



Financial Reporting Council

# PIE Auditor Registration

**Consultation on proposed  
Public Interest Entity Auditor  
Registration Regulations**

April 2022

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# General information

This consultation sets out the proposals of the Financial Reporting Council (“FRC”) to introduce new requirements for the approval and registration of audit firms and responsible individuals (“RIs”) who undertake Statutory Audit Work in respect of public interest entities (“PIEs”).

The proposed new PIE auditor approval and registration process (“PIE Registration”) is separate from, and additional to, the existing Recognised Supervisory Bodies (“RSBs”) audit registration process for Statutory Auditors (which will continue to apply). The PIE Registration process will apply only to audit firms and RIs who undertake PIE audit work.

Subject to the outcome of this consultation, it is the FRC’s current expectation that the new PIE Registration process will be implemented on and from September 2022. It is also the FRC’s expectation that a transitional PIE Registration process will be operational during a period of a few months prior to the mandatory PIE Registration process coming into effect (see further Part 6 and Annex 1 below).

## Definitions

This consultation uses the definitions listed in Part 2 of the draft PIE Auditor Registration Regulations, apart from the following:

- we refer to “audit firm” (instead of PIE Registered Audit Firm) and to “RI” (instead of PIE Registered RI); and
- we refer to the new PIE auditor approval and registration as “PIE Registration” and to the draft PIE Auditor Registration Regulations as the “PIE Regulations” or “PIE Registration Regulations”.

## Consultation details

Consultation opened: 14 April 2022

Respond by: 26 May 2022

## Enquiries and responses to:

Email: [registrationconsultation@frc.org.uk](mailto:registrationconsultation@frc.org.uk)

Or in writing to:

Registration consultation

The Financial Reporting Council

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The FRC would particularly welcome the views of Statutory Auditors and audit firms and other regulatory bodies, including professional associations.

When responding, please state whether you are responding as an individual or representing the views of an organisation.

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## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

The FRC's usual policy is to make responses received to our consultations publicly available. If you want the information that you provide to be treated as confidential, please tell us but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable UK data protection laws. Please see our [privacy policy](#).

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# Introduction

In 2018, Sir John Kingman, at the request of the then Secretary of State for Business, Energy and Industrial Strategy (“BEIS”), undertook a review of the FRC (the “Kingman review”). The objectives for the Kingman review were to undertake a root and branch review of the FRC and to put forward proposals to make the FRC “a beacon for the best in governance, transparency and independence”.

A key recommendation of the Kingman review was that the FRC should reclaim responsibility for the approval and registration of audit firms conducting PIE audits from the RSBs. The Kingman review noted concern that the delegation of the approval and registration of Statutory Auditors leaves the FRC without sufficient power to act where systemic quality issues with an audit firm are identified. The Kingman review also recommended that a new FRC regime for the approval and registration of audit firms conducting PIE audits should have a range of available sanctions.

In the 2021 consultation ‘Restoring trust in audit and corporate governance’ (the “White Paper 2021”), BEIS commented at paragraphs 9.1.6 and 9.1.7 that:

“9.1.6 The Government has concluded that the regulator [the FRC] should carry out the task of determining whether individuals and firms are eligible for appointment as statutory auditors of PIEs, rather than continuing the present delegation of this task to the RSBs. The RSBs would continue to carry out the delegated task of determining whether individuals and firms are eligible to be appointed as statutory auditors of non-PIE entities.

9.1.7 The Government considers it a priority for the regulator to reclaim the task of determining the eligibility of individuals and firms to carry out PIE statutory audits so as to raise the quality of those audits. It further considers that the concerns raised by consultees to date can largely be mitigated by the FRC consulting with the RSBs on the design of the new regime.”

The White Paper 2021 consultation closed in July 2021.

In light of the Government’s clear policy steer, the FRC has been preparing to assume responsibility for PIE Registration. As part of those preparations, the FRC has developed the PIE Registration proposals that are the subject of this consultation. It has also engaged with the RSBs.

The purpose of this consultation is to seek the views of interested parties on the FRC’s proposals for PIE Registration. In particular, the FRC seeks views on:

- (i) the FRC’s PIE Registration process proposals as described in this consultation;
- (ii) the PIE Regulations, which are set out at Appendix 1; and
- (iii) the draft Guidance on the PIE Registration process (available at [PIE Registration Guidance](#)).

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## The legal framework

The following aspects of the legal framework are of particular relevance to the FRC's proposals for assuming responsibility for the approval and registration of the auditors of PIEs.

### 1. The Statutory Auditors and Third Country Regulations 2016 ("SATCAR 2016")

The FRC is the competent authority for the purposes of SATCAR 2016. Under regulation 3(1) of SATCAR 2016, the FRC is responsible for the public oversight of Statutory Auditors including through: the determination and application of criteria for the appointment of Statutory Auditors; the registration of Statutory Auditors; and the keeping of a register of Statutory Auditors and making that register available for inspection.<sup>1</sup>

The FRC has the power to delegate certain of the regulation 3(1) tasks to any RSB<sup>2</sup> and in doing so, must specify the tasks that are delegated (and may specify those tasks by reference to particular descriptions of activity, Statutory Auditor or audited person); may specify and vary any conditions under which the delegated tasks are to be carried out;<sup>3</sup> and may specify (including by reference to descriptions of activities, Statutory Auditors or audited persons) exceptions to any delegation.<sup>4</sup> The FRC may also reclaim delegated tasks including those which relate to a particular description of activity, Statutory Auditor or audited person.<sup>5</sup>

### 2. Delegation Agreements

In 2016, the FRC entered into agreements with the RSBs ("Delegation Agreements") pursuant to which the FRC delegated certain tasks to the RSBs including some of those referenced above (namely, SATCAR 2016 regulations 3(1)(g) to (i)). The FRC's assumption of responsibility for the approval and registration of audit firms and RIs who undertake, or who intend or expect to undertake, PIE audit work will be facilitated by the RSBs including pursuant to the Delegation Agreement (for example, clause 11.2 of the Delegation Agreements, pursuant to which the RSBs represent, warrant and undertake to require all Statutory Auditors that they register to be subject to and comply with the FRC Procedures. The proposed PIE Regulations, when implemented, will constitute FRC Procedures for this purpose).

