |  | **No** |
| **Financial integrity and reliability** | | | | |
| 1 | In the last ten years has the firm made any compromise or arrangement with its credits, or otherwise failed to satisfy creditors in full? |  |  |  |
| 2 | In the last ten years has the firm been the subject of any insolvency proceedings? |  |  |  |
| **Civil liabilities** | | | | |
| 3 | In the last five years has the firm been the subject of any civil action relating to its professional or business activities which resulted in a judgement or finding against it by a court, or a settlement (other than a settlement consisting only of the dismissal of a claim against it and the payment of its costs) being agreed? |  |  |  |
| **Good reputation and character** | | | | |
| 4 | In the last ten years has the firm been: | | | |
| * Convicted by a court of any criminal offence? |  |  |  |
| * Refused or restricted in the right to carry on any trade, business or profession for which a specific licence, registration or other authority is required? |  |  |  |
| * Refused entry to any professional body or trade association, or decided not to continue with an application? |  |  |  |
| * Reprimanded, warned about future conduct, disciplined or publicly criticised by any professional or regulatory body? |  |  |  |
| * Made the subject of a court order at the instigation of any professional or regulatory body? |  |  |  |
| * Investigated on allegations of misconduct or malpractice in connection with its professional or business activities which resulted in a formal complaint being proved but no disciplinary order being made? |  |  |  |
| 5 | Is the firm currently undergoing any investigation or disciplinary procedures, as described in 4 above? |  |  |  |
| **A ‘Yes’ response, to any of the questions above will require further explanation. Cross refer to where this explanation has been provided, if applicable:** | | | | |
| **PART II: RELEVANT INDIVIDUALS** | | | | |
| Set out below are the questions that a firm should ask of each member of its administrative or management board, and each individual designated by the firm as being primarily responsible for carrying out, or signing on behalf of the firm, an audit of a relevant client. | | **Yes** |  | **No** |
| **Financial integrity and reliability** | | | | |
| 1 | In the last ten years have you made any compromise arrangements with your creditors or otherwise failed to satisfy creditors in full? |  |  |  |
| 2 | Have you ever been declared bankrupt or been the subject of a bankruptcy court order or has a bankruptcy petition ever been served on you? |  |  |  |
| 3 | Have you ever signed a trust deed for a creditor, made an assignment for the benefit of creditors, or made any arrangements for the payment of a composition to creditors? |  |  |  |
| **Civil liabilities** | | | | |
| 4 | In the last five years have you been the subject of any civil action relating to your professional or business activities which has resulted in a judgement or finding against you by a court, or a settlement (other than a settlement consisting only of the dismissal by consent of a claim against it and the payment of its costs) being agreed? |  |  |  |
| **Good reputation and character** | | | | |
| **Note:** There is no need to have regard to offences which are spent for the purposes of the Rehabilitation of Offenders Act 1974 (or equivalent legislation in the applicant’s home country relating to the disclosure of criminal records), or road traffic offences that did not lead to a prison sentence. | | | | |
| 5 | Have you at any time pleaded guilty to, or been found guilty of, any offence? |  |  |  |
| **If so, give details of the court which convicted you, the offence, the penalty imposed and date of conviction:** |  |  |  |
| 6 | Have you ever been disqualified by a court from being a director, or from acting in the management or conduct of the affairs of any company? |  |  |  |

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| 7 | In the last ten years have you been: | **Yes** |  | **No** |
| * Refused the right, or been restricted in the right, to carry on any trade, business or profession for which a specific licence, registration or other authority is required? |  |  |  |
| * Investigated about allegations of misconduct or malpractice in connection with your professional activities which resulted in a formal complaint being proved but no disciplinary order being made? |  |  |  |
| * The subject of disciplinary procedures by a professional body or employer resulting in a finding against you? |  |  |  |
| * Reprimanded, excluded, disciplined or publicly criticised by any professional body to which you belong or have belonged? |  |  |  |
| * Refused entry to, or excluded from, membership of any profession or vocation? |  |  |  |
| * Dismissed from any office (other than as auditor) or employment or requested to resign from any office, employment or partnership? |  |  |  |
| * Reprimanded, warned about future conduct, disciplined, or publicly criticised by any regulatory body, or any officially appointed enquiry concerned with the regulation of a financial, professional or other business activity? |  |  |  |
| * The subject of a court order at the instigation of any regulatory body, or any officially appointed enquiry concerned with the regulation of a financial, professional or other business activity? |  |  |  |
| 8 | Are you currently undergoing any investigation or disciplinary procedures as described in 7 above? |  |  |  |
| **A ‘Yes’ response, to any of the questions above will require further explanation. Cross refer to where this explanation has been provided:** | | | | |