



PROPOSED AMENDMENTS TO THE PIE AUDITOR REGISTRATION REGULATIONS

Issued 2 October 2025

ICAEW welcomes the opportunity to comment on proposed amendments to the PIE Auditor Registration Regulations, published by the Financial Reporting Council (FRC) on 17 July 2025, a copy of which is available from this [link](#).

For questions on this response, please contact the ICAEW Audit and Assurance Faculty at tdaf@icaew.com quoting REP 79/25.

ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
T +44 (0)1908 248 250 F +44 (0)20 7920 0547 icaew.com

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

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KEY POINTS

1. ICAEW welcomes the opportunity to respond to proposed amendments to the PIE Auditor Registration Regulations (the Regulations). From discussions we have had on the proposed changes and the operation of the regime more generally from PIE Responsible Individuals (RIs) and other representatives from firms of varying sizes, we understand that the regime is broadly well-functioning for those with substantial experience with the Regulations.
2. That said, we have heard frustrations with, among other things, time-consuming and inefficient application processes, difficulties in demonstrating the competence and experience of, for instance, non-PIE RIs moving into PIE audit engagements, and a perceived inflexibility on the part of the FRC. These issues are likely to present more of an obstacle for those firms with less involvement in the PIE audit market, including challenger firms.
3. Although we are supportive of some of the proposed changes (see our response to **questions 1 and 2**), we are not convinced that they address the issues noted above, or that they achieve the FRC's stated aims of reducing the administrative burden on, or providing flexibility and clarity for, firms and RIs. No proposed amendment was identified during our outreach which is likely to materially reduce the time, effort, and cost necessary to comply with the Regulations.
4. We do, however, outline examples of revisions which we believe are likely to *increase* the administrative burden on firms and RIs (please see our response to **questions 1 and 2**).
5. We are disappointed that the underlying issues with the Regulations, including the complexity and uncertainty ICAEW highlighted in its [response](#) to the 2022 Consultation, have not been addressed. At the heart of these issues is the role the Regulations and the wider regulatory framework play in acting as a barrier to audit firms entering the PIE Audit Market, and RIs from pursuing a career as a PIE RI.
6. In its 2022 [Feedback Statement](#), the FRC disagreed with concerns expressed in responses to the 2022 Consultation that the Regulations may diminish the attractiveness of the PIE audit profession. While ICAEW appreciates that there are many reasons for firms and RIs to be reluctant to engage with the PIE audit market, three years on from the Regulations coming into force, attractiveness of the profession remains at the centre of discussions around competition, choice, and resilience in the PIE audit market. While the FRC rightly continues to challenge the profession to raise standards, a balance needs to be struck to ensure that perceptions of a disproportionate regulatory culture do not incentivise challenger firms to retreat from or fail to enter the PIE market.
7. We note the FRC's efforts to help smaller firms increase their presence in the PIE audit market through its Audit Firm Scalebox and more recently announced 'Scalebox-SoQM' and 'Innovation and Improvement Hub'. A more collaborative regulatory culture is welcome, but we do not believe that either the proposed amendments to the Regulations or the initiatives noted above are likely to substantially move the dial for firms and RIs operating or wishing to operate in the PIE audit market.
8. We encourage the FRC to continue engaging with firms, practitioners, RSBs, and others to understand how the PIE auditor registration system can be improved for established PIE firms and RIs and potential entrants. Substantively improving the system involves consideration of the following:
 - a) Audit firms are better equipped to assess the competence and experience of prospective PIE RIs than the FRC given that they have more direct knowledge of these individuals' skills, development and training. In any case, firms' responsibilities under the quality management standards require them to assign appropriately competent and capable partners to each audit engagement. In line with its Future Audit Supervision Strategy (FASS) proposals, the FRC should explore how it can place more reliance on a firm's own system of quality management to inform its approach to PIE auditor registration.
 - b) PIE RI capacity: in urgent circumstances, when a PIE RI withdraws from an engagement unexpectedly due to illness or other unforeseen event, for example, identifying an appropriate PIE registered substitute can be challenging. Granting firms

more flexibility to register additional RIs without a current PIE portfolio including Engagement Quality Reviewers (EQRs) for such situations would be welcome.