### 3. The Companies Act 2006, Part 42 (Statutory Auditors)

Part 42 of the Companies Act 2006 ("CA2006") provides for the regulation of Statutory Auditors. Chapter 2 of Part 42 provides for the eligibility of individuals and firms for appointment as Statutory Auditors. Section 1212 provides that a person is eligible for appointment as a Statutory

<sup>1</sup> SATCAR 2016, regulation 3(1)(f) to (i)

<sup>2</sup> SATCAR 2016, regulation 3(2)(b)

<sup>3</sup> SATCAR 2016, regulation 3(6). In June 2016, and in accordance with SATCAR 2016, regulation 3(12), the Secretary of State gave a direction (the "Direction") to the FRC in connection with the delegation of tasks to the RSBs. The Government indicated in the White Paper 2021 (at paragraph 9.1.10) that it intends to revoke the Direction to give the FRC greater autonomy as to the regulatory tasks it chooses to perform directly in relation to the oversight of Statutory Auditors and those which it considers should be delegated to the RSBs.

<sup>4</sup> SATCAR 2016, regulation 3(7)

<sup>5</sup> SATCAR 2016, regulation 3(8)

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Auditor if the individual or firm is a member of an RSB and is eligible for appointment under the rules of that body. The PIE Registration proposals do not change the existing Part 42 requirements.

Under section 1239 of the CA2006, the Secretary of State must make regulations requiring the keeping of a register of the persons eligible for appointment as Statutory Auditors. This function has been transferred to the FRC pursuant to the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012. The FRC proposes to make the PIE Regulations pursuant to section 1239 of the CA2006.

## Implementing these new arrangements

Through the PIE Registration process, the FRC is proposing to assume responsibility for the approval and registration of audit firms and RIs who undertake (or who intend or expect to undertake) PIE audit work. Save in these respects, responsibility for the approval and registration of audit firms and individuals by the RSBs will remain unchanged.

Having regard to the legal framework (as described above), the FRC is proposing to give effect to its PIE Registration proposals as follows:

- a) by making an Instrument - the PIE Regulations (a draft is included in Appendix 1) - in exercise of its powers under section 1239 of the CA2006 (transferred to it under the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012);
- b) by working with the RSBs pursuant to the Delegation Agreements and SATCAR 2016 to support the effective implementation and operation of the PIE Registration process;
- c) by amending the Eligibility Criteria (available at [Proposed Eligibility Criteria](#)) to make clear that auditors of PIEs must comply with the PIE Registration Requirements in the PIE Regulations that are described in this consultation; and
- d) through the development of such supporting documentation as seems to the FRC reasonably necessary or appropriate, to support the effective implementation and operation of the PIE Registration process.

## Rationale for the implementation of PIE Auditor Registration by the FRC

The FRC's purpose is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. Audit firms should be run in a manner that enhances audit quality and firm resilience. The FRC supervises all PIE audit firms with a view to ensuring that they deliver high quality audit consistently and that the audit firms are operationally and financially resilient. Separating PIE Registration from the activities of the RSBs augments the FRC's Supervisory toolkit and enables it to become increasingly assertive in holding audit firms and RIs to account.

The FRC's objectives in implementing PIE Registration are:



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- To enhance its Supervisory toolkit, enabling it to become increasingly assertive in holding audit firms and RIs to account for audit quality.
  - To ensure that all PIE audit matters can be dealt with directly by the FRC, whilst non-PIE matters and the registration of Statutory Audit Firms and RIs remain with the RSBs (subject to the FRC being able to reclaim any matter).

The FRC's principles in implementing PIE Registration are:

- To minimise additional administrative burden on audit firms and RIs.
- To work closely with the RSBs to align processes as far as possible.
- That decision-making will be executive and staff led, in line with the approach of other regulators.

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## Expected audit firms which will be able to apply for PIE Registration

Based on data held by the FRC on 31 March 2022, the following audit firms audit at least one PIE:

### Tier 1<sup>6</sup>

- BDO LLP
- Deloitte LLP
- Ernst & Young LLP
- Grant Thornton UK LLP
- KPMG LLP
- Mazars LLP
- PricewaterhouseCoopers LLP

### Tier 2

- Crowe U.K. LLP
- Haysmacintyre LLP
- MacIntyre Hudson LLP
- PKF Littlejohn LLP
- RSM UK Audit LLP

### Tier 3

- Beever and Struthers
- Begbies
- Bennett Brooks & Co Limited
- Bright Grahame Murray
- BSG Valentine (UK) LLP
- CBW Audit Limited
- Edwards Accountants (Midlands) Limited
- Edwards Veeder (UK) Limited
- Elderton Audit (UK)
- Gerald Edelman LLP
- Hazlewoods LLP
- Jeffreys Henry LLP
- Johnston Carmichael LLP
- Moore Kingston Smith LLP
- Price Bailey LLP
- Shipleys LLP
- UHY Hacker Young LLP

### Other

- Deloitte Ireland
- Deloitte (NI) Limited
- Ernst & Young [Dublin]
- KPMG Audit LLC [Isle of Man]
- National Audit Office

If these firms wish to continue undertaking their existing PIE audit work, or any other PIE audit work, they must register with the FRC (and maintain their registration with their RSB) on and from the PIE Registration go live date.

<sup>6</sup> <https://www.frc.org.uk/getattachment/c5580fd0-64f3-4abd-b57a-b05f01dc9841/FRC-Developments-in-Audit- November- 2021.pdf>. This document at p 10 describes the tiers. Tier 1 firms are already on an annual Audit Quality Review (AQR) inspection and firm-wide review cycle. Tier 2 firms either have several public interest entity (PIE) audits (eg ten or more) and/or other risk factors, and are typically on a three-year cycle for individual audit inspection and firm-wide work. Tier 3 firms are the remainder of the PIE audit firms which are usually on a six-year cycle of individual audit inspection and firm-wide work.

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## Scope of PIE Registration

The PIE Regulations will apply to all Statutory Auditors who undertake (or who know or have reasonable grounds to believe that they will undertake) PIE audit work (and sign PIE Audit Reports).

PIEs are as defined in SATCAR 2016, which are broadly: 1) an issuer whose transferable securities are admitted to trading on a UK regulated market; 2) certain credit institutions; and 3) certain insurance undertakings. Under the proposed PIE Registration arrangements, any entity which meets the PIE definition in SATCAR 2016<sup>7</sup> must be audited by an audit firm which meets the requirements of PIE Registration and is on the PAR.

