



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Economic and Monetary Affairs

2011/0359(COD)

29.10.2012

AMENDMENTS

111 - 422

Draft opinion
Kay Swinburne
(PE496.498v01-00)

on the proposal for a regulation of the European Parliament and of the Council
on specific requirements regarding statutory auditing of public-interest entities

Proposal for a regulation
(COM(2011)0779 – C7-0470/2011 – 2011/0359(COD))

AM\917318EN.doc

PE498.134v01-00

EN

United in diversity

EN

AM_Com_LegOpinion

Amendment 111
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Title 0

Text proposed by the Commission

Proposal for a
REGULATION OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL
on specific requirements regarding
statutory audit of public-interest entities
(Text with EEA relevance)

Amendment

Proposal for a
DIRECTIVE OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL
on specific requirements regarding
statutory audit of public-interest entities
(Text with EEA relevance)
**'this amendment applies throughout the
text'**

Or. en

Justification

An EU Regulation is not a suitable format of regulation, in particular in view of the highly detailed and intervening nature of the Commission's proposal. It represents an "one-size-fits-all" approach that is not taken the nature of different corporate governance systems throughout the EU into account. It would lead to decreased corporate governance standards in some Member States.

Amendment 112
Saïd El Khadraoui

Proposal for a regulation
Recital 1

Text proposed by the Commission

(1) Statutory auditors and audit firms are entrusted by law to conduct statutory audits of public-interest entities with a view to enhancing the degree of confidence of the public in the annual and consolidated financial statements of such entities. The public-interest function of statutory audit

Amendment

(1) Statutory auditors and audit firms are entrusted by law to conduct statutory audits of public-interest entities with a view to enhancing the degree of confidence of the public in the annual and consolidated financial statements of such entities. The public-interest function of statutory audit

means that a broad community of people and institutions rely on the quality of a statutory auditor's work. Good audit quality contributes to the orderly functioning of markets by enhancing the integrity and efficiency of financial statements. Thereby, auditors fulfil a particularly important societal role.

means that a broad community of people and institutions rely on the quality of a statutory auditor's work. Good audit quality contributes to the orderly functioning of markets by enhancing the integrity and efficiency of financial statements. Thereby, auditors fulfil a particularly important societal role. ***To fulfil this important role in the best way, it should be guaranteed that the statutory auditors have a high level of expertise and independence when they execute this mission. The best guarantee to achieve this objective of high level audit expertise and independence consists in imposing that the majority of the fees of the auditor and the audit company, are generated by missions of statutory audits.***

Or. en

Amendment 113 **Olle Schmidt**

Proposal for a regulation **Recital 6**

Text proposed by the Commission

(6) The financial sector is evolving and new categories of financial institutions are created by Union law. The importance of new entities and activities outside the regular banking system is growing and their impact on financial stability has become greater. Therefore, it is appropriate that the definition of public-interest entity ***also encompasses*** other financial institutions ***and*** entities ***such as investment firms, payment institutions, undertakings for collective investments in transferable securities (UCITS), electronic money institutions and alternative investment funds.***

Amendment

(6) The financial sector is evolving and new categories of financial institutions are created by Union law. The importance of new entities and activities outside the regular banking system is growing and their impact on financial stability has become greater. Therefore, it is appropriate that the definition of public-interest entity ***may also encompass*** other financial institutions. ***Member States may therefore designate other*** entities ***as public-interest entities, for instance entities that are of significant public relevance because of the nature of their business, their size or the number of their employees;***

Or. en

Amendment 114
Sharon Bowles

Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) Adequate internal organisation of statutory auditors and audit firms should contribute to preventing any threats to their independence. Thus, owners or shareholders of an audit firm, as well as those managing it, should not intervene in the carrying out of a statutory audit in any way which jeopardises the independence and objectivity of the statutory auditor who carries out the statutory audit on behalf of the audit firm. Additionally, statutory auditors and audit firms should establish appropriate internal policies and procedures in relation to employees and other persons involved in the statutory audit activity within their organisations in order to ensure compliance with their statutory obligations. Those policies and procedures should in particular seek to prevent and address any threats to independence and ensure the quality, integrity and thoroughness of the statutory audit. Those policies and procedures should be proportionate in view of the scale and complexity of the business of the statutory auditor or audit firm.

Amendment

(8) Adequate internal organisation of statutory auditors and audit firms should contribute to preventing any threats to their independence. Thus, owners or shareholders of an audit firm, as well as those managing it, should not intervene in the carrying out of a statutory audit in any way which jeopardises the independence and objectivity of the statutory auditor who carries out the statutory audit on behalf of the audit firm. Additionally, statutory auditors and audit firms should establish appropriate internal policies and procedures in relation to employees and other persons involved in the statutory audit activity within their organisations in order to ensure compliance with their statutory obligations. Those policies and procedures should in particular seek to prevent and address any threats to independence and ensure the quality, integrity and thoroughness of the statutory audit. Those policies and procedures should be proportionate in view of the scale and complexity of the business of the statutory auditor or audit firm ***and the audited entities.***

Or. en

Amendment 115
Sharon Bowles

Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) The provision of services other than statutory audit to audited entities by statutory auditors, audit firms or members of their networks may compromise their independence. Therefore, it is appropriate to require ***the statutory auditor, the audit firm and the members of their network not to provide non-audit services to their audited entities. The provision of non-audit services by an audit firm to a company would prevent that audit firm from carrying out statutory audit of that company, thus resulting in a reduction of the audit firms available to provide statutory audit, in particular with regard to the audit of large public-interest entities where the market is concentrated. As a result, in order to secure that a minimum number of audit firms is able to provide audit services to large public-interest entities, it is appropriate to request that audit firms of significant dimension focus their professional activity on the carrying out of statutory audit and are not allowed to undertake other services unconnected to their statutory audit function such as consultancy or advisory services.***

Amendment

(11) The provision of services other than statutory audit to audited entities by statutory auditors, audit firms or members of their networks may compromise their independence. Therefore, it is appropriate to require ***safeguards in the form of a prohibition of certain non-audit services the statutory auditor cannot perform to their audited entities, as well as re-tendering, at the behest of the audit committee, of any non-audit service and financial audit related services above a 30% threshold.***

Or. en

Amendment 116
Saïd El Khadraoui

Proposal for a regulation
Recital 11

Text proposed by the Commission

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to require the statutory auditor, the audit firm and the members of their network not to provide non-audit services to their audited entities. The provision of non-audit services by an audit firm to a company would prevent that audit firm from carrying out statutory audit of that company, thus resulting in a reduction of the audit firms available to provide statutory audit, in particular with regard to the audit of large public-interest entities where the market is concentrated. As a result, in order to secure that a minimum number of audit firms is able to provide audit services to large public-interest entities, it is appropriate to request that audit firms of significant dimension focus their professional activity on the carrying out of statutory audit and are not allowed to undertake other services unconnected to their statutory audit function such as consultancy or advisory services.

to require the statutory auditor, the audit firm and the members of their network not to provide non-audit services to their audited entities ***which could affect their independence***. The provision of non-audit services by an audit firm to a company would prevent that audit firm from carrying out statutory audit of that company, thus resulting in a reduction of the audit firms available to provide statutory audit, in particular with regard to the audit of large public-interest entities where the market is concentrated. As a result, in order to secure that a minimum number of audit firms is able to provide audit services to large public-interest entities, it is appropriate to request that audit firms of significant dimension focus their professional activity on the carrying out of statutory audit, ***by imposing that the majority of their fees should be generated by the audit mission***, and are not allowed to undertake other services unconnected to their statutory audit function such as consultancy or advisory services ***which could affect their independence***.

Or. en

Amendment 117
Sharon Bowles

Proposal for a regulation
Recital 15

Text proposed by the Commission

(15) The statutory audit results in an opinion on the truth and fairness of the financial statements of the audited entities. Stakeholders, however, might to be unaware of the limitations of an audit (materiality, sampling techniques, role of the auditor in the detection of fraud and the responsibility of managers), which can lead to an expectation gap. In order to reduce

Amendment

(15) The statutory audit results in an opinion on the truth and fairness of the financial statements of the audited entities. Stakeholders, however, might to be unaware of the limitations of an audit (materiality, sampling techniques, role of the auditor in the detection of fraud and the responsibility of managers), which can lead to an expectation gap. In order to reduce

such gap, it is important to provide more clarity on what the scope of the statutory audit is.

such gap, it is important to provide more clarity on what the scope of the statutory audit is. ***Therefore, more guidance is needed on a European level for statutory auditors as well as the preparers of accounts in this area, and in particular, to work towards a standardised definition, and usage, of the 'going concern' of a company.***

Or. en

Amendment 118
Sharon Bowles

Proposal for a regulation
Recital 19

Text proposed by the Commission

(19) The results of the statutory audit should be presented to the stakeholders in the audit report. In order to increase the confidence of stakeholders in the financial statements of the audited entity, it is particularly important that the audit report is well-founded and solidly substantiated and its content expanded to include additional information specific to the audit carried out. The audit report should in particular include sufficient information on the methodology used in the audit, especially how much of the balance sheet has been directly verified and how much has been based on system and compliance testing, on the levels of materiality applied to perform the audit, on the key areas of risk of material misstatements of the annual and consolidated financial statements, on whether the statutory audit was designed to detect fraud and, in the event of a qualified or adverse opinion ***or a disclaimer of opinion***, on the reasons for such decision.