- c) The FRC should fulfil its undertaking to publish ‘anonymised thematic reports’ which, per the 2022 Feedback Statement, would ‘*provide anonymised summaries and examples of actual cases where measures have been applied and the factors that led FRC decision-makers to decide those measures were appropriate.*’ Such reports should also provide examples of circumstances that might trigger a decision to publish measures imposed.
- d) Application process: the Consultation states that ‘*since 5 December 2022, 99.3% of straightforward Applications have met (the) timeframe (of 25 working days)*’. However, we have heard reports of prolonged periods of back-and-forth with the FRC before it was satisfied that it had all the documentation and information required and the 25-working-day processing period could commence. This, along with an 18-month period the FRC is proposing to complete registration reviews does not align with the far stricter deadlines it imposes on firms and RIs. The FRC should consider the following:
 - i. Committing to more ambitious timeframes within which it would undertake to complete, for example, registration reviews.
 - ii. Establishing a target timeframe of, say, 10 working days within which the FRC would inform an applicant that the information and documentation it has received is incomplete.
 - iii. Providing more transparency to firms and RIs concerning the period of time it is likely to take to process an application from receipt of the first application forms until final approval.
 - iv. Providing examples of ‘what good looks like’ when it comes to ‘straightforward’ applications and of circumstances that may cause applications to take longer to process and approve.
 - v. Clarifying how firms should demonstrate the competence and experience of previously non-PIE RIs, and RIs with limited PIE experience.

9. The FRC should also:

- a) Retain the current definition of ‘principal’ (including both salaried and equity partners) which is in line with the definition per the UK Audit Regulations and other regulated areas of accountancy.
- b) More clearly explain the rationale behind or reconsider proposed new Regulation 1.6.
- c) Consider a case-by-case basis for firms to notify the FRC of anticipated changes to governance arrangements. The FRC should also make clear that routine events such as the retirement of an equity partner do not warrant notification.
- d) Explore how the FRC’s internal processes can be improved to facilitate a better application experience for firms. This could include clarifying the channels and means of FRC-to-firm communication, ensuring that firms are made aware of and have access to the most recently updated application forms, and addressing the inefficiencies of the Microsoft form system.
- e) Maintain a complete, live, and publicly accessible list of all UK PIEs. This would be of particular value in the context of a potentially expanded definition of Public Interest Entity.

RESPONSES TO SPECIFIC QUESTIONS

Question 1: Do you have any comments on the proposed changes to the Regulations as described above and set out in Appendix A? Please respond by reference to the specific item reference on the above table or to the specific paragraph number of the Regulations.

Question 2: Do you agree with the proposed amendments to the Regulations? Please respond by referring to the specific item reference on the above table where possible, or to specific Regulation numbers.

10. ICAEW supports the following:

- a) Revised Regulation 12.5, which now makes clear that urgent decisions are subject to internal reviews and appeals. This was something ICAEW raised in its [response](#) to the 2022 Consultation. However, the risk of the FRC publicising such decisions without adequate warning or reason persists (see **point 27**).
- b) Amendments which provide greater transparency around timescales involved with the application process, such as revised Regulation 7.5, which introduces a 10 working-day time limit for the FRC to notify applicants of application refusal, and revised Regulation 16.7, which requires the FRC to notify firms of the completion of a registration review within 20 working days of completion. However, we would like to see the FRC commit to more ambitious timeframes for the processing of applications and completion of registration reviews (see **point 12**).
- c) Revisions to the Guidance document (table in revised paragraph 22) which make clear that the time an individual serves as a non-RI on a PIE engagement can constitute evidence of sufficient experience and competence for application purposes.