The current remit of the FRC's audit related supervision extends beyond the PIE definition and includes a number of "retained" audits including certain large AIM entities (market capitalisation exceeding €200m) and Lloyd's syndicates<sup>8</sup>. These retained entities are not included in scope for PIE Registration and thus the Statutory Auditors of this category of retained entities will not need to be PIE registered for the purposes of undertaking those audits.

Audit firms and RIs must not participate in PIE audit work unless they are registered with the FRC. It is expected that audit firms and RIs will apply where they know, or have reasonable grounds to believe, that they will undertake at least one audit of a PIE within the period of 12 months from the Application date (or a longer period, if agreed with the FRC). Where an audit firm or RI has not been involved in a PIE engagement in the previous 12 months (or agreed longer period) and does not have reasonable grounds to believe that they will work on another PIE engagement in the forthcoming 12 month period (or agreed longer period), we would expect such audit firms or RIs to consider requesting voluntary removal from the PAR.

<sup>7</sup> Relevant authorities under section 2 of the Local Audit and Accountability Act 2014 are excluded.

<sup>8</sup> <https://www.frc.org.uk/getattachment/8e03832a-bc57-4044-a490-817d846d69aa/AQR-Scope-of-Retained-Inspection-Final-Nov-2020.pdf>

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# Outline of the draft PIE Registration Regulations

## Part 1. Introduction

This section describes the legal basis for the PIE Regulations. It also explains that, to undertake PIE audit work, an audit firm or RI must have been approved and registered in accordance with the PIE Regulations.

Separate Guidance will be made available to support audit firms and RIs who wish to submit Applications under the PIE Regulations.

**Q.1: Do you envisage any problems with the proposed effective date of the draft PIE Regulations? Please provide supporting reasons for your views or proposals.**

## Part 2. Definitions and interpretation

This section sets out definitions of relevant terms and phrases that are used in the PIE Regulations. It also establishes some rules of interpretation.

**Q.2: Are there other terms which would benefit from being included in the list of definitions? If so, please clarify what these are.**

## Part 3. Content of the PAR

The Register of Statutory Auditors, which contains information on Statutory Auditors approved to carry out statutory audits in the UK and which appears at [www.auditregister.org.uk](http://www.auditregister.org.uk), will continue to be maintained by the RSBs, showing the full details of audit firm and RI registrations. The Register of Statutory Auditors is undergoing an upgrade and, whilst this is happening, no changes can be made to the existing Register of Statutory Auditors' format. Once the upgrade is complete, it is the intention that the Register of Statutory Auditors should host audit firm and RI registration status, both as regards their statutory audit registration with the relevant RSB and as regards their PIE Registration status. This comprehensive register will enable anyone checking a Statutory Auditor's status to refer to one register only. Until then, however:

- the FRC will establish and maintain the PAR, a register of PIE registered Statutory Auditors. The PAR will be available on the FRC's website. It will contain the information prescribed in the PIE Regulations (such as the name, registered office and RSB details for the audit firm, and name, firm and RSB details for RIs) and will include a hyperlink to the Register of Statutory Auditors.
- anyone wishing to check the registration details of an audit firm or RI will need to refer to both the Register of Statutory Auditors and the PAR to obtain a full understanding of the scope of the audit work that the relevant audit firm or RI is authorised to conduct.

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**Q.3: Is there any other information which should be included on the PAR? If so, please clarify what additional information should be included and the reason for the suggestion.**

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

Any audit firm that wants to be approved and registered to carry out PIE audit work must ensure that it meets the requirements listed in Part 4 of the PIE Regulations. These requirements need to be met on application and continue to apply for the duration of the period of the audit firm's registration. Further detail is provided on some of these requirements below.

Audit firms will not normally be considered as meeting the PIE Registration Requirements unless they are included on the Register of Statutory Auditors. Where a firm is applying for audit registration with an RSB, the FRC will consider a concurrent Application for PIE Registration, but PIE Registration will always be contingent on the relevant RSB confirming in writing that the relevant firm has been approved for audit registration with that RSB.

Audit firms can apply for approval and registration to carry out PIE audit work if they know, or have reasonable grounds to believe, that they will undertake at least one audit of a PIE within the period of 12 months following the date on which its Application is received by the FRC (unless a longer period is agreed with the FRC). For audit firms which do not currently undertake PIE audit work, their Application should contain information (including any supporting documentation), about anticipated or prospective PIE audit work.

Audit firms will need to determine which of their RIs should seek to be PIE registered. It is our expectation that audit firms will be selective in identifying which of their RSB-approved RIs are to be PIE registered. The PIE Regulations limit the PIE Registration of RIs to those who know, or have reasonable grounds to believe, that they will undertake PIE Statutory Audit Work within the forthcoming period of 12 months (unless a longer period is agreed with the FRC). The PIE Registration Requirements anticipate that all RIs included on the PAR will have up-to-date training and recent experience and so are the best placed individuals to audit PIEs.

Audit firms must establish adequate procedures to carry out PIE audit work, to ensure that the legislative requirements and standards applicable to PIE audit work and the PIE Regulations are met. Audit firms should also have adequate procedures in place to monitor the competence and experience of their RIs included on the PAR, and all Principals and employees who are involved in PIE audit work. The audit firm will be required to disclose the fit and proper status of the audit firm and the RIs included on the PAR (as required by the CA 2006). Any identified non-disclosure may be followed up and investigated. Any changes that might alter the fulfilment of the Registration Requirements during the audit firm's or RI's PIE Registration should be communicated when the change occurs.

The audit firm should ensure that it has PII equal to or in excess of the minimum level of cover set by the FRC or the RSB with which it is registered (whichever amount is higher). At present the FRC has not set a higher level but may do so in future.

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The audit firm or RI must not carry out any audit work on PIEs unless and until they receive a notification confirming that their Application for PIE Registration has been approved (a “Registration Notice”).

**Q.4: Do you agree with the PIE Registration Requirements which have been listed for audit firms in Part 4? If you do not agree, what other PIE Registration Requirements do you consider are necessary, in addition to or in place of those which have been listed for audit firms in Part 4?**

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

Any RI who is designated by their audit firm and wants to be approved and registered to carry out PIE audit work must ensure that they meet the requirements listed in Part 5. These requirements need to be met on application and must continue to be met for the duration of the period that the RI is included on the PAR. Further detail is provided on some of these requirements below.

RI's will not normally be considered as meeting the PIE Registration Requirements unless they are included on the Register of Statutory Auditors. Where an RI is applying for audit registration with an RSB, the FRC will consider a concurrent Application for PIE Registration, but PIE Registration will always be contingent on the relevant RSB confirming in writing that the relevant RI has been approved for audit registration with that RSB.