Amendment

(19) The results of the statutory audit should be presented to the stakeholders in the audit report. In order to increase the confidence of stakeholders in the financial statements of the audited entity, it is particularly important that the audit report is well-founded and solidly substantiated and its content expanded to include additional information specific to the audit carried out. The audit report should in particular include sufficient information on the methodology used in the audit, especially how much of the balance sheet has been directly verified and how much has been based on system and compliance testing, on the levels of materiality applied to perform the audit, on the key areas of risk of material misstatements of the annual and consolidated financial statements, on whether the statutory audit was designed to detect fraud and, in the event of a qualified or adverse opinion, on the reasons for such decision.

Or. en

Amendment 119
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Recital 23

Text proposed by the Commission

(23) Audit committees, or bodies performing an equivalent function within the audited entity, have a decisive role in contributing to high-quality statutory audit. It is particularly important to reinforce the independence and technical competence of the audit committee by requiring that a majority of its members is independent and that at least one member of the committee has competence in auditing and another one in auditing and/or accounting. The Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board²⁶ sets out how audit committees should be established and function. Considering, however, the dimension of boards in companies with reduced market capitalisation and in small and medium-sized public-interest entities, it would be appropriate that the functions assigned to the audit committee for those entities, or to a body performing equivalent functions within the audited entity, may be performed by the administrative or supervisory body as a whole. ***Public-interest entities which are UCITS or alternative investment funds should also be exempted from the obligation to have an audit committee. This exemption takes into account the fact that where those funds function merely for the purpose of pooling assets, the employment of an audit committee is not appropriate. UCITS and alternative investments funds, as well as their management companies, operate in a strictly defined regulatory***

Amendment

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environment and are subject to specific governance mechanisms such as controls exercised by their depositary.

Or. en

Amendment 120
Sharon Bowles

Proposal for a regulation
Recital 23

Text proposed by the Commission

(23) Audit committees, or bodies performing an equivalent function within the audited entity, have a decisive role in contributing to high-quality statutory audit. It is particularly important to reinforce the independence and technical competence of the audit committee by requiring that a majority of its members is independent and that at least one member of the committee has competence in auditing and another one in auditing and/or accounting. The Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board²⁶ sets out how audit committees should be established and function. Considering, however, the dimension of boards in companies with reduced market capitalisation and in small and medium-sized public-interest entities, it would be appropriate that the functions assigned to the audit committee for those entities, or to a body performing equivalent functions within the audited entity, may be performed by the administrative or supervisory body as a whole. Public-interest entities which are UCITS or alternative investment funds should also be exempted from the obligation to have an audit committee. This exemption takes into account the fact that where those funds

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function merely for the purpose of pooling assets, the employment of an audit committee is not appropriate. UCITS and alternative investments funds, as well as their management companies, operate in a strictly defined regulatory environment and are subject to specific governance mechanisms such as controls exercised by their depositary.

alternative investment funds should also be exempted from the obligation to have an audit committee. This exemption takes into account the fact that where those funds function merely for the purpose of pooling assets, the employment of an audit committee is not appropriate. UCITS and alternative investments funds, as well as their management companies, operate in a strictly defined regulatory environment and are subject to specific governance mechanisms such as controls exercised by their depositary.

Or. en

Amendment 121
Sharon Bowles

Proposal for a regulation
Recital 24

Text proposed by the Commission

(24) It is also important that the role of the audit committee in the selection of a new statutory auditor or audit firm be reinforced, for the benefit of a more informed decision of the general meeting of shareholders or members of the audited entity. Hence, when making a proposal to the general meeting, the board should explain whether it follows the recommendation of the audit committee and, if not, why. The recommendation of the audit committee should include at least two possible choices for the audit engagement and a duly justified preference for one of them, so that the general meeting can make a real choice. In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a mandatory **selection** procedure organised by the audited entity, under the responsibility of the audit committee. In such **selection**

Amendment

(24) It is also important that the role of the audit committee in the selection of a new statutory auditor or audit firm be reinforced, for the benefit of a more informed decision of the general meeting of shareholders or members of the audited entity. Hence, when making a proposal to the general meeting, the board should explain whether it follows the recommendation of the audit committee and, if not, why. The recommendation of the audit committee should include at least two possible choices for the audit engagement, **a comprehensive assessment of both proposals**, and a duly justified preference for one of them, so that the general meeting can make a real choice. In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a mandatory **tender** procedure organised by the audited entity, under the responsibility

procedure, the audited entity should *invite statutory* auditors or audit firms, *including smaller ones*, to present proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals.

Considering, however, that this selection procedure could entail disproportionate costs for companies with reduced market capitalisation or small and medium-sized public-interest entities having regard to their dimension, it is appropriate to relieve such entities from this obligation.

of the audit committee. In such *a tender* procedure, the audited entity should *publish a call to* auditors or audit firms to present proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals.

Or. en

Amendment 122 Olle Schmidt

Proposal for a regulation Recital 24

Text proposed by the Commission

(24) It is also important that the role of the audit committee in the selection of a new statutory auditor or audit firm be reinforced, for the benefit of a more informed decision of the general meeting of shareholders or members of the audited entity. Hence, when making a proposal to the general meeting, the board should explain whether it follows the recommendation of the audit committee and, if not, why. The recommendation of the audit committee should include at least two possible choices for the audit engagement and a duly justified preference for one of them, so that the general meeting can make a real choice. In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a mandatory selection procedure organised by the audited entity, under the responsibility of

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the audit committee. In such selection procedure, the audited entity should invite statutory auditors or audit firms, including smaller ones, to present proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals. Considering, however, that this selection procedure could entail disproportionate costs for companies with reduced market capitalisation or small and medium-sized public-interest entities having regard to their dimension, it is appropriate to relieve such entities from this obligation.

recommendation, the audit committee should use the results of a mandatory selection procedure organised by the audited entity, under the responsibility of the audit committee. In such selection procedure, the audited entity should invite statutory auditors or audit firms, including smaller ones, to present proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals. Considering, however, that this selection procedure could entail disproportionate costs for companies with reduced market capitalisation or small and medium-sized public-interest entities having regard to their dimension, it is appropriate to relieve such entities from this obligation.

Or. en

Amendment 123

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Recital 24

Text proposed by the Commission

(24) It is also important that the role of the audit committee in the selection of a new statutory auditor or audit firm be reinforced, for the benefit of a more informed decision of the general meeting of shareholders or members of the audited entity. Hence, when making a proposal to the general meeting, the board should explain whether it follows the recommendation of the audit committee and, if not, why. The recommendation of the audit committee should include at least two possible choices for the audit engagement and a duly justified preference for one of them, so that the general meeting

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(24) It is also important that the role of the audit committee in the selection of a new statutory auditor or audit firm be reinforced, for the benefit of a more informed decision of the general meeting of shareholders or members of the audited entity. Hence, when making a proposal to the general meeting, the board should explain whether it follows the recommendation of the audit committee and, if not, why. The recommendation of the audit committee should include at least two possible choices for the audit engagement and a duly justified preference for one of them, so that the general meeting

can make a real choice. In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a mandatory selection procedure organised by the audited entity, under the responsibility of the audit committee. In such selection procedure, the audited entity should invite statutory auditors or audit firms, including **smaller** ones, to present proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals. Considering, however, that this selection procedure could entail disproportionate costs for companies with reduced market capitalisation or small and medium-sized public-interest entities having regard to their dimension, it is appropriate to relieve such entities from this obligation.

can make a real choice. In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a mandatory selection procedure organised by the audited entity, under the responsibility of the audit committee. In such selection procedure, the audited entity should invite statutory auditors or audit firms, including **non-dominant** ones, to present proposals for the audit engagement. Tender documents should contain transparent and non-discriminatory selection criteria to be used for the evaluation of proposals. Considering, however, that this selection procedure could entail disproportionate costs for companies with reduced market capitalisation or small and medium-sized public-interest entities having regard to their dimension, it is appropriate to relieve such entities from this obligation.

Or. en

Amendment 124
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Recital 24 a (new)

Text proposed by the Commission

Amendment

(24a) When it concerns the renewal of an audit engagement the audit committee shall base its recommendation periodically on a comprehensive assessment of the audit quality of the statutory auditor or audit firm. The comprehensive assessment shall include the consideration of professional competencies of the statutory auditor or audit firm (i.e. industry knowledge, infrastructure, technical know-how, IT competence), which may vary according to the size and complexity of the audited entity. The audit committee shall also

consider adherence to relevant rules and regulations as well as to professional standards. The competent authority shall issue guidelines on the criteria of professional competencies to facilitate the selection procedure.

Or. en

Amendment 125

Wolf Klinz

Proposal for a regulation

Recital 26

Text proposed by the Commission

Amendment

(26) The appointment of more than one statutory auditor or audit firm by the public-interest entities would reinforce the professional scepticism and contribute to increasing audit quality. Also, this measure combined with the presence of smaller audit firms would facilitate the development of the capacity of such firms, thus contributing to increasing the choice of statutory auditors and audit firms for public-interest entities. Therefore, the latter should be encouraged and incentivised to appoint more than one statutory auditor or audit firm to carry out the statutory audit.

deleted

Or. en

Amendment 126

Olle Schmidt

Proposal for a regulation

Recital 26

Text proposed by the Commission

Amendment

(26) The appointment of more than one

deleted

statutory auditor or audit firm by the public-interest entities would reinforce the professional scepticism and contribute to increasing audit quality. Also, this measure combined with the presence of smaller audit firms would facilitate the development of the capacity of such firms, thus contributing to increasing the choice of statutory auditors and audit firms for public-interest entities. Therefore, the latter should be encouraged and incentivised to appoint more than one statutory auditor or audit firm to carry out the statutory audit.