11. While we support these revisions, we do not believe they go far enough to provide much-needed clarity and flexibility for firms and RIs. Crucially, no proposed revision was identified during our outreach which we believe would materially reduce the administrative burden faced by those subject to the Regulations, which is one of the FRC's overarching aims in proposing these changes. We did, however, hear examples of revisions that are likely to *increase* firms' workloads, as follows:

Regulation 1.6

- a) Proposed new Regulation 1.6 requires a firm or individual to be registered on the PIE Auditor Register (PAR) in respect of statutory audit work undertaken in relation to an entity which either was a PIE on the relevant accounting reference date or was a PIE for more than 100 consecutive days during the relevant accounting reference period. We understand the FRC's aim here was to '*reduce the regulatory burden*' by clarifying that registration is not necessary in respect of entities that have only met the PIE definition for a short time and are not a PIE at the financial period end date. However, the mischief the FRC is attempting to address, and the relevance of a 100-day period, are unclear. Many of the practitioners and firm representatives we spoke to consider the change to be unhelpful and unnecessary, given that their understanding was that it is only in respect of audited entities that are PIEs at the period end date where registration is required. This is in conflict with the poorly signposted footnote 2 (now removed) within the previous Guidance document's 'Introduction' page, which stated that '*the audit of an entity which was a PIE during the financial year being audited must be carried out by a PIE registered auditor, even if the entity is no longer a PIE.*'
- b) Adding this extra layer of complexity within the Regulations is likely to increase rather than reduce the administrative burden on firms. We urge the FRC to more clearly articulate the mischief they are attempting to address by proposed new Regulation 1.6, and consider whether it, or the previous Guidance document's footnote, are necessary and proportionate.

Revised definition of 'principal'

- c) We disagree with the removal of salaried partners from the definition of 'principal'. The current definition of 'principal' is established, well-understood, and is consistent with the UK Audit Regulations and other ICAEW regulations and requirements. Entries on the

Joint Audit Register (JAR), which is the statutory register, are prescribed by Companies Act 2006 and The Audit Register Instrument 2016 (the Instrument). It is a requirement for all members of LLPs and partners in partnerships (ie, equity partners) to be recorded on the JAR. However, there is nothing precluding additional information, such as salaried partners who are RIs, being recorded on the JAR. Details of equity partners, as owners, can be obtained from Companies House.

- d) Besides reconciling the definition of 'principal' with that in the Instrument, the Consultation does not adequately explain the FRC's rationale behind the proposed change. We do not understand what mischief is being addressed. The definition within the Audit Regulations that includes both salaried and equity partners is the appropriate definition and is in line with the definition used in other regulated areas of accountancy. The proposed change is therefore unnecessary and has the potential to create additional administrative burden for firms who would have to apply both the definition as per the Audit Regulations and that of the PIE Auditor Registration Regulations. This is contrary to the FRC's aims in proposing the revisions.
- e) We urge the FRC to retain the current definition of 'principal'.

Revised Regulation 16.1

- f) Although we understand that the intention behind revisions to Regulation 16.1 was to provide clarity for firms and '*address inconsistency*', we fail to see how removing the allowance of 30 working days between RSB and FRC annual return submission dates will benefit firms. Firms tend to appreciate the 30 days' grace they are afforded to prepare the distinct information required in the annual return for submission to the FRC. This is, again, an example of certain amendments increasing rather than reducing administrative burden.
- g) The FRC should reconsider this amendment.