RI's can apply for approval and registration to carry out PIE audit work if they know, or have reasonable grounds to believe, that they will undertake PIE Statutory Audit Work within the period of 12 months following the date on which their Application to be entered on the PAR is received by the FRC (unless a longer period is agreed with the FRC). For RI's who do not currently undertake PIE audit work, their Application should contain information (including any supporting documentation), about anticipated or prospective PIE audit work.

RI's must ensure that they maintain their competence and experience to carry out PIE audit work. The PIE audit work for which they are responsible must meet applicable legislative requirements and standards applicable to PIE audit work. The RI's must also comply with the PIE Regulations. RI's must disclose their fit and proper status. Any identified non-disclosure may be followed up and investigated. Any changes that might alter the fulfilment of the Registration Requirements during the RI's PIE Registration should be communicated when the change occurs.

The RI must not carry out any audit work on PIEs unless and until they receive a Registration Notice confirming that their Application for PIE Registration has been approved.

**Q.5: Do you agree with the PIE Registration Requirements which have been listed for RI's in Part 5? If you do not agree, what other PIE Registration Requirements do you consider necessary, in addition to or in place of those which have been listed for RI's in Part 5?**

**Q.6: Do you agree with the Registration Requirement that RI's must have signed a PIE Audit Report in the last 12 months or expect to sign PIE Audit Reports in the forthcoming 12 months (subject to any longer period if agreed with the FRC)?**

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## Part 6. Applications for Registration

Guidance will be available providing further information when the PIE Registration process goes live.

The forms that need to be completed to submit an Application for PIE Registration, together with supporting documentation and information, will be available from the go live date on the FRC's website.

Audit firms which, at the start of the Transitional Period, audit PIEs, will be allowed to apply for PIE Registration during the Transitional Period using a Transitional Application form and following the Transitional Application process. Each audit firm's Transitional Application must also include the required details for each of the RIs that the relevant audit firm wishes to apply to be included on the PAR. As noted above in Part 4, we expect that audit firms will only designate a proportion of their existing RIs for PIE Registration.

The PIE Regulations require that, to be registered on the PAR, an audit firm must be on the Register of Statutory Auditors. If an audit firm's registration on the Register of Statutory Auditors is affected by the audit firm changing legal structure (for example, from a partnership to an LLP), the audit firm must resolve its registration on the Register of Statutory Auditors with its RSB. The audit firm must also make a new PIE Application under Part 6 of the PIE Regulations. Audit firms are encouraged to advise the FRC of any changes in legal structure in advance of the change to allow sufficient time for any Application to be considered and approved. As above, the FRC will consider a concurrent Application for PIE Registration, but PIE Registration will always be contingent on the relevant RSB confirming in writing that the relevant audit firm has been approved for audit registration with that RSB.

**Q.7: Draft Guidance on the PIE Registration process is available alongside this consultation. The Guidance will be kept under continuous review. Do you have any comments or concerns with respect to the draft Guidance?**

## Part 7. Assessment of Applications

For most Applications, it is anticipated that no follow-up action will be required, and these Applications can be approved by the FRC. If the Registration Requirements set out in Parts 4 and 5 of the PIE Regulations are not met, or the FRC decides there is a public interest reason not to grant the Application, then the Application will be refused (unless it is approved with Undertakings agreed or Conditions imposed, discussed below). The Applicant will be notified of the reasons for the refusal and will be able to apply for an internal review (discussed in Part 14 below).

Applications can be approved with Undertakings agreed or Conditions imposed. In the case of Undertakings, an Application for PIE Registration will not be approved until the Undertakings are agreed between the FRC and the Applicant. In the case of Conditions, the Application will not be approved until the Conditions that the FRC intends to impose are notified to the Applicant and a timetable for delivering to the FRC any necessary evidence of implementation has been agreed.

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Any such Undertakings or Conditions will be formally notified by the FRC to the audit firm and/or RI. Further detail is provided in Parts 8 and 9 below.

**Q.8: Do you think the draft PIE Regulations sufficiently detail the information that is required for PIE Registration? If not, what suggestions do you have to clarify the PIE Regulations?**

**Q.9: Are there any further steps you consider that we could take to ensure the PIE Registration process works effectively alongside the registration process already operated by the RSBs?**

## Part 8. Conditions

A Condition is a restriction on, or requirement of, PIE Registration which the FRC has determined needs to be in place in the public interest or for the audit firm or RI to meet the Registration Requirements. The FRC may decide, based either on a PIE Registration Application or at any point during the audit firm's or RI's PIE Registration, that it will be necessary or appropriate, to attach Conditions to any PIE Registration in respect of the relevant audit firm or RI. That decision may be based on information provided to the FRC by the relevant audit firm and/or RI or any information that otherwise comes to the FRC's attention. The FRC expects that Conditions, rather than Undertakings, will be required or appropriate to address issues that are more serious, onerous or raise public interest issues.

Except when an urgent decision is required (see Part 12 below), where the FRC is proposing to impose Conditions the relevant audit firm and/or RI will be informed that the FRC is considering Conditions and will be provided with a copy of the reasons for the proposed Conditions and any supporting documents that are to be considered by the FRC decision-maker. The relevant audit firm and/or RI will be given the opportunity to make written representations (supported by evidence) to the FRC regarding the matters that have given rise to the proposed Conditions. The FRC will decide the matter based on the documents provided, including the Applicant's written submissions.

When considering Conditions, the FRC will consider whether to publish the decision (which would show the nature of the Conditions in place and the reason why the Conditions were imposed). When considering whether to publish the decision, the FRC will have regard to: protecting the public (including users of financial statements and investors), declaring and upholding standards within the PIE audit market and maintaining public confidence in the PIE audit market by reporting regulatory action taken in the face of significant wrongdoing, incompetence or a lack of resilience. Further details on these considerations are included in the draft Guidance. The FRC intends to publish periodically, anonymised annual summaries by type of measure (such as Conditions, Undertakings, suspension and removal), as this is considered to be proportionate and provides transparency in the PIE Registration process.

The FRC's decision on whether to impose Conditions as part of any approval of PIE Registration will be communicated in writing by the FRC to the audit firm and/or RI as appropriate. The decision will come into effect from the date set out in the Registration Notice or Formal Notification, as



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appropriate. If the audit firm and/or RI does not agree with the decision, then they can request an internal review within 20 working days of the Registration Notice or Formal Notification, as appropriate, stating the reasons for doing so.