Or. en

Justification

Joint audits do not contribute to audit quality and will cause increased costs for companies directly and in terms of internal effort spent to assist two audit firms. Mandatory joint audit would put European industry in a disadvantageous situation. Joint audits are currently only used in one Member State in Europe. Denmark recently abolished mandatory joint audits since it did not contribute to audit quality and did not increase competition in the audit market.

Amendment 127

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Recital 26

Text proposed by the Commission

(26) The appointment of more than one statutory auditor or audit firm by the public-interest entities would reinforce the professional scepticism and contribute to increasing audit quality. Also, this measure combined with the presence of *smaller* audit firms would facilitate the development of the capacity of such firms, thus contributing to increasing the choice of statutory auditors and audit firms for

Amendment

(26) The appointment of more than one statutory auditor or audit firm by the public-interest entities would reinforce the professional scepticism and contribute to increasing audit quality. Also, this measure combined with the presence of *non-dominant* audit firms would facilitate the development of the capacity of such firms, thus contributing to increasing the choice of statutory auditors and audit firms for

public-interest entities. Therefore, the latter should be encouraged and incentivised to appoint more than one statutory auditor or audit firm to carry out the statutory audit.

public-interest entities. Therefore, the latter should be encouraged and incentivised to appoint more than one statutory auditor or audit firm to carry out the statutory audit.

Or. en

Amendment 128
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Recital 27

Text proposed by the Commission

(27) In order to address the familiarity threat and therefore reinforce the independence of auditors and audit firms, it is important to establish a maximum duration of the audit engagement of a statutory auditor or audit firm in a particular audited entity. ***An appropriate gradual rotation mechanism should also be established with regard to the most senior personnel involved in the statutory audit, including the key audit partners carrying out the statutory audit on behalf of the audit firm. It is also important to provide for an appropriate period within which such statutory auditor or audit firm may not carry out the statutory audit of the same entity. In order to ensure a smooth transition, the former auditor should transfer a handover file with relevant information to the incoming auditor.***

Amendment

(27) In order to address the familiarity threat and therefore reinforce the independence of auditors and audit firms, it is important to establish a maximum duration of the audit engagement of a statutory auditor or audit firm in a particular audited entity. ***Furthermore, a comprehensive, transparent and independent evaluation of audit quality should be regularly and appropriately documented. This comprehensive assessment should form the basis for the auditor selection by the general assembly, which follows a tender procedure at least every 14 years. Furthermore, an appropriate gradual rotation mechanism for financial companies defined in this Regulation should be established with regard to the most senior personnel involved in the statutory audit, including the key audit partners carrying out the statutory audit on behalf of the audit firm.***

Or. en

Amendment 129
Sharon Bowles

Proposal for a regulation

Recital 27

Text proposed by the Commission

(27) In order to address the familiarity threat and therefore reinforce the independence of auditors and audit firms, it is important to establish a maximum duration of the audit engagement of a statutory auditor or audit firm in a particular audited entity. An appropriate gradual rotation mechanism should also be established with regard to the most senior personnel involved in the statutory audit, including the key audit partners carrying out the statutory audit on behalf of the audit firm. It is also important to provide for an appropriate period within which such statutory auditor or audit firm may not carry out the statutory audit of the same entity. In order to ensure a smooth transition, the former auditor should transfer a handover file with relevant information to the incoming auditor.

Amendment

(27) In order to address the familiarity threat and therefore reinforce the independence of auditors and audit firms, it is important to establish a maximum duration of the audit engagement of a statutory auditor or audit firm in a particular audited entity. ***Furthermore, a comprehensive, transparent and independent evaluation of audit quality should be regularly and appropriately documented. This comprehensive assessment should form the basis for the annual auditor selection by the general assembly. The purpose of mandatory tendering for the audit engagement is to not only evaluate the incumbent provider's performance but also the requirements of the audited entity.*** *Furthermore*, an appropriate gradual rotation mechanism should also be established with regard to the most senior personnel involved in the statutory audit, including the key audit partners carrying out the statutory audit on behalf of the audit firm. It is also important to provide for an appropriate period within which such statutory auditor or audit firm may not carry out the statutory audit of the same entity. In order to ensure a smooth transition, the former auditor should transfer a handover file with relevant information to the incoming auditor.

Or. en

Amendment 130

Wolf Klinz

Proposal for a regulation

Recital 27

Text proposed by the Commission

(27) In order to address the familiarity threat and therefore reinforce the independence of auditors and audit firms, it is important to establish ***a maximum duration of the audit engagement of a statutory auditor or audit firm in a particular audited entity.*** An appropriate gradual rotation mechanism ***should also be established*** with regard to the ***most senior*** personnel involved in the statutory audit, including the key audit partners carrying out the statutory audit on behalf of the audit firm. It is also important to provide for an appropriate period within which such ***statutory auditor or*** audit firm may not carry out the statutory audit of the same entity. ***In order to ensure a smooth transition, the former auditor should transfer a handover file with relevant information to the incoming auditor.***

Amendment

(27) In order to address the familiarity threat and therefore reinforce the independence of auditors and audit firms, it is important to establish an appropriate gradual rotation mechanism with regard to the ***key*** personnel involved in the statutory audit, including the key audit partners carrying out the statutory audit on behalf of the audit firm. It is also important to provide for an appropriate period within which such ***auditor on behalf of the*** audit firm may not carry out the statutory audit of the same entity.

Or. en

Amendment 131
Sharon Bowles

Proposal for a regulation
Recital 27 a (new)

Text proposed by the Commission

Amendment

(27a) There should also be regular and open tendering of the related financial audit services and non-audit services as it provides small and medium-sized statutory auditors, audit firms and non-audit related service providers to present their services and skills in a transparent process and to increase their visibility as service providers for public-interest entities. The incumbent auditor does not necessarily have to perform related financial audit and non-audit services and

so the tendering process strongly encourages audit committees to consider a broader range of prospective providers of audit and non-audit services. The purpose of tendering both financial audit related services and non-audit services is to not only evaluate the incumbent provider's performance but also the requirements of the audited entity.

Or. en

Amendment 132
Ildikó Gáll-Pelcz

Proposal for a regulation
Recital 27 a (new)

Text proposed by the Commission

Amendment

(27a) Regularly putting the statutory audit out to tender may provide an opportunity for small and medium-sized audit firms to present their services and their preparedness in the context of a transparent procedure or for public-interest organisations to draw attention to themselves as potential service-providers. The advantage of a tender procedure is that the audit committee can choose a service-provider from among a wider range of contenders. To this end, it is recommended that the audit committee draw up appropriate internal rules on tender procedures, which it should also communicate to owners.

Or. hu

Amendment 133
Olle Schmidt

Proposal for a regulation
Recital 27 a (new)

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Text proposed by the Commission

Amendment

(27a) The maximum duration of an audit engagement of a public-interest entity which is a financial company shall not exceed 14 years.

Or. en

Justification

The serious consequences of a failure of a financial institution need to be taken into account. The proposals will cause substantial additional burdens for companies should not be decisive for measures taken in the financial sector. I welcome some of the proposals with regard to financial institutions on account of the auditor's independence in appearance. It is crucial for financial stability that there is public confidence in the financial sector.

Amendment 134

Wolf Klinz

Proposal for a regulation

Recital 31 a (new)

Text proposed by the Commission

Amendment

(31a) Authorities should set out common standards, best practices and enforcement activities for consistent enforcement of applicable accounting standards, especially impairment rules as different approaches of audited entities with regard to the impairment of Greek bonds were accepted by the same auditor in some Member States in 2011.

Or. en

Amendment 135

Olle Schmidt, Sharon Bowles

Proposal for a regulation

Recital 33

Text proposed by the Commission

(33) The market for the provision of statutory audit services to public-interest entities evolves over time. It is therefore necessary that competent authorities monitor the developments in the market, particularly as regards possible limited choice of auditor and the risks that arise from high market concentration.

Amendment

(33) The market for the provision of statutory audit services to public-interest entities evolves over time. It is therefore necessary that competent authorities **and ESMA** monitor the developments in the market, particularly as regards possible limited choice of auditor and the risks that arise from high market concentration.

Or. en

Amendment 136
Olle Schmidt, Sharon Bowles

Proposal for a regulation
Recital 36 a (new)

Text proposed by the Commission

Amendment

(36a) The Proposal for a Regulation of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities envisages that the EU-wide cooperation between competent authorities in respect of the activities of statutory auditors and audit firms that audit the financial statements of public-interest entities would take place within ESMA. Thus ESMA would take over the EU-wide cooperation mechanism that currently takes place under the aegis of the European Group of Auditors' Oversight Bodies (EGAOB), an expert group established and chaired by the European Commission.

According to the proposal, ESMA would create a permanent internal committee composed of the competent authorities designated for carrying out the tasks provided for in the draft Regulation. However, auditor public oversight would continue to be carried out at national

level.