Completed and planned Continuing Professional Development (CPD) for RIs

- h) Paragraph 20 of the Guidance document has been revised to clarify that details of an applicant RI's completed and planned CPD must include '*the number of hours (where applicable) and references to the relevant IFAC's International Education Standard 8 (IES 8) competencies.*' It was impressed upon us the extra time, effort, and resource that preparing such information would entail, for uncertain added benefit. It is also likely that reviewing such granular details would be burdensome for the FRC.
- i) One message we heard repeatedly was that the firms – rather than the FRC – are best placed to assess the suitability of an individual to take on a PIE RI role, given that they are more familiar with that individual's experience and training. Paragraph 32 of ISQM (UK) 1 already requires a firm to have quality objectives in place to ensure that '*engagement team members are assigned to each engagement, including an engagement partner, who have appropriate competence and capabilities.*' It is therefore difficult to understand how the FRC can gain a more complete picture of an individual's experience and competence in its 25-working-day application processing period than a firm can in observing that individual's career progression, in many cases over a number of years.
- j) The FRC should consider placing more reliance on a firm's own basis for assessing the suitability of prospective PIE RIs. This would align with the FRC's FASS proposals, which propose adapting the supervisory approach to take account of the systems of quality management of audit firms.

Regulations 15.3 to 15.5

- k) Please see our response to **question 4**.

12. Other proposed changes that have raised concern among those we have spoken to are as follows:

Timeframes for registration reviews and application processing

- a) The frequency of registration reviews per revised Regulation 16.6 has been amended to provide more flexibility to the FRC (removing the initial frequency of these reviews of

every 12 to 18 months). We note that the FRC commits to complete a registration review within 18 months from the date on which the review commences, which is a lengthy period. Similarly, as we explore further in response to **question 5**, the FRC's target timeframe for application processing of 25 working days, on paper achieved in 99.3% of 'straightforward' cases, can in practice take far longer.

- b) We notice that the FRC affords itself lengthy periods in which to bring tasks to completion while simultaneously expecting responses in much shorter timescales from firms and RIs. An example of this is the new requirement in paragraph 180 of the Guidance document for firms and RIs to notify the FRC of any technical difficulties accessing files, emails or links sent by the FRC under Guidance document paragraph 179 within one working day of identifying the problem.¹
- c) It would be useful to understand why the FRC is not committing to the same sorts of timeframes imposed on those subject to the Regulations or, indeed, reciprocating the FRC's ability to be flexible to firms and RIs. See our response to **question 9** for some suggestions as to how the FRC might achieve this balance better.

Paragraphs 88 and 102 of the Guidance document

- d) New Paragraphs 88 and 102 of the Guidance require a PIE registered audit firm/RI that has a condition or undertaking requiring them to obtain the FRC's approval before accepting new PIE clients to notify the FRC of the earliest of a set of specified events. The wording of these two paragraphs implies, for example, that a firm/RI might be successful in a tender bid before they even have the intention to submit such a bid. Clarity is needed as to why the inclusion of all these events has been considered necessary given that the earliest event will invariably be a firm's intention to submit a bid.
- e) It is also unclear at which point a firm or RI would assess a bid as being successful, and we have heard of inconsistencies in different firms' approaches to this assessment. Success is variously interpreted as:
 - when a formal announcement has been made; or
 - when a firm is legally appointed as the statutory auditors; or
 - when the firm has been made aware of the appointment informally.
- f) We suggest that the wording of paragraphs 88 and 102 of the Guidance document is revisited and that the FRC clarifies what is meant by a successful tender bid in paragraphs 51, 88, and 102.

Publication of decisions

- g) Several of the regulations addressing the FRC's policy for publication of decisions (Regulations 8.10, 9.9, 10.10, 11.8, 12.8, 13.7, 13.8, and 14.13) have been amended to clarify that 'the manner of (the relevant) publication shall be determined by the FRC.' Please see **point 27** for our views on these proposed amendments.

Question 3: Regulation 2.1 excludes a number of bodies from the definition of PIE. Do you consider there are any additional NHS/Health and Social Care bodies or local authorities which should be excluded from this definition?

13. We have no comment to make on Regulation 2.1.

Question 4: The FRC is proposing specific notification requirements in the case of audit firms anticipating changes in their governance arrangements. These requirements are set out at Regulations 15.3 to 15.5 and expanded on at paragraphs 46 to 49 of the Guidance. This would include notification of whether any change or restructuring involves external investors, such as private capital or private equity funds or a potential listing. The FRC considers this to be an important change and welcomes comments on these proposals, particularly in relation to the 90-day minimum notification provision.