Compliance with Conditions will be monitored by the FRC, and more detail of this procedure is included in the Guidance. Where Conditions are imposed on audit firms, this monitoring will be performed in cooperation with the audit firm's FRC Supervisor (where applicable). If an audit firm or RI has reason to believe they have (or may have) breached or will (or may) breach any imposed Condition, they must notify the FRC within 5 working days of becoming aware of this. All Conditions imposed must be met, varied or ended within the timeframe specified in the relevant Registration Notice or Formal Notification, as appropriate. Conditions can only be varied or ended by the FRC. This can happen at any time while the Conditions are in place. The FRC may issue Guidance from time to time concerning, amongst other things, the process for varying/ending Conditions.

Any failure to comply with a Condition will be escalated to the relevant FRC decision-maker and may be accompanied by a recommendation for additional Conditions, suspension, or removal.

**Q.10: It may be necessary or appropriate for the FRC to impose Conditions on Applicants or audit firms and/or RIs as part of the PIE Registration process. Do you think the process for imposing Conditions is fair and proportionate?**

**Q.11: It may be necessary for the FRC to publish decisions regarding Conditions, when the FRC considers this to be in the public interest. Are there any circumstances in which you think it would not be appropriate to publish details of Conditions?**

**Q.12: Can you foresee any issues with the FRC's proposal to publish anonymised information regarding Conditions on a periodic basis?**

## Part 9. Undertakings

Undertakings are agreements between the FRC and the audit firm and/or RI that the audit firm and/or RI will undertake certain specified steps in order to be entered onto or remain on the PAR. The FRC may decide, based either on a PIE Registration Application or, at any point during the audit firm's or RI's PIE Registration, that it will be necessary or appropriate, to agree Undertakings with any relevant audit firm or RI. That decision may be based on information provided to the FRC by the relevant audit firm or RI or any information that otherwise comes to the FRC's attention. Undertakings will be considered where the FRC wishes to address matters that are less serious or onerous than matters for which Conditions will be considered.

Where the FRC is considering Undertakings, the relevant audit firm and/or RI will be informed of this by the FRC and the reasons for the proposed Undertakings. The FRC will also indicate a time period for agreeing the Undertakings. The relevant audit firm and/or RI will be given the opportunity to discuss with the FRC the matters that have given rise to the proposed Undertakings. If the proposed Undertakings are not agreed by the Applicant or audit firm and/or RI and the FRC within the advised timeframe, the FRC may consider imposing equivalent Conditions in accordance

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with the process described in Part 8 of the PIE Regulations. The FRC will monitor the compliance with agreed Undertakings. Any failure to comply with Undertakings will be escalated to the relevant FRC decision-maker for consideration, and may be accompanied by a recommendation for the imposition of Conditions (under Part 8), suspension or removal.

The FRC may decide to publish information relating to Undertakings if it believes it is in the public interest to do so. It is our current expectation that there will usually be no publicity for Undertakings. We intend to periodically publish anonymised annual summaries by type of measure (such as Conditions, Undertakings, suspension and removal), as this is considered to be proportionate and provides transparency in the PIE Registration process.

**Q.13: The FRC may wish to agree Undertakings with Applicants or audit firms and/or RIs as part of the PIE Registration process. Do you think the process for agreeing Undertakings is fair and proportionate?**

**Q.14: Do you agree with the position that Undertakings should generally not be publicised unless there is a particular public interest in doing so?**

**Q.15: Can you foresee any issues with the FRC's suggestion to publish anonymised information regarding Undertakings on a periodic basis?**

## Part 10. Waivers

The FRC will have the option to consider offering waivers where these have been requested by the audit firm and/or RI. It is anticipated that waivers will be required where the audit firm and/or RI does not, or believes that they will not in future, meet the Registration Requirements specified in Parts 4 and 5 of the PIE Regulations. The request for a waiver should be made in writing to the FRC providing full details of the circumstances arising and the actions that the audit firm and/or RI are taking/will take to remedy the situation.

If a waiver is granted, the audit firm and/or RI will be treated as meeting the Registration Requirements in Parts 4 and 5 of the PIE Regulations, during the period of and subject to the terms of the waiver.

The FRC will monitor the implementation of the actions taken by the audit firm and/or RI. A waiver, and any extension of a waiver, may be provided if the FRC is satisfied that: the audit firm and/or RI is taking all reasonable steps to avoid the non-compliance and/or minimise the extent and/or duration of it; there is a reasonable justification for the non-compliance; the waiver will not adversely affect any PIE and is otherwise not contrary to the public interest. Waivers will not be offered indefinitely, and any extension will be considered on the particular circumstances.

Although the FRC may publish waivers on the PAR if it believes that it is in the public interest to do so, it is not anticipated that waivers will usually be published.

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**Q.16: Does the process for granting waivers address all of the potential circumstances where a waiver may be necessary? If you do not agree please provide an explanation of your response.**

## Part 11. Suspension of registration

Suspension of PIE Registration will be considered by the FRC if: an audit firm and/or RI is not complying, or may not be complying, with the PIE Registration Requirements; the continuance of the PIE Registration would be likely to adversely affect any PIE; or suspension would be in the public interest. Suspension will be considered where it is determined that the audit firm and/or RI will be able to become sufficiently compliant and resourced in future, and thus is a temporary measure.

Except when an urgent decision is required (see Part 12 below), the audit firm and/or RI will be able to make written representations to the FRC regarding the matters that have given rise to the proposed suspension. The audit firm and/or RI will be informed that the FRC is considering suspension and will be provided with a copy of the reasons for the proposed suspension and the relevant supporting documents which will be considered by the FRC decision-maker. The FRC will conclude on the matter based on the documents provided, including any audit firm and/or RI written representations submitted. If PIE Registration is suspended, then the audit firm and/or RI will not be permitted, during the period of the suspension, to accept re-appointment as an auditor of PIEs, must not accept any new PIE audit appointments and may only sign PIE Audit Reports with a waiver from the FRC. The FRC may also require the audit firm and/or RI to resign from all their PIE audit engagements (in which case, they will need to comply with the CA2006 notification requirements<sup>9</sup>).

Suspension of PIE Registration for audit firms and RIs will usually be publicised on the PAR unless it would not be in the public interest to do so.