ESMA would be best placed to fulfil the new tasks according to this Regulation in order to ensure an effective and operational cooperation at EU level. The current structure, the EGAOB, cannot ensure supervisory convergence across the Union in respect of auditors conducting audits of public-interest entities that are organised within networks. The EGAOB does not have the power to issue guidelines or even technical standards. The same applies to a Level-3-Lamfalussy-Committee structure where also necessary powers and resources are lacking.

An EU-wide cooperation on auditor oversight within ESMA would benefit from the experience and resources of ESMA as ESMA is already working in the field of auditing regarding public-interest entities. ESMA was created on 1 January 2011 and is fully operational. The integration of EU-wide cooperation into ESMA would avoid unnecessary additional costs. Member States would be sufficiently represented and would be part of the decision-making process with ESMA.

The Commission shall after a transitional period of X years come back to the European Parliament and the Council with a report where it has ESMA's work and the future role for ESMA. The Commission shall evaluate ESMA has enough resources to fulfil its tasks laid down in this Regulation and propose budget increases if necessary.

Or. en

Amendment 137
Sharon Bowles

**Proposal for a regulation
Recital 36 a (new)**

Text proposed by the Commission

Amendment

(36a) The Proposal for a Regulation of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities envisages that the EU-wide cooperation between competent authorities in respect of the activities of statutory auditors and audit firms that audit the financial statements of public-interest entities would take place within ESMA. ESMA would thus take over the EU-wide cooperation mechanism that currently takes place under the aegis of the European Group of Auditors' Oversight Bodies (EGAOB), an expert group established and chaired by the European Commission.

ESMA should create a standing committee composed of the competent authorities and supervisors of auditors. However, auditor public oversight would continue to be carried out at national level.

ESMA would be best placed to fulfil the new tasks according to this Regulation in order to ensure an effective and operational cooperation at EU level.

An EU-wide cooperation on auditor supervision within ESMA would benefit from the experience and resources of ESMA, as they are already working in the field of auditing regarding public-interest entities under the auspices of the Corporate Reporting Standing Committee. Under this new structure within ESMA, Member States will be sufficiently represented and will be an integral part of the decision-making process.

The Commission, shall after a transitional period, report back to the European Parliament and the Council with a report

on the function of ESMA regarding coordination of European audit supervision and their future role in this regard. The Commission shall evaluate ESMA has enough resources to fulfil its tasks laid down in this Regulation and propose budget increases if necessary.

Or. en

Amendment 138
Olle Schmidt, Sharon Bowles

Proposal for a regulation
Recital 37

Text proposed by the Commission

(37) The scope of cooperation between the competent authorities of Member States should include exchange of information, cooperation with regard to quality assurance assurance reviews, assistance to investigations related to the carrying out of statutory audits of public-interest entities, including in cases where the conduct under investigation does not constitute an infringement of any legislative or regulatory provision in force in the Member States concerned and contingency planning. The modalities of cooperation between the competent authorities of the Member States may include the creation of colleges of competent authorities and the delegation of tasks among themselves. The concept of network in which auditors and firms operate should be taken into account in such cooperation. Competent authorities and the European Supervisory Authorities should respect appropriate confidentiality and professional secrecy rules.

Amendment

(37) The scope of cooperation between the competent authorities of Member States should include exchange of information, cooperation with regard to quality assurance assurance reviews, assistance to investigations related to the carrying out of statutory audits of public-interest entities, including in cases where the conduct under investigation does not constitute an infringement of any legislative or regulatory provision in force in the Member States concerned and contingency planning. The modalities of cooperation between the competent authorities of the Member States may include the creation of colleges of competent authorities and the delegation of tasks among themselves. The concept of network in which auditors and firms operate should be taken into account in such cooperation. Competent authorities, **ESMA** and the European Supervisory Authorities should respect appropriate confidentiality and professional secrecy rules.

Or. en

Amendment 139
Olle Schmidt, Sharon Bowles

Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) The interrelation of capital markets calls for empowering national competent authorities and the European Supervisory Authorities to cooperate with supervisory authorities and bodies of third countries regarding the exchange of information or quality assurance reviews. However, where the cooperation with third country authorities is related to audit working papers or other documents held by statutory auditors or audit firms, the procedures of Directive 2006/43/EC should apply.

Amendment

(39) The interrelation of capital markets calls for empowering national competent authorities, **ESMA** and the European Supervisory Authorities to cooperate with supervisory authorities and bodies of third countries regarding the exchange of information or quality assurance reviews. However, where the cooperation with third country authorities is related to audit working papers or other documents held by statutory auditors or audit firms, the procedures of Directive 2006/43/EC should apply.

Or. en

Amendment 140
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Recital 43

Text proposed by the Commission

(43) In order to take account of developments in auditing and the audit market, the Commission should be empowered to specify technical requirements on the ***content of the handover file that the new statutory auditor or audit firm should receive and on the*** establishment of a European quality certificate for statutory auditors and audit firms carrying out statutory audits of public-interest entities.

Amendment

(43) In order to take account of developments in auditing and the audit market, the Commission should be empowered to specify technical requirements on the establishment of a European quality certificate for statutory auditors and audit firms carrying out statutory audits of public-interest entities.

Or. en

Amendment 141
Diogo Feio

Proposal for a regulation
Recital 44

Text proposed by the Commission

(44) In order to take account of the technical developments in the financial markets, in auditing and the audit profession and to specify the requirements laid down in this Regulation, the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union. In particular, the use of delegated acts is necessary to ***adapt the list of related audit services and of non-audit services as well as to*** set out the level of fees that ESMA could charge for delivering the European Quality Certificate to statutory auditors and audit firms. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

Amendment

(44) In order to take account of the technical developments in the financial markets, in auditing and the audit profession and to specify the requirements laid down in this Regulation, the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union. In particular, the use of delegated acts is necessary to set out the level of fees that ESMA could charge for delivering the European Quality Certificate to statutory auditors and audit firms. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level ***and with the European Group of Auditors Oversight Bodies ("EAOB")***. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

Or. en

Justification

The list of audit related services and the list of prohibited non audit services are not non-essential items and therefore powers should not be delegated to the Commission to modify these lists. Any changes to these lists should be made through legislation adopted by the European Parliament and the Council. It is important that the European Group of Auditors Oversight Bodies ("EAOB") is consulted on relevant matters relating to audit, given its specialized knowledge.

Amendment 142
Olle Schmidt, Sharon Bowles

Proposal for a regulation
Recital 44

Text proposed by the Commission

(44) In order to take account of the technical developments in the financial markets, in auditing and the audit profession and to specify the requirements laid down in this Regulation, the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union. In particular, the use of delegated acts is necessary to adapt the list of related audit services and of non-audit services as well as to set out the level of fees that **ESMA** could charge for delivering the European Quality Certificate to statutory auditors and audit firms. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

Amendment

(44) In order to take account of the technical developments in the financial markets, in auditing and the audit profession and to specify the requirements laid down in this Regulation, the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union. In particular, the use of delegated acts is necessary to adapt the list of related audit services and of **prohibited** non-audit services as well as to set out the level of fees that **ESMA concerned** could charge for delivering the European Quality Certificate to statutory auditors and audit firms. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level **and with ESMA**. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the **ESMA**, European Parliament and to the Council.

Or. en

Amendment 143
Olle Schmidt

Proposal for a regulation
Recital 45

Text proposed by the Commission

(45) In order to ensure legal certainty and

Amendment

deleted

the smooth transition to the regime introduced by this Regulation, it is important to introduce a transitional regime regarding the entry into force of the obligation to rotate audit firms, the obligation to organise a selection procedure for the choice of audit firm and the conversion of audit firms into firms that only provide audit services.

Or. en

Amendment 144
Krišjānis Kariņš

Proposal for a regulation
Recital 45

Text proposed by the Commission

Amendment

(45) In order to ensure legal certainty and the smooth transition to the regime introduced by this Regulation, it is important to introduce a transitional regime regarding the entry into force of the obligation to rotate audit firms, the obligation to organise a selection procedure for the choice of audit firm and the conversion of audit firms into firms that only provide audit services. *deleted*

Or. lv

Justification

There is no evidence that compulsorily changing audit firms promotes auditor independence: it is more likely to hamper efforts to perform the audit properly, as auditing a large undertaking is complex and time-consuming. It should be up to the undertaking itself to decide when to change auditors. The gain from separating the auditing task from other tasks within an audit firm is also dubious.

Amendment 145
Diogo Feio

Proposal for a regulation
Recital 45

Text proposed by the Commission

(45) In order to ensure legal certainty and the smooth transition to the regime introduced by this Regulation, it is important to introduce a transitional regime regarding the entry into force of ***the obligation to rotate audit firms, the obligation to organise a selection procedure for the choice of audit firm and the conversion of audit firms into firms that only provide audit services.***

Amendment

(45) In order to ensure legal certainty and the smooth transition to the regime introduced by this Regulation, it is important to introduce a transitional regime regarding the entry into force of ***certain of the obligations in this Regulation.***

Or. en

Justification

To be adapted to reflect the removal of requirements for mandatory firm rotation, mandatory tendering and audit-only firms but to nevertheless preserve the principle of transitional measures which may be needed for certain provisions, to allow public interest entities and audit firms time to adapt.

Amendment 146

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 47 a (new)

Text proposed by the Commission

Amendment

(47a) This regulation recognises co-statutory audit as an effective way to improve audit quality, strengthen the independence of auditors and contribute to the decentralization of the audit market. The co-statutory audit is based on a balanced division of tasks and a review of the other auditors work. It both allows the auditors to form their own opinion on the financial statements and helps reduce

the risk of familiarity between the auditor and the audited entity.