¹ Also see Regulations 4.1(n(iv)), 5.1(i(iv)), 8.7, 9.3, 9.7, 14.1, 14.8, 15.3(a), 15.3(b), 15.6 and definition of 'Notice Period' for further examples of requirements on firms and RIs to act or respond within shorter timescales than the FRC.

14. We appreciate the FRC's efforts to clarify the kinds of transactions which would constitute a relevant change to be notified in revised Regulation 15.4, and that emerging (but increasingly common) reorganisations such as private equity acquisitions, have been included. Although this is a positive move, further guidance will be needed to assist firms in distinguishing between those fundamental structural changes that are worthy of notification, and more routine transactions. We do not believe, for instance, that the FRC intends for PIE registered audit firms to notify them of appointments and retirements of equity partners occurring in the ordinary course of business under these Regulations. The FRC should make this clear.
15. However, we have concerns over the new 90-day minimum notification period set out in revised Regulation 15.3, particularly the rationale for this period. In practice, some firms may encounter challenges in complying with this provision, specifically when the relevant transaction:
 - a) is initiated and concluded within the 90-day period; or
 - b) is highly complex and protracted with uncertainty around the 'anticipated' date on which it will take effect; or
 - c) involves either confidential information, or information that is liable to change, limiting the ability of firms to provide the FRC with relevant, accurate, complete and timely information.
16. Given the wide range and varying complexity of such transactions, it may be more appropriate to consider a case-by-case approach. It may be sufficient to simply make firms aware that, if they anticipate notification-worthy changes to their governance structures, they should engage with the FRC as soon as is practicable.
17. Aside from the practicalities of this new provision, amendments such as the new 90-day minimum notification period are simply introducing additional administrative burdens for firms and RIs which risks undermining the attractiveness of the PIE audit market.

Question 5: The Guidance specifies that the FRC will decide on straightforward Applications within 25 working days of all required documentation and information being submitted (which includes any required clarifications or confirmations). Since 5 December 2022, 99.3% of straightforward Applications have met this timeframe. Do you have any comments on:

- **the suitability of the processing time being 25 working days; and/or**
 - **the new ten working day notification period proposed for refusals; and/or**
 - **whether there are any targets on other areas of the Registration process which should be considered?**
18. While the 25-working-day period for processing applications appears reasonable, we have heard from practitioners and firm representatives that, in reality, the timeline between application submission and decision can be substantially longer. This is because, as noted in Paragraph 30 of the Guidance document, the point at which the FRC commences its processing is when 'all required documentation and information has been submitted.'
 19. Those with experience of the application process report a lack of clarity as to what constitutes the 'required documentation and information.' Some firms report lengthy periods of back-and-forth with the FRC before the FRC becomes satisfied that it has the information it needs and starts the 25-day processing period.
 20. New RI and firm entrants may be under a misapprehension that the total approval period is 25 working days.
 21. We have also heard frustrations with the frequency of changes to the application forms coupled with a perceived lack of communication from the FRC regarding these changes. This makes it harder for firms to remain up to date and can protract the application process further.
 22. The FRC should consider the following:
 - a) Publishing the average number of days taken from first submission of an application and a final decision being made. This might provide a better picture of how efficient the registration process is.

- b) Establishing a target timeframe of, say, 10 working days within which the FRC commits to informing a firm that it does not have all the documentation and information necessary to commence the application processing.
- c) Providing clearer and more detailed guidance in relation to the information the FRC expects from firms and RIs to support applications, including:
 - i. examples of straightforward and more complex applications as well as an indication of likely timescales for the processing of each;
 - ii. considerations for overseas RI applicants; and
 - iii. considerations for PIE RIs who are simply moving firm and are required to reregister.
- d) Sharing a live link (via SharePoint) to form templates allowing firms and RIs to access the most up-to-date forms.
- e) Endeavouring to commit to processing all submitted applications within 25 working days or proposing a more realistic timeframe. This would provide more transparency to those submitting applications.