**Q.17: It may be necessary for the FRC to suspend an audit firm and/or RI as part of the PIE Registration process. Do you think the process for imposing a suspension is fair and proportionate?**

**Q.18: To what extent do you agree with the consequences of a suspension of PIE Registration?**

## Part 12. Urgent decisions

Urgent decisions may be required to take immediate regulatory action for matters raising public interest issues and could include a suspension of PIE Registration or the applying of Conditions to a PIE Registration.

<sup>9</sup> Companies Act 2006, ss 516, 519, 522.

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The FRC's proposed urgent decision will be notified to the relevant audit firm and/or RI setting out the circumstances and explaining how the audit firm and/or RI can provide written representations within a specified timescale if they want the FRC to consider whether to maintain or amend the urgent decision. Unless the Formal Notification of an urgent decision indicates otherwise, the FRC's urgent decision will come into effect immediately on Formal Notification to the audit firm and/or RI. The affected audit firm and/or RI will have the right to request that an urgent decision is subject to an internal review and, if relevant, an appeal (see Part 14 below).

Where Conditions are imposed, then the processes for monitoring, varying and/or ending the Conditions as set out in Part 8 will be followed. For suspensions, the audit firm and/or RI will not be permitted for the duration of any such suspension to accept re-appointment as an auditor of PIEs, must not accept any new PIE audit appointments and may only sign PIE Audit Reports with the permission of the FRC. The FRC may also require the audit firm and/or RI to resign from all their PIE audit engagements (in which case, they will need to comply with the CA2006 notification requirements<sup>10</sup>).

Urgent decisions will usually be publicised on the PAR, unless the FRC considers that it is not in the public interest to do so.

**Q.19: It may be necessary for the FRC to issue urgent decisions which are in the public interest and come into immediate effect. Do you think the process for imposing an urgent decision is fair and proportionate?**

## Part 13. Removal from the PAR

An audit firm and/or RI may be removed from the PAR on either a voluntary or involuntary basis.

The FRC may decide to remove an audit firm and/or RI from the PAR where the audit firm and/or RI requests removal of their entry from the PAR, or where the audit firm which designated an RI requests the removal of that RI. When requesting removal, the audit firm and/or RI should specify the date from which the removal should be effective and the reason for the removal. If the audit firm and/or RI has active PIE audit engagements, they should state who will take over the audit work (if known) and confirm that the FRC has been notified of the resignation as required by the CA2006.

If an audit firm or RI has not been involved in PIE audit work for the previous 12 months and is not expecting to be involved in PIE audit work in the forthcoming 12 months, they should request voluntary removal.

A voluntary removal request may be refused in certain situations, such as when the FRC believes that it would be more appropriate to remove the audit firm and/or RI on an involuntary basis, with publicity. Where an audit firm and/or RI is removed with existing Conditions or Undertakings in place, the Conditions or Undertakings may be considered on any future Applications.

<sup>10</sup> Companies Act 2006, ss 516, 519, 522.

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The FRC may decide to remove an audit firm and/or RI from the PAR on an involuntary basis. The situations in which involuntary removal is likely to be required are:

- the FRC is no longer satisfied that the Registration Requirements are being met;
- the FRC believes that removal is in the public interest; or
- the audit firm and/or RI has not undertaken PIE audit work in the previous 12 months.

Where the FRC is considering involuntary removal, it will inform the audit firm and/or RI of its intention and the reasons for the proposed removal. The audit firm and/or RI will have the opportunity to make written representations within the Notice Period. The FRC will then reach a final decision on removal, considering the written representations received.

A decision to remove an entry from the PAR involuntarily will usually be published, unless the FRC believes it would not be in the public interest to do so.

Where the FRC decides to remove an audit firm and/or RI from the PAR, it may require the audit firm and/or RI to:

- resign from PIE audit engagements (notifying the FRC by email as required by the CA2006<sup>11</sup>);
- not accept any re-appointments or new appointments to PIE audit engagements;
- notify the FRC of all PIE audit work it is engaged in at the date of its removal from the PAR; and
- remove all references to the audit firm and/or RI being PIE registered from their website and other client facing materials.

**Q.20: It may be necessary for the FRC to refuse an application from an audit firm and/or RI wishing to request voluntary removal from the PAR if it is in the public interest to do so. Do you think the process for refusing a voluntary removal request is fair and proportionate?**

## Part 14. Internal reviews and appeals

Audit firms and RIs can request that certain decisions made by the FRC are subject to an internal review provided that the grounds for an internal review meet the criteria specified in the PIE Regulations. These criteria are that: 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 or to prevent an injustice. The decisions which may be subject to internal review are specified in the PIE Regulations at regulation 14.1. All requests for internal review must be made in writing within 20 working days of the Formal Notification or Registration Notice, as appropriate.

The internal review will be carried out by the FRC considering the audit firm's and/or RI's written request. The internal review will be held in private. The internal review can either: uphold the

<sup>11</sup> Companies Act 2006, ss 516, 519, 522.

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original decision, revoke, vary or replace the original decision (provided that the varied or replacement decision must be one that the original decision-maker can make), or return the decision back to the original decision-maker (or another designated person) to reconsider. The internal review will also consider whether to publish details of the reviewed decision adopting the same procedures as applied when making the Formal Notification or Registration Notice, as appropriate.

If an audit firm and/or RI wishes to challenge the outcome of the internal review, then they can appeal to the PAR Tribunal Panel provided that the grounds for appeal meet the criteria specified in the PIE Regulations and the appeal request is made within 20 working days of the date of the notification of the outcome of the internal review. In general, PAR Tribunal Panel meetings will be open to the public and follow the procedures in the Appeal Rules, which are annexed to the draft PIE Regulations.

The PAR Tribunal Panel will be able to: uphold the internal review decision, revoke, vary or replace the internal review decision or return the decision back to the original decision-maker to reconsider. The audit firm and/or RI will be sent the decision of the PAR Tribunal Panel and the decision will come into effect from the date of the PAR Tribunal Panel's decision (unless the PAR Tribunal Panel states otherwise). The audit firm and/or RI may be ordered to contribute to the costs of the PAR Tribunal Panel and/or the FRC's costs. The outcome of the PAR Tribunal Panel's decision will be published (unless the PAR Tribunal Panel determines that it is not in the public interest to do so) and shall be final.