Or. en

Amendment 147
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 47 b (new)

Text proposed by the Commission

Amendment

(47b) Reporting on the audited entities' performance on their official Corporate Social Responsibility (CSR) policy as well as on non-financial provisions contained in the fourth directive on annual accounts 2003/51/EC is conducive to investor's needs and to public demands for greater responsibility of public interest entities.

Or. en

Amendment 148
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 47 c (new)

Text proposed by the Commission

Amendment

(47c) Traditionally auditors have conducted ex-post audits and the main objective has been to verify income, expenses assets and liabilities, which have generally been the outcome of past transactions. However, the intensification of finance in economy has produced new complex financial instruments whose value is dependent on uncertain future events and marked volatility which

*challenges the reliability of audit reports
and the understanding of overall risk.*

Or. en

Amendment 149
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 47 d (new)

Text proposed by the Commission

Amendment

*(47d) Any sign of aggressive tax planning
of an PIE should be communicated
without delay to the competent authority
and the national tax authority.*

Or. en

Amendment 150
Olle Schmidt

Proposal for a regulation
Article 3 – paragraph 1

Text proposed by the Commission

Amendment

For the purposes of this Regulation, the definitions laid down in Article 2 of Directive 2006/43/EC shall apply, except for the definitions of 'audit report' *and* 'competent authority'.

For the purposes of this Regulation, the definitions laid down in Article 2 of Directive 2006/43/EC shall apply, except for the definitions of 'audit report', 'competent authority' and 'public-interest entities'.

*For the purpose of this Regulation
'public-interest entities' shall cover:*

(a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC;

(b) credit institutions as defined in point 1 of Article 4 of Directive 2006/48/EC of the European Parliament and of the Council*;

(c) insurance undertakings within the meaning of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council**;

(d) entities governed by the law of a Member State which are payment institutions as defined in point 4 of Article 4 of Directive 2007/64/EC of the European Parliament and of the Council, unless Article 15(2) of that Directive applies***;

(e) entities governed by the law of a Member State which are electronic money institutions as defined in point 1 of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council*, unless Article 15(2) of Directive 2007/64/EC applies***;

(f) investment firms as defined in point 1 of Article 4(1) of Directive 2004/39/EC;

(g) entities governed by the law of a Member State which are central securities depositories;

(h) central counterparties as defined in Article 2(1) of Regulation X/XXXX of the European Parliament and of the Council**[see proposal for a Regulation on OTC derivatives, central counterparties and trade repositories, COM(2010)484]***;

* OJ L 177, 30.6.2006, p. 1

** OJ L 335, 17.12.2009, p. 1

*** OJ L 187, 18.7.2009, p. 5

**** OJ L 267, 10.10.2009, p. 7

Or. en

Amendment 151
Markus Ferber, Herbert Dorfmann

Proposal for a regulation
Article 3 – paragraph 1

Text proposed by the Commission

For the purposes of this Regulation, the definitions laid down in Article 2 of Directive 2006/43/EC shall apply, except for the definitions of ‘audit report’ *and* ‘competent authority’.

Amendment

For the purposes of this Regulation, the definitions laid down in Article 2 of Directive 2006/43/EC shall apply, except for the definitions of ‘audit report’, ‘competent authority’ *and the definition of public interest entities regarding credit institutions as defined in point 1 of Article 4 of the Directive 2006/48/EC, which have not issued transferable securities admitted to trading on a regulated market within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC. Member States may exempt these credit institutions and their statutory auditor(s) or audit firm(s) from the requirements of the regulation.*

Or. en

Amendment 152
Olle Schmidt

Proposal for a regulation
Article 4

Text proposed by the Commission

Article 4

Large public interest entities

For the purposes of this Regulation, ‘large public-interest entities’ shall cover the following

(a) in relation to entities defined in point 13(a) of Article 2 of Directive 2006/43/EC, the largest 10 issuers of shares in each Member State measured by the market capitalisation on the basis of the end-year quotes and in any case all issuers of

Amendment

deleted

shares that had an average market capitalisation of more than EUR 1 000 000 000 on the basis of end-year quotes for the previous three calendar years;

(b) in relation to entities defined in points 13(b) to (f) of Article 2 of Directive 2006/43/EC, any entity which on their balance sheet date has a balance sheet total exceeding EUR 1 000 000 000;

(c) in relation to entities defined in points 13(g) and (h) of Article 2 of Directive 2006/43/EC, any entity which on their balance sheet date has total assets under management exceeding EUR 1 000 000 000.

Or. en

Justification

There is no need to have a definition of large PIEs.

Amendment 153

Olle Schmidt, Jürgen Creutzmann, Nils Torvalds

Proposal for a regulation

Article 5 – paragraph 1

Text proposed by the Commission

A statutory auditor or audit firm shall take all necessary steps to ensure that the ***carrying out of a statutory audit of a public-interest entity is not affected by any existing or potential conflict of interest or business or other relationship involving the statutory auditor or audit firm carrying out the statutory audit and, where appropriate, its network, managers, auditors, employees, any other natural persons whose services are placed at the disposal or under the control of the statutory auditor or audit firm, or any person directly or indirectly linked to the***

Amendment

A statutory auditor or audit firm shall take all necessary steps to ensure that the ***independence of the statutory auditor or audit firm carrying out the statutory audit is not compromised by financial, personal, business, employment or other relationships involving the statutory auditor, the audit firm, its affiliate firms and network, and any natural person in a position to influence the outcome of the statutory audit.***

statutory auditor or audit firm by control.

Or. en

Justification

This proposed wording reflects better the nature of the relationship of the statutory auditor or audit firm to the audited entity and captures in a more comprehensive way potential threats for independence. This is furthermore more aligned to existing international ethics standards and would ensure an international level playing field.

Amendment 154

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 5 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(1a) Where a cooperative within the meaning of Article 2(14) of Directive 2006/43/EC, or savings bank as referred to in Article 45 of Directive 86/635/EEC, a subsidiary or a legal successor of a cooperative, or savings bank as referred to in Article 45 of Directive 86/635/EEC is required or permitted under national provisions to be a member of a non-profit-making auditing entity, an objective, reasonable and informed party would not conclude that the membership-based relationship compromises the statutory auditor's independence, provided that when such an auditing entity is conducting a statutory audit of one of its members, the principles of independence laid down in this Chapter are applied to the auditors carrying out the audit and those persons who may be in a position to exert influence on the statutory audit.

Or. en

Justification

exemption needed for saving and cooperative banks

Amendment 155

Saïd El Khadraoui, Antonio Masip Hidalgo, Enrique Guerrero Salom

Proposal for a regulation

Article 8 – paragraph 1 – introductory part

Text proposed by the Commission

1. A statutory auditor or a key audit partner who carries out a statutory audit of a public-interest entity on behalf of an audit firm shall not, before a period of at least **two** years has elapsed since he or she resigned as a statutory auditor or key audit partner from the audit engagement, take up any of the following duties:

Amendment

1. A statutory auditor or a key audit partner who carries out a statutory audit of a public-interest entity on behalf of an audit firm shall not, before a period of at least **five** years has elapsed since he or she resigned as a statutory auditor or key audit partner from the audit engagement, take up any of the following duties:

Or. en

Amendment 156

Saïd El Khadraoui

Proposal for a regulation

Article 8 – paragraph 2

Text proposed by the Commission

2. Employees of a statutory auditor or an audit firm carrying out a statutory audit of a public-interest entity as well as any other natural person whose services are placed at the disposal or under the control of such auditor or firm shall not, when such employees or other natural persons are personally approved as statutory auditors, before a period of at least **one year** has elapsed since he or she was directly involved in the statutory audit activities, take up any of the duties referred to in points (a), b) and (c) of paragraph 1.

Amendment

2. Employees of a statutory auditor or an audit firm carrying out a statutory audit of a public-interest entity as well as any other natural person whose services are placed at the disposal or under the control of such auditor or firm shall not, when such employees or other natural persons are personally approved as statutory auditors, before a period of at least **three years** has elapsed since he or she was directly involved in the statutory audit activities, take up any of the duties referred to in points (a), b) and (c) of paragraph 1.

Amendment 157

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 8 – paragraph 2

Text proposed by the Commission

2. Employees of a statutory auditor or an audit firm carrying out a statutory audit of a public-interest entity as well as any other natural person whose services are placed at the disposal or under the control of such auditor or firm shall not, when such employees or other natural persons are personally approved as statutory auditors, before a period of at least **one year** has elapsed since he or she was directly involved in the statutory audit activities, take up any of the duties referred to in points (a), b) and (c) of paragraph 1.

Amendment

2. Employees of a statutory auditor or an audit firm carrying out a statutory audit of a public-interest entity as well as any other natural person whose services are placed at the disposal or under the control of such auditor or firm shall not, when such employees or other natural persons are personally approved as statutory auditors, before a period of at least **four years** has elapsed since he or she was directly involved in the statutory audit activities, take up any of the duties referred to in points (a), b) and (c) of paragraph 1.

Amendment 158

Saïd El Khadraoui

Proposal for a regulation

Article 9 – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of the first subparagraph, contingent fees means fees for audit engagements calculated on a predetermined basis relating to the outcome or result of a transaction or the result of the work performed. Fees shall not be regarded as being contingent if a court or a competent authority has established them.

