

CH-3001 Berne, FAOA

Via e-mail

The Financial Reporting Council
Sarah Rapson, Executive Director Supervision
125 London Wall
London
EC2Y 5AS
United Kingdom

Berne, 8 December 2023
D051-141 / HUB / REJ / 1223

Letter of Understanding on Mutual Recognition of Statutory Audit Qualifications from the Federal Audit Oversight Authority of Switzerland to the Financial Reporting Council of the United Kingdom

Dear Ms Rapson,

We are writing on behalf of the Federal Audit Oversight Authority, as the competent authority for licensing of statutory auditors in Switzerland, to reiterate its commitment to ensuring that equivalent reciprocal arrangements continue for the approval of statutory auditors in our respective jurisdictions and to record, further to our discussions, its understanding of the arrangements in our respective jurisdictions which support that outcome.

It is our understanding that the Financial Reporting Council, as the competent authority for audit in the United Kingdom, will be writing in similar terms to the Federal Audit Oversight Authority and that this exchange of letters facilitates auditors in our respective jurisdictions to benefit from equivalent reciprocal arrangements.

1. Participants

In this letter the Participants to reciprocal arrangements, collectively referred to as the 'Participants' are:

- i. The Federal Audit Oversight Authority ('**FAOA**'), a public institution of the Swiss Confederation with its own legal identity, located at Bundesgasse 18, CH-3001, Bern, Switzerland, which is the competent authority for the licensing of statutory auditors in Switzerland; and
- ii. The Financial Reporting Council ('**FRC**'), a company limited by guarantee registered in England under number 02486368, registered office address 125 London Wall, London, EC2Y 5AS, United Kingdom, which is the competent authority for statutory audit in the United Kingdom (UK).

2. Purpose and Background

- a. Following the UK's exit from the EU, the Participants have reiterated to each other their collective commitment to ensuring equivalent reciprocal arrangements continue for the approval of statutory auditors from each other's jurisdiction as statutory auditors in each other's jurisdiction, hereafter referred to in this letter as 'the Objective'.
- b. The Participants each recognise that in order for reciprocal arrangements for the approval of an auditor from one jurisdiction in the other to be available, that auditor must be, (i) registered or otherwise authorised to conduct statutory audits in their country of origin (UK or Switzerland) or (ii) continue to meet the requirements to be registered or otherwise authorised to conduct statutory audits in their country of origin (UK or Switzerland) and have sufficiently recent relevant experience of statutory audits.

3. Arrangements

- a. The Participants agree that the Objective is achieved through existing domestic legislation and arrangements as detailed below.
- b. A person approved to conduct statutory audits in the UK by a Recognised Supervisory Body (RSB), to whom the FRC as the Competent Authority has delegated the task of approving and registering individuals and firms, may be approved to conduct statutory audits in Switzerland, provided that person satisfies the relevant requirements of the Swiss legislation.
- c. Those requirements are set out in Article 4 of the Federal Act on the Licensing and Oversight of Auditors (Auditor Oversight Act, AOA, [SR 221.302](#)) and in the Ordinance on the Licensing and Oversight of Auditors (Auditor Oversight Ordinance, AOO, [SR 221.302.3](#)), in particular Articles 1-7 and 34 in combination with the Federal Act on Vocational and Professional Education and Training (VPETA), SR 412.10 and the EXPERTsuisse Examination Regulation for the higher professional examination as Certified Public Accountant (CPA) of 23 March 2009.
- d. The FAOA will use its powers under Article 4 of the AOA to recognise the qualification of any such person.
- e. The FAOA intends to recognise persons approved to conduct statutory audits in the UK who have obtained their registration as statutory auditor in line with the Eligibility Criteria issued by the FRC as well as the relevant UK law, provided those persons successfully complete a test on Swiss law in accordance with Article 4 para 2 lit. d AOA which constitutes a legal requirement for the pursuit of the profession of a licenced audit expert in Switzerland.
- f. A person approved to conduct statutory audits in Switzerland may be approved to conduct statutory audits in the UK, provided that person satisfies the relevant requirements of UK legislation.
- g. Those requirements are set out in Sections 1212, 1219 and 1221 of, and paragraph 6 of Schedule 10 to, the Companies Act 2006 and the Public Interest Entity (PIE) Auditor Registration Regulations.
- h. The FAOA can therefore, on the basis of the reciprocal assurance of the FRC, grant a license to UK registered statutory auditors if they are of good repute and can demonstrate the necessary knowledge of Swiss law.

4. General Provisions

- a. The FAOA hereby acknowledges: (1) that it has no intention to create legally binding obligations by writing and sending this letter; and (2) the act of exchanging similar letters with the FRC does not create any obligations that are enforceable by either Participant against the other or by a third party against a Participant.

- b. The Participants will in good faith co-operate to achieve the Objective to the extent permitted by each Participant's respective domestic law.
- c. To the extent permitted by law in their respective jurisdictions, the Participants will co-operate by making the other aware of any matters that may affect the basis upon which a Participant has recognised an audit qualification awarded in the jurisdiction of the other as comparable to an audit qualification awarded in their jurisdiction. The Participants each acknowledge that any changes which affect or impact the basis upon which an audit qualification from one jurisdiction has been recognised in the other, may trigger a Participant to review whether that qualification should continue to be so recognised.
- d. The Participants agree that not less than every five years a review should be conducted which includes a consideration of whether there have been any changes to the basis upon which the Participants have recognised an audit qualification from the other's jurisdiction, as well as any other matters considered relevant at the time.

In closing, we would like to express our gratitude for the FRC's dedication and collaboration, which has positively contributed to achieving our shared Objective.

Yours sincerely,



Dr. Reto Sanwald
Chief Executive Officer



Michael Hubacher
Head Legal and International Affairs