Question 6: The FRC will start to report on Market Health Indicators in 2025-26. In relation to Registration, the FRC has proposed that these are, for example, the number of PIE Registered Audit Firms and PIE Registered RIs. Do you agree with these indicators? Are there any other metrics that you consider it appropriate for the FRC to report in respect of?

23. We agree that reporting on the number of PIE registered audit firms and PIE registered RIs is important. The FRC should also maintain a complete, live, and publicly accessible list of UK PIEs. This, coupled with information concerning the net movement in the number of PIE registered firms and RIs might aid a more up-to-date understanding of the *capacity* of UK PIE firms and RIs to audit the pool of UK PIEs. This will become increasingly important as the government considers widening the scope of the definition of a PIE.

Question 7: Do you have any general comments on the amended Regulations?

24. No.

Question 8: Do you have any comments on the Regulations which have not been addressed in this consultation?

- 25. In its 2022 [Feedback Statement](#), the FRC undertook to publish thematic reports providing anonymised summaries and examples of actual cases where measures have been applied and the factors that led FRC decision-makers to decide those measures were appropriate.
- 26. Our enquiries suggest that, as of 27 August 2025, no thematic report has been published. The FRC reported that it was *‘pleased that most respondents (to the 2022 Consultation) were in favour of the FRC publishing anonymised thematic reports.’* ICAEW was also in favour, and we would question why, given the broad support for this, no report has been published. Stakeholders have expressed a desire for more guidance on the operation of the regime. FAQs and examples (by way of thematic reports) would therefore be welcome.
- 27. In our [response](#) to the 2022 Consultation and to mitigate the risk of the perception of the FRC exercising its discretion to publish decisions regarding conditions on a capricious basis, we suggested that the fact that an appeal has been lodged should be disclosed and that the affected firm be given advance warning and sight of the wording used. The 2025 proposed amendments do little to assuage these concerns and appear to provide the FRC with *more* discretion regarding the manner of publication (see **point 12(g)**). We reiterate our 2022 suggestions and call on the FRC to explain the safeguards in place to ensure that publication decisions are not perceived as being made on a capricious basis.
- 28. In 2022 we also encouraged the FRC to provide detailed guidance or examples covering what the FRC means in relation to situations that might warrant suspension and to make clear that a distinction would be made between serious non-compliance cases, and others relating to administrative errors for example. To address these points, the FRC might consider releasing anonymised thematic reports (as alluded to in **point 26**), or other guidance or FAQs.

Question 9: Do you have any additional comments regarding the operation of the Registration process under the PIE Auditor Registration Regulations and/or suggestions for how the process might be improved?

29. We draw the FRC's attention to:

- a) Challenges in demonstrating the competence and experience of:
 - non-PIE RIs moving into PIE audit engagements;
 - RIs (particularly from overseas) with experience with only one or a small number of PIEs; and
 - RIs (particularly from overseas) with experience in PIE audits of a niche industry.
- b) Challenges in navigating the channels of communication with the FRC. While some firms and RIs report a relatively smooth application process supported by strong communication from the FRC, others have expressed confusion in gauging the right points of contact and frustration with a lack of receipt acknowledgements when firms submit notification of a relevant change, for example.
- c) The inefficiencies of the Microsoft form system. The FRC shares these forms via SharePoint and asks that firms complete them. We have heard that these cannot be saved as drafts, meaning that a separate copy of the form questions must be made which are then completed, reviewed, and signed off before the Microsoft form itself can be filed. This simply creates additional administrative burden for firms.

30. We would also like to see more flexibility afforded to firms and RIs, and not just to the FRC, in the following areas:

- a) Approaching the minimum notification period for relevant changes on a case-by-case basis to better reflect the unique characteristics of a change in governance arrangements (see our response to **question 4**).
- b) Easing the strain on firms (particularly smaller firms') PIE RI capacity by granting them more latitude to register additional RIs without a current PIE portfolio including EQRs for situations where the registered PIE RI on an audit falls sick or steps aside unexpectedly.