

14 January 2019

Dear

Re: Brexit and third country auditor registration

After March 29, and in the absence of a withdrawal agreement that maintains the status of UK statutory auditors and audit firms (hereinafter referred to as “UK auditors”), such UK auditors will become third country auditors as and from that date. This means that they will not be recognised as statutory auditors under EU law. The primary impact of this is that any EU companies that have audit reports signed by UK auditors will no longer be compliant with EU and domestic legislation.

However, for UK companies which have securities admitted to trading on an EU regulated market and who are audited by UK auditors, including those admitted to such markets in Ireland, there is also another potentially significant impact. Section 1576 of the Companies Act 2014 states that the audit reports of such companies will have no legal effect unless their auditors are appropriately registered. EU law allows for audit reports signed by non EU auditors and audit firms to be acceptable in the case of non EU companies where those firms and auditors have registered in the jurisdiction of the relevant market as a third country auditor. However that registration process can (by definition) only be undertaken by third country auditors and must be completed prior to any such reports being filed with the relevant market.

Currently, UK auditors are EU auditors and so they cannot apply for third country auditor status. However, in the event of the circumstances outlined above, any financial statements and returns filed after March 29 can only be done so by auditors who have completed the third country auditor registration process. Your firm is being contacted because the Authority understands that this issue may be of direct relevance.

In order to expedite this process for any prospective applicants, the Authority wishes to advise as follows.

The process for applying to be a third country auditor, including the necessary forms and list of required documents, is available on the homepage of the IAASA website. The Authority recommends that any person or persons from a firm that may seek to be registered as a third country auditor after March 29 should prepare and submit the necessary paperwork, in draft format, to the Authority as soon as possible. The Authority recommends that where possible this be done by the end of January.

The Authority will review all such draft documentation and where necessary engage with applicants to ensure that the applications are complete and accurate, to allow for consideration as soon as

possible after the United Kingdom leaves the European Union. Prospective applicants should note that the Authority expects a large number of applications which will be assessed in the order in which they are received without exception. This process will be delayed if additional information needs to be requested.

Any further questions on this matter can be directed to the Third Country Auditors Team in IAASA. Please contact Barry Murphy at 045 983628 or barry_murphy@iaasa.ie.

Kind regards

Yours sincerely

Kevin Prendergast
Chief Executive

Email kevin_prendergast@iaasa.ie

Telephone (direct) +353 45 983636