Amendment

For the purposes of the first subparagraph, contingent fees means fees for audit engagements calculated on a predetermined basis relating to the outcome or result of a transaction or the result of the work performed. Fees shall not be regarded as being contingent if a court or a competent authority has established them. ***In order to guarantee***

the necessary independence as well as the expertise, every auditor or audit firm, should generate the majority of its fees from statutory audit missions.

Or. en

Amendment 159
Wolf Klinz

Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission

Amendment

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than 10 % of the fees paid by the audited entity for the statutory audit.

deleted

Or. en

Amendment 160
Sari Essayah

Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission

Amendment

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than 10 % of the fees paid by the audited entity for the statutory audit.

deleted

Or. en

Justification

The provision of related financial audit services (definition in Article 10(2)) by the auditor may either be required due to legal, regulatory or contractual reasons, or the auditor is best placed to provide them to the audit client because the service is closely connected to the audit work. These services are assurance services that already require independence (IESBA Code of Ethics) and therefore auditor independence is not a valid argument for limiting the fees from these services.

Amendment 161

Olle Schmidt, Jürgen Creutzmann, Nils Torvalds

Proposal for a regulation

Article 9 – paragraph 2

Text proposed by the Commission

Amendment

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than 10 % of the fees paid by the audited entity for the statutory audit. **deleted**

Or. en

Justification

Any fixed cap on related financial audit services is bound to create problems in cases where it may be fully legitimate for the audited firm to buy considerable amounts of services of this kind from its auditing firm, e.g. due diligence services in connection with mergers or acquisitions. A better solution would be to require the audit committee, to approve all related services above a certain level or to require such approval for all services in addition to the statutory audit.

Amendment 162

Danuta Maria Hübner

Proposal for a regulation

Article 9 – paragraph 2

Text proposed by the Commission

Amendment

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than 10 % of the fees paid by the audited entity for the statutory audit.

deleted

Or. en

Amendment 163

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 9 – paragraph 2

Text proposed by the Commission

Amendment

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than **10** % of the fees paid by the audited entity for the statutory audit.

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than **5** % of the fees paid by the audited entity for the statutory audit. ***Where the audited entity has appointed more than one statutory auditor or audit firm, the fees for the related financial audit services referred to in Article 10(2) shall be limited for each statutory auditor or audit firm, to no more than 15% of the fees paid by the audited entity for the statutory audit***

Or. en

Amendment 164

Antonio Masip Hidalgo, Enrique Guerrero Salom

Proposal for a regulation

Article 9 – paragraph 2

Text proposed by the Commission

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than **10** % of the fees paid by the audited entity for the statutory audit.

Amendment

2. 2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services, ***other than fees for such of those services which are required by law***, shall be limited to no more than **15** % of the fees paid by the audited entity for the statutory audit. ***In case of joint audit, every audit firm will be allow to provide related financial audit services up to a limit of 20% of the total turnover of the audit services.***

Or. en

Amendment 165
Saïd El Khadraoui

Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than **10** % of the fees paid by the audited entity for the statutory audit.

Amendment

2. When the statutory auditor or audit firm provides to the audited entity related financial audit services, as referred to in Article 10(2), the fees for such services shall be limited to no more than **5** % of the fees paid by the audited entity for the statutory audit.

Or. en

Amendment 166
Wolf Klinz

Proposal for a regulation
Article 9 – paragraph 3

3. When the total fees received from a public-interest entity subject to the statutory audit represent either more than 20 % or, for two consecutive years, more than 15 % of the of the total annual fees received by the statutory auditor or audit firm carrying out the statutory audit, such auditor or firm shall disclose to the audit committee the fact that the total of such fees represents more than 20 % or 15 %, as appropriate, of the total fees received by the firm and the discussions referred to in Article 11(4)(d) shall be undertaken. The audit committee shall consider whether the audit engagement shall be subject to a quality control review by another statutory auditor or audit firm prior to the issuance of the audit report.

deleted

When the total fees received from a public-interest entity subject to the statutory audit represent, for two consecutive years, 15 % or more of the total annual fees received by the statutory auditor or audit firm carrying out the statutory audit, the auditor or firm shall inform the competent authority referred to in Article 35(1) of such situation. The competent authority referred to in Article 35(1) shall decide on the basis of objective grounds provided by the statutory auditor or the audit firm whether the statutory auditor or audit firm of such entity may continue to carry out the statutory for an additional period which in any case shall not be longer than two years.

Where the audited entity is exempted from the obligation to have an audit committee, the audited entity shall decide which body or organ of the entity shall engage with the statutory auditor or audit firm for the purposes of the obligations set out in this paragraph.

Or. en

Amendment 167
Wolf Klinz

Proposal for a regulation
Article 9 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

When the total fees received from a public-interest entity subject to the statutory audit represent either more than 20 % or, for two consecutive years, more than 15 % of the of the total annual fees received by the statutory auditor or audit firm carrying out the statutory audit, such auditor or firm shall disclose to the audit committee the fact that the total of such fees represents more than 20 % or 15 %, as appropriate, of the total fees received by the firm and the discussions referred to in Article 11(4)(d) shall be undertaken. The audit committee shall consider whether the audit engagement shall be subject to a quality control review by another statutory auditor or audit firm prior to the issuance of the audit report.

deleted

Or. en

Amendment 168
Wolf Klinz

Proposal for a regulation
Article 9 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

When the total fees received from a public-interest entity subject to the statutory audit represent, for two consecutive years, 15 % or more of the total annual fees received by the statutory auditor or audit firm carrying out the statutory audit, the auditor or firm shall

deleted

inform the competent authority referred to in Article 35(1) of such situation. The competent authority referred to in Article 35(1) shall decide on the basis of objective grounds provided by the statutory auditor or the audit firm whether the statutory auditor or audit firm of such entity may continue to carry out the statutory for an additional period which in any case shall not be longer than two years.

Or. en

Amendment 169
Wolf Klinz

Proposal for a regulation
Article 9 – paragraph 3 – subparagraph 3

Text proposed by the Commission

Amendment

Where the audited entity is exempted from the obligation to have an audit committee, the audited entity shall decide which body or organ of the entity shall engage with the statutory auditor or audit firm for the purposes of the obligations set out in this paragraph. *deleted*

Or. en

Amendment 170
Sari Essayah

Proposal for a regulation
Article 10

Text proposed by the Commission

Amendment

[...] *deleted*

Or. en

Justification

Provision of non-audit services is already adequately regulated via the IESBA Code of Ethics. Possible amendments should be included in the Code of Ethics. The Code is a more flexible instrument than an EU Regulation to adapt the ethical requirements to meet the demands of the changing circumstances.

Amendment 171

Anne E. Jensen

Proposal for a regulation

Article 10 – title

Text proposed by the Commission

Amendment

Prohibition of the provision of ***non-audit*** services

Provision of ***non-assurance*** services

Or. en

Amendment 172

Sharon Bowles

Proposal for a regulation

Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10a

Tender of non-audit services

1. Related financial audit services enumerated in Article 10 (2) that would increase the ratio of non-audit to audit fees to more than 30% and non-audit related services must be subject to an open and transparent tendering procedure, if the designated audit committee feels it is necessary. If the audit committee does not feel it is necessary, it should explain why to the competent authority.

2. The tendering procedure referred to in Paragraph 1 shall be designed by the audit committee and approved by the

competent authority. When designing their non-audit service policies, audit committees must:

(a) aim for the greatest possible transparency;

(b) give due consideration to small and medium-sized service providers;

(c) ensure involvement of shareholders in the provision of non-audit services, in particular the audit committee shall receive an annual approval of the audited entities policy for non-audit services.

3. The selection procedure for those non-audit services referred to in paragraph 1 shall respect the following criteria:

(a) the audit committee shall be free to invite any statutory auditors, audit firms or non-audit service providers to submit proposals for the provision of non-audit services;

(b) tender documents shall be prepared by the audit committee, which should contain transparent and non-discriminatory selection criteria that shall be used to evaluate the proposals made by statutory auditor(s), audit firm(s), or non-audit service provider(s);

(c) where, in accordance with national Union law, the competent authorities referred to in Article 35, require statutory auditors, audit firms and non-audit service providers should comply with certain quality standards, those standards shall be included in the tender documents;

(f) the audit committee shall evaluate the proposals made by the statutory auditors, audit firms or non-audit service providers in accordance with the selection criteria predefined in the tender documents;

(g) the audit committee shall be able to demonstrate to the competent authority referred to in Article 35 that the selection

procedure was conducted in a fair manner.

Or. en

Amendment 173
Markus Ferber

Proposal for a regulation
Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10a

Tender of non-audit services

The administrative or supervisory body shall decide whether a non-audit service shall be subject to an open and transparent tendering procedure unless the value of the fee for such a non-audit service is below the value of the statutory audit fee.

Or. en

Justification

A general requirement for tendering in the area of non-audit services is not justified. The administrative or supervisory body shall be in charge of taking an active decision regarding tendering if the value of the non-audit service fee exceeds the value of the statutory audit fee.

Amendment 174
Ildikó Gáll-Pelcz

Proposal for a regulation
Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

*A statutory auditor or **an** audit firm carrying out statutory audit of public-interest **entities** may provide to the audited **entity**, to its parent undertaking **and to its***

The individual statutory auditor or audit firm ***entrusted with the task of*** carrying out ***a*** statutory audit of ***the*** public-interest ***organisation concerned*** may ***not – either***

controlled undertakings statutory audit services and related financial audit services.

directly or indirectly – provide to the audited organisation, to undertakings directed by the organisation or to its parent undertaking the non-audit services which are prohibited pursuant to paragraph 3 below.