**Q.21: Do you think the grounds for internal review and appeal are sufficiently clear in the PIE Regulations?**

**Q.22: To what extent do you agree that the PAR Tribunal Panel is suitably independent to review PIE Registration decisions?**

**Q.23: Do you have any comments on the Appeals Rules and how they would work in practice?**

## Part 15. Changes to entries on the PAR

The audit firm and/or RI must notify the FRC if there are any Relevant Changes affecting that audit firm and/or RI. A Relevant Change might be a change which is expected to affect the ability of the relevant audit firm and/or RI to conduct PIE audit work or which might result in them no longer meeting one or more of the PIE Registration Requirements. In these circumstances, the FRC will consider the information provided and determine whether any follow-up action is required (this could be no action, Undertakings, Conditions, waiver, suspension, or removal). Audit firms and RIs are also required to notify the FRC when: they resign from PIE audit engagements<sup>12</sup>; when an entity which is or was a PIE ceases or will cease to be a PIE; when an audited entity which was previously not a PIE becomes a PIE; or when they are appointed to a new PIE audit engagement.

<sup>12</sup> See also the requirement under s 522 of the Companies Act 2006 and <https://www.frc.org.uk/auditors/audit-firm-supervision-and-audit-market-supervision/notification-of-change-of-auditor>.

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In the case where an existing audit entity comes into PIE scope, then the audit firm and RI involved in the audit must be PIE registered and included on the PAR if they are to continue with the audit work for that entity. If the approval and PIE Registration is not in place, then the audit firm and/or RI can request that the matter is considered urgently, in exceptional circumstances. The audit firm and/or RI should contact the FRC as soon as they are aware of the change in circumstances of the audited entity. If the change has already occurred, and the audit firm and/or RI is not on the PAR, the audit firm and/or RI may have to cease any work relating to that audit unless or until they have the approval of the FRC to continue with the audit pending PIE Registration.

The audit firm should also ensure that the FRC are kept updated of key contact details (as well as notifying their relevant RSB).

**Q.24: Are the PIE Regulations sufficiently clear and comprehensive in respect of notifying the FRC of a change in circumstances?**

**Q.25: Do you think the PIE Regulations clearly explain the steps an audit firm must take if an audited entity comes into PIE scope part-way through the audit?**

## Part 16. Annual Return to the FRC

When the audit firm's Application is approved (either during the Transitional Period or as a full Application), it will be informed of the first Annual Return date which is relevant to the audit firm (which will be in line with the audit firm's existing annual return date with their RSB). All audit firms will be required to complete an Annual Return to the FRC confirming and/or updating their registered information. This will be a standalone document which must be submitted to the FRC.

The requirement for audit firms to submit their annual return to their RSB (on the dates previously agreed with their RSB) are separate and will continue. The FRC has chosen an Annual Return date which is the same as the audit firm's RSB's annual return date to reduce the administrative burden on audit firms, so that all the information can be collated simultaneously.

Following receipt of an audit firm's Annual Return, the FRC will consider the audit firm's PIE Registration to determine if the audit firm is continuing to meet the PIE Registration Requirements. If any issues are highlighted during the FRC's review of ongoing PIE Registration, the audit firm will be contacted to discuss the issue and any possible resolution which may be required (this could, for example, take the form of Undertakings or Conditions, which are explained in more detail in Parts 8 and 9).

If an audit firm does not submit its Annual Return within 30 days of its Annual Return date, then its PIE Registration will cease, and it will be removed from the PAR.

**Q.26: Do you think the PIE Regulations clearly explain the process for the audit firm's Annual Return and the subsequent consideration by the FRC of the audit firm's PIE Registration?**

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## Part 17. General rules

Information as to suitability for PIE Registration may be obtained by the FRC internally, or from the RSBs, the audit firm and/or RI when considering Applications or ongoing PIE Registration. The FRC will also look at publicly available information to determine whether PIE Registration Requirements are being met. The audit firm and RI are required to provide information about their PIE Registration when requested by the FRC to ensure that their and the FRC's obligations under the PIE Regulations are met. The FRC can rely on the information that it obtains to consider if any actions are required to an audit firm's or RI's PIE Registration to ensure that the PIE Registration Requirements are complied with.

Information obtained about a PIE Registration may, where the FRC considers it necessary or appropriate (and subject to any legal restrictions on disclosure), be shared with other functions within the FRC or with the relevant RSB.

Audit firms and RIs who are PIE registered must comply with the PIE Regulations and continue to comply with the relevant RSBs' regulations, rules and guidance. The audit firm and RIs must deal with the FRC in an open, cooperative and timely manner.

**Q.27: Are there any additional information sources the FRC should consider accessing when considering an audit firm's or RI's PIE Registration?**



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## Annex 1 of the draft PIE Regulations – Transitional Regulations

The PIE Regulations will come into force for the purposes of the operation of the Transitional Regulations only 8–12 weeks before the PIE Regulations take full effect (the "go live" date).

Audit firms and RIs must be included on the PAR at the go live date in order to undertake PIE audit work on and from that date. Audit firms and/or RIs who currently audit PIEs and are registered with an RSB (and thus included on the Register of Statutory Auditors<sup>13</sup>) must apply for PIE Registration to be on the PAR before the go live date to ensure that they will be eligible to audit PIEs from the go live date. If the PIE Registration is not granted and a PIE Audit Report is signed after go live date, the conduct of the audit firm and the RIs will be considered for disciplinary action.

To apply, the audit firm must complete a Transitional Application form and submit this along with any information requested by the FRC. The FRC will contact audit firms directly where the FRC believe they audit one or more PIEs (as listed above). The audit firm must ensure that they have identified which RIs should be designated for PIE Registration.

RIs should only apply for PIE Registration if they have signed a PIE Audit Report in the last 12 months or expect to sign PIE Audit Reports in the forthcoming 12 months (subject to any agreement with the FRC as to a longer period). We wish to ensure that all RIs included on the PAR have up-to-date training and recent experience, meaning they are the best-placed individuals to audit PIEs.

Approved Transitional Applications will be effective from the go live date. If the Transitional Application is not made within the specified timeframe, the FRC may not be able to process the Application for approval by the go live date. If the audit firm and/or RI do not receive approval under the PIE Regulations by the go live date, they will not be permitted to work on PIE audit engagements until their PIE Registration is approved.

Transitional Applications from audit firms and RIs can be approved with Undertakings and Conditions if the FRC believes that it is in the public interest or if the PIE Registration Requirements are unlikely to be met. The process for agreeing Undertakings will follow Part 9 and the granting of Applications with Conditions will follow Part 8 of the PIE Regulations.