Or. hu

Amendment 175
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities *may* provide to the audited entity, to its parent undertaking and to its controlled undertakings *statutory audit services and related financial audit services.*

Amendment

1. A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not provide to the audited entity, to its parent undertaking and to its controlled undertakings, to which the audited entity is material, prohibited services as mentioned below in the third subparagraph of paragraph 3.

2. Non-assurance services, not categorised as prohibited services, may be provided subject to pre-approval by the audit committee [or Board of Directors, if no audit committee]. In all circumstances the provision of non-assurance services may not create any threats to the independence of the statutory auditor of the public interest entity.

Or. en

Amendment 176
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of **public-interest entities** *may* provide to the audited entity, to its parent undertaking and to its controlled undertakings **statutory audit services and related financial audit services**.

Amendment

A statutory auditor or an audit firm carrying out **a** statutory audit of **a public interest entity** *shall only* provide **non-audit services** to the audited entity, to its parent undertaking and to its controlled undertakings **after having properly assessed threats and potential safeguards in accordance with Article 11. Non-audit services listed in paragraph 2 shall not be provided under any circumstance to the audited entity.**

Or. en

Justification

Article 11 already requires a threats and safeguards test to be conducted in order to verify the independence of the statutory auditor or audit firm. This approach is complemented by a clarifying list of prohibited services which are also not permissible under the threats and safeguard test.

Amendment 177
Diogo Feio

Proposal for a regulation
Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest **entities** *may* provide to the audited entity, **to its parent undertaking and to its controlled undertakings** **statutory audit services and related financial audit services**.

Amendment

A statutory auditor or an audit firm carrying out **a** statutory audit of **a** public-interest **entity** *shall not* provide to the audited entity **or its controlled undertakings, either directly or indirectly, any non-audit services that are prohibited in paragraph 3 below.**

Or. en

Justification

To specify that an auditor may not, directly or indirectly, provide non audit services that

would compromise independence

Amendment 178

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities *may* provide to the audited entity, to its parent undertaking and to its controlled undertakings *statutory audit services and related financial audit services*.

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities *shall not directly or indirectly* provide to the audited entity, to its parent undertaking and to its controlled undertakings *any non-audit services that are prohibited by this Article*.

Or. en

Justification

Article 22 of the Directive deals with the auditor's independence and objectivity. It is founded on a principle based evaluation when it comes to the independence. It is our firm belief that this approach should also be the starting point when it comes to the audit of public interest entities. Consequently, it is therefore sufficient to, as a complement in the regulation, only regulate the catalogue of prohibitions which should be applicable at audit assignments to public interest entities.

Amendment 179

Saïd El Khadraoui

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities may provide to the audited entity, to its parent undertaking and to its controlled undertakings statutory audit services and related financial audit

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities may provide to the audited entity, to its parent undertaking and to its controlled undertakings statutory audit services and related financial audit services *as far as they do not affect its*

services.

independence.

Or. en

Amendment 180

Saïd El Khadraoui, Enrique Guerrero Salom, Antonio Masip Hidalgo

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities may provide to the audited entity, to its parent undertaking and to its controlled undertakings statutory audit services and related financial audit services.

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities may provide to the audited entity, to its parent undertaking and to its controlled undertakings statutory audit services and related financial audit services, *as far as they do not affect its independence.*

Or. en

Amendment 181

Ildikó Gáll-Pelcz

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Where the statutory auditor belongs to a network, *a* member of such network may provide to the audited *entity*, to its parent undertaking *and* to *its controlled* undertakings *within the Union statutory audit services or related financial audit services.*

Amendment

Where the statutory auditor *or audit firm* belongs to a network, *no other* member of such network may, *within the European Union*, provide to the audited *organisation*, to its parent undertaking *or to the* undertakings *which it directs the non-audit services which are prohibited pursuant to paragraph 3 below.*

Or. hu

Amendment 182

Diogo Feio

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Where the statutory auditor belongs to a network, **a** member of such network may provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union **statutory audit services or related financial audit services**.

Amendment

Where the statutory auditor **or audit firm** belongs to a network, **no other** member of such network may provide to the audited entity, to its parent undertaking **within the Union** and to its controlled undertakings within the Union **the non-audit services that are prohibited under paragraph 3 below**.

Or. en

Justification

To specify that no other member of the network to which the audit firm belongs may provide services to the public interest entity or all of its controlled or parent undertakings in the European Union which the audit firm itself could not provide.

Amendment 183

Markus Ferber

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Where the statutory auditor belongs to a network, **a** member of such network may provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union **statutory audit services or related financial audit services**.

Amendment

Where the statutory auditor **or audit firm** belongs to a network, **no other** member of such network may provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union **non-audit services which are compromising the independence of the statutory audit or audit firm**.

Or. en

Justification

Adjustment of wording to align with new non-audit services terminology.

Amendment 184

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Where the statutory auditor belongs to a network, **a** member of such network **may** provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union **statutory audit services or related financial audit services**.

Amendment

Where the statutory auditor belongs to a network, **no** member of such network **shall** provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union **any non-audit services that are prohibited by this Article**.

Or. en

Justification

Article 22 of the Directive deals with the auditor's independence and objectivity. It is founded on a principle based evaluation when it comes to the independence. It is our firm belief that this approach should also be the starting point when it comes to the audit of public interest entities. Consequently, it is therefore sufficient to, as a complement in the regulation, only regulate the catalogue of prohibitions which should be applicable at audit assignments to public interest entities.

Amendment 185

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

(2a) The parent company is not audited by the statutory auditor or an audit firm carrying out statutory audit or a network firm related hereto, the restrictions above to provide prohibited services should not

apply.

Or. en

Amendment 186
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

The audit committee shall be informed on a regular basis about all audit services and related audit services provided by the statutory auditor.

Or. en

Amendment 187
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 2

Text proposed by the Commission

Amendment

2. For the purposes of this Article, related financial audit services shall mean:

- (a) the audit or review of interim financial statements;*
- (b) providing assurance on corporate governance statements;*
- (c) providing assurance on corporate social responsibility matters;*
- (d) providing assurance on or attestation of regulatory reporting to regulators of financial institutions beyond the scope of the statutory audit and designed to assist regulators in fulfilling their role, such as on capital requirements or specific solvency ratios determining how likely*

deleted

an undertaking will be to continue meeting its debt obligations;

(e) providing certification on compliance with tax requirements where such attestation is required by national law;

(f) any other statutory duty related to audit work imposed by Union legislation to the statutory auditor or audit firm.

Or. en

Justification

The threats and safeguard assessment does not require a list of admitted services.

Amendment 188

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 2

Text proposed by the Commission

Amendment

2. For the purposes of this Article, related financial audit services shall mean: *deleted*

(a) the audit or review of interim financial statements;

(b) providing assurance on corporate governance statements;

(c) providing assurance on corporate social responsibility matters;

(d) providing assurance on or attestation of regulatory reporting to regulators of financial institutions beyond the scope of the statutory audit and designed to assist regulators in fulfilling their role, such as on capital requirements or specific solvency ratios determining how likely an undertaking will be to continue meeting its debt obligations;

(e) providing certification on compliance with tax requirements where such

attestation is required by national law;

(f) any other statutory duty related to audit work imposed by Union legislation to the statutory auditor or audit firm.

Or. en

Justification

No longer necessary under new approach.

Amendment 189

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 2

Text proposed by the Commission

Amendment

2. For the purposes of this Article, related financial audit services shall mean: *deleted*

(a) the audit or review of interim financial statements;

(b) providing assurance on corporate governance statements;

(c) providing assurance on corporate social responsibility matters;

(d) providing assurance on or attestation of regulatory reporting to regulators of financial institutions beyond the scope of the statutory audit and designed to assist regulators in fulfilling their role, such as on capital requirements or specific solvency ratios determining how likely an undertaking will be to continue meeting its debt obligations;

(e) providing certification on compliance with tax requirements where such attestation is required by national law;

(f) any other statutory duty related to audit work imposed by Union legislation to the statutory auditor or audit firm.

Amendment 190
Ildikó Gáll-Pelcz

Proposal for a regulation
Article 10 – paragraph 2 – introductory part

Text proposed by the Commission

(2) For the purposes of this Article, related *financial audit services* shall mean:

Amendment

(2) For the purposes of this Article, *service related to audits and other service serving to provide a guarantee* shall mean:

Or. hu

Amendment 191
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 2 – point e

Text proposed by the Commission

(e) providing certification on compliance with tax requirements *where such attestation is required by national law*;

Amendment

(e) providing certification on compliance with tax requirements;

Or. en

Amendment 192
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 2 – point e a (new)

Text proposed by the Commission

Amendment

(ea) auditing technology systems and risk management procedures related to the preparation and/or control of financial information included in the financial statements and advice on risk;

Amendment 193
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 2 – point e b (new)

Text proposed by the Commission

Amendment

(eb) audit of occupational pension schemes and pension obligations;

Or. en

Amendment 194
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 2 – point f

Text proposed by the Commission

Amendment

(f) any other statutory duty related to audit work imposed by ***Union legislation*** to the statutory auditor or audit firm.