**Q.28: Do the PIE Regulations clearly explain what information must be submitted by existing audit firms during the Transitional Application process? If not, what suggestions do you have?**

<sup>13</sup> <http://www.auditregister.org.uk/Forms/Default.aspx>

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## General questions

**Q.29: To what extent do you consider the new PIE Registration process will contribute towards the FRC's strategic aim of improving PIE audit quality? Are there any additional ways the FRC can use the PIE Registration process to help drive up audit quality?**

**Q.30: Are there any additional provisions you believe we should include in the PIE Regulations?**

**Q.31: What are your views on the timescales (working days) stated in the PIE Regulations to provide information, submissions or explanations to the FRC?**

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# Summary of Consultation Questions

**Q.1: Do you envisage any problems with the proposed effective date of the draft PIE Regulations? Please provide supporting reasons for your views or proposals.**

**Q.2: Are there other terms which would benefit from being included in the list of definitions? If so, could you please clarify what these are.**

**Q.3: Is there any other information which should be included on the PAR? If so, please clarify what additional information should be included and the reason for the suggestion.**

**Q.4: Do you agree with the PIE Registration Requirements which have been listed for audit firms in Part 4? If you do not agree, what other PIE Registration Requirements do you consider are necessary, in addition to or in place of those which have been listed for audit firms in Part 4?**

**Q.5: Do you agree with the PIE Registration Requirements which have been listed for RIs in Part 5? If you do not agree, what other PIE Registration Requirements do you consider necessary, in addition to or in place of those which have been listed for RIs in Part 5?**

**Q.6: Do you agree with the Registration Requirement that RIs must have signed a PIE Audit Report in the last 12 months or expect to sign PIE Audit Reports in the forthcoming 12 months (subject to any longer period if agreed with the FRC)?**

**Q.7: Draft Guidance on the PIE Registration process is available alongside this consultation. The Guidance will be kept under continuous review. Do you have any comments or concerns with respect to the draft Guidance?**

**Q.8: Do you think the draft PIE Regulations sufficiently detail the information that is required for PIE Registration? If not, what suggestions do you have to clarify the PIE Regulations?**

**Q.9: Are there any further steps you consider that we could take to ensure the PIE Registration process works effectively alongside the registration process already operated by the RSBs?**

**Q.10: It may be necessary or appropriate for the FRC to impose Conditions on Applicants or audit firms and/or RIs as part of the PIE Registration process. Do you think the process for imposing Conditions is fair and proportionate?**

**Q.11: It may be necessary for the FRC to publish decisions regarding Conditions, when the FRC considers this to be in the public interest. Are there any circumstances in which you think it would not be appropriate to publish details of Conditions?**

**Q.12: Can you foresee any issues with the FRC's proposal to publish anonymised information regarding Conditions on a periodic basis?**

**Q.13: The FRC may wish to agree Undertakings with Applicants or audit firms and/or RIs as part of the PIE Registration process. Do you think the process for agreeing Undertakings is fair and proportionate?**

**Q.14: Do you agree with the position that Undertakings should generally not be publicised unless there is a particular public interest in doing so?**

**Q.15: Can you foresee any issues with the FRC's suggestion to publish anonymised information regarding Undertakings on a periodic basis?**

**Q.16: Does the process for granting waivers address all of the potential circumstances where a waiver may be necessary? If you do not agree, please provide an explanation of your response.**

**Q.17: It may be necessary for the FRC to suspend an audit firm and/or RI as part of the PIE Registration process. Do you think the process for imposing a suspension is fair and proportionate?**

**Q.18: To what extent do you agree with the consequences of a suspension of PIE Registration?**

**Q.19: It may be necessary for the FRC to issue urgent decisions which are in the public interest and come into immediate effect. Do you think the process for imposing an urgent decision is fair and proportionate?**

**Q.20: It may be necessary for the FRC to refuse an application from an audit firm and/or RI wishing to request voluntary removal from the PAR if it is in the public interest to do so. Do you think the process for refusing a voluntary removal request is fair and proportionate?**

**Q.21: Do you think the grounds for internal review and appeal are sufficiently clear in the PIE Regulations?**

**Q.22: To what extent do you agree that the PAR Tribunal Panel is suitably independent to review PIE Registration decisions?**

**Q.23: Do you have any comments on the Appeals Rules and how they would work in practice?**

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**Q.30: Are there any additional provisions you believe we should include in the PIE Regulations?**

**Q.31: What are your views on the timescales (working days) stated in the PIE Regulations to provide information, submissions or explanations to the FRC?**

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# Preliminary impact assessment

The proposals for PIE Registration were included in the White Paper which was issued for consultation in March 2021. Alongside the White Paper, the Impact Assessment for the proposed regulatory measures was also published. The costs of Registration (summarised in Annex X: A new regulator option 2 (Detailed Costs)) were:

#	Recommendation Description	Set up costs	On-going costs	Funding
15	The approval and registration of audit firms conducting PIE audits should be reclaimed from RSBs.	£550,000	£800,000	Levy/Recovered
16	The new regime should have a range of sanctions.	£467,500	£425,000	Levy/Recovered

As an impact assessment was carried out for the White Paper consultation, a full impact assessment has not been produced for this consultation.

The proposals for PIE Registration will ensure an agile, transparent, and effective approval and registration process providing a clear remit of what the FRC and RSBs are responsible for. The administrative burden on the audit firms and RIs has been considered, and where possible information already provided to the RSBs and other FRC teams will be utilised.

In light of the above, no significant impact on the private, voluntary or public sector is foreseen, however we welcome comments.

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# Groups affected by this consultation

During the initial development of this consultation, the FRC has given due consideration to the impact it will have on different groups. The FRC does not consider that the proposals in this consultation highlight any specific issues in relation to:

- Age;
- Disability;
- Gender Reassignment;
- Marriage and Civil Partnership;
- Pregnancy and maternity;
- Race;
- Religion or belief;
- Sex; or
- Sexual orientation.

We will take account of the evidence gathered through this consultation in developing final policy proposals and any potential impacts on the protected characteristics.

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## Next steps

This consultation will run from 14 April 2022 to 26 May 2022.

The FRC will carefully consider all submissions received in response to this consultation before finalising the PIE Regulations (including Appeal Rules), Guidance, and Eligibility Criteria.



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# Appendix

1. DRAFT PIE Auditor Registration Regulations (including DRAFT Appeal Rules)



Financial Reporting Council

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