(f) any other statutory duty related to audit work imposed by ***law or regulation*** to the statutory auditor or audit firm.

Or. en

Amendment 195
Gay Mitchell

Proposal for a regulation
Article 10 – paragraph 2 – point f a (new)

Text proposed by the Commission

Amendment

(fa) Providing a corporate income tax compliance service, involving the preparation and submission of corporate income tax returns and supporting calculations for filing with the relevant

Amendment 196

Diogo Feio

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services. **deleted**

Justification

To be deleted as this is now covered by amendments for Article 10, paragraph 1 subparagraphs 1 and 2.

Amendment 197

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services. **deleted**

Amendment 198
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall **not** directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services.

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services **only if they amount to no more than 10% of the value of the audit services.**

Or. de

Amendment 199
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services.

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings **prohibited** non-audit services.

Or. en

Amendment 200
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 1

Text proposed by the Commission

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services.

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall not directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings ***prohibited*** non-audit services.

Or. de

Amendment 201
Diogo Feio

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Where the statutory auditor belongs to a network, no member of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union any non-audit services.

Amendment

deleted

Or. en

Justification

To be deleted as this is now covered by amendments for Article 10, paragraph 1 subparagraphs 1 and 2.

Amendment 202
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

Where the statutory auditor belongs to a network, no member of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union any non-audit services.

deleted

Or. en

Amendment 203
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

Where the statutory auditor belongs to a network, ***no member*** of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union ***any*** non-audit services.

Where the statutory auditor belongs to a network, ***members*** of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union non-audit services ***only if they amount to no more than 10% of the value of the audit services.***

Or. de

Amendment 204
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

Where the statutory auditor belongs to a network, no member of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union any non-

Where the statutory auditor belongs to a network, no member of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union any

audit services.

prohibited non-audit services.

Or. de

Amendment 205
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Where the statutory auditor belongs to a network, no member of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union any non-audit services.

Amendment

Where the statutory auditor belongs to a network, no member of such network shall provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union any *prohibited* non-audit services.

Or. en

Amendment 206
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

(2a) A statutory auditor or an audit firm carrying out statutory audit of public-interest entities may directly or indirectly provide to the audited entity, to its parent undertaking and to its controlled undertakings non-audit services only with the audit committee’s explicit authorisation to do so.

Or. de

Amendment 207
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 2 b (new)

Text proposed by the Commission

Amendment

(2b) Where the statutory auditor belongs to a network, a member of such network may provide to the audited entity, to its parent undertaking and to its controlled undertakings within the Union non-audit services only with the audit committee's explicit authorisation to do so.

Or. de

Amendment 208
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – introductory part

Text proposed by the Commission

Amendment

For the purposes of this Article, ***non-audit*** services shall mean:

For the purposes of this Article, ***prohibited*** services shall mean:

a) Any services where a statutory auditor or an audit firm assume a management responsibility or making the significant judgments and decisions for an audit client.

b) accounting and bookkeeping, including payroll services, and preparing accounting records and financial statements

c) designing and implementing internal control or risk management procedure related to the preparation and/or control of financing information included in the financial statements and advice on risk; that: (a) form a significant part of the internal control over financial reporting or (b) generate information that is significant to the client's accounting records or financial statements on which

the firm will express an opinion creates a self-review threat.

d) valuation services; if the valuations would have a material effect, separately or in the aggregate, on the financial statements on which the firm will express an opinion.

e) actuarial and legal services, including resolving a dispute or litigation when the amounts involved are material to the financial statements on which the firm will express an opinion.

f) participating in the audit client's internal audit and the provision of services related to the internal audit function;

g) broker or dealer, investment adviser, or investment banking services, including providing corporate finance services involving promoting, dealing in, or underwriting an audit client's shares;

h) human resources services, including recruiting senior management or a director or officer of the entity in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion. These prohibited services include searching for or seeking out candidates for such positions and undertaking reference checks of prospective candidates for such positions.

Or. en

Amendment 209
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – introductory part

Text proposed by the Commission

Amendment

For the purposes of this Article, non-audit services shall mean:

For the purposes of this Article, ***prohibited*** non-audit services shall mean ***services entailing conflict of interest in all cases:***

Or. de

Amendment 210
Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – introductory part

Text proposed by the Commission

Amendment

For the purposes of this Article, non-audit services shall mean:

For the purposes of this Article, ***prohibited*** non-audit services shall mean:

Or. en

Amendment 211
Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – introductory part

Text proposed by the Commission

Amendment

For the purposes of this Article, non-audit services shall mean:

For the purposes of this Article, ***prohibited*** non-audit services shall mean:

Or. en

Justification

Article 10.3 states prohibited non-audit related services entailing a conflict of interest in all cases. It is common practice to prohibit these services. We therefore appreciate the European Commission's proposal in this matter. However the proposal lacks proportionality and captures a too broad range of services without proper differentiation. We suggest aligning the proposal with IESBA Code of Ethics.

Amendment 212
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a

Text proposed by the Commission

Amendment

(a) services entailing conflict of interest in all cases: deleted

(i) expert services unrelated to the audit, tax consultancy, general management and other advisory services;

(ii) bookkeeping and preparing accounting records and financial statements;

(iii) designing and implementing internal control or risk management procedure related to the preparation and/or control of financing information included in the financial statements and advice on risk;

(iv) valuation services, providing fairness opinions or contribution-in-kind reports;

(v) actuarial and legal services, including the resolution of litigation;

(vi) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(b) to (j) of Directive 2006/43/EC;

(vii) participating in the audit client's internal audit and the provision of services related to the internal audit function;

(viii) broker or dealer, investment adviser, or investment banking services.

Or. en

Amendment 213
Peter Simon

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Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – introductory part

Text proposed by the Commission

Amendment

(a) *services entailing conflict of interest in all cases:*

(a) *prohibited non-audit services:*

Or. de

Amendment 214

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point i

Text proposed by the Commission

Amendment

(i) *expert services unrelated to the audit, tax consultancy, general management and other advisory services;*

deleted

Or. en

Amendment 215

Markus Ferber

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point i

Text proposed by the Commission

Amendment

(i) *expert services unrelated to the audit, tax consultancy, general management and other advisory services;*

(i) *services including decision-taking on behalf of the audited entity;*

Or. en

Amendment 216

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point i a (new)

Text proposed by the Commission

Amendment

(ia) Providing tax services involving acting as an advocate before a public tribunal or court in the resolution of a tax matter and the amounts involved are material to the financial statements;

Or. en

Justification

The provision of many tax services does not compromise independence. This amendment prohibits those tax services which do create a threat to independence as recognised by international Code of Ethics. Expert services, general management and advisory services do not pose a threat to independence unless the statutory auditor is put in a position of taking decisions on behalf of management

Amendment 217

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point i b (new)

Text proposed by the Commission

Amendment

(ib) Preparing tax calculations of current and deferred tax liabilities or assets for the purpose of preparing accounting entries that are material to the financial statements;

Or. en

Justification

The provision of many tax services does not compromise independence. This amendment prohibits those tax services which do create a threat to independence as recognised by international Code of Ethics. Expert services, general management and advisory services do not pose a threat to independence unless the statutory auditor is put in a position of taking decisions on behalf of management

Amendment 218
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point i c (new)

Text proposed by the Commission

Amendment

(ic) Providing tax or corporate finance advice when the effectiveness of the advice depends upon a particular accounting treatment or presentation in the financial statements and when there is reasonable doubt about the appropriateness of the accounting treatment and the outcome or consequences of the advice would materially affect such financial statements;

Or. en

Justification

This amendment introduces another prohibition of specific tax services in order to bring closer alignment with international Code of Ethics.

Amendment 219
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point ii

Text proposed by the Commission

Amendment

(ii) bookkeeping and preparing accounting records and financial statements;

deleted

Or. en

Amendment 220
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point ii

Text proposed by the Commission

Amendment

(ii) bookkeeping and preparing accounting records and financial statements;

(ii) bookkeeping *services including the calculations of current and deferred taxes* and preparing accounting records and financial statements *as well as financial information*;

Or. en

Amendment 221
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point ii

Text proposed by the Commission

Amendment

(ii) bookkeeping *and preparing* accounting records and financial statements;

(ii) bookkeeping, *payroll services and the preparation of* accounting records and financial statements;

Or. en

Justification

Minor changes which introduces a more rigorous restriction based on the Code of Ethics as well as improving the language.

Amendment 222
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point ii

Text proposed by the Commission

Amendment

(ii) bookkeeping *and* preparing accounting

(ii) bookkeeping, *payroll services*,

records and financial statements;

preparing accounting records and financial statements;

Or. en

Justification

Alignment to IESBA code of Ethics.

Amendment 223

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point iii

Text proposed by the Commission

Amendment

(iii) designing and implementing internal control or risk management procedure related to the preparation and/or control of financing information included in the financial statements and advice on risk;

deleted

Or. en

Amendment 224

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point iii

Text proposed by the Commission

Amendment

(iii) designing *and* implementing internal control *or risk management procedure* related to the *preparation and/or* control of *financing* information included in the financial statements *and advice on risk*;

(iii) designing *or* implementing internal control, *risk management or financial information technology systems* related to the *preparation* or control of *financial* information included in the financial statements;

Or. en

Amendment 225
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point iii

Text proposed by the Commission

Amendment

(iii) designing **and** implementing internal control **or risk management procedure** related to the preparation and/or control of **financing** information included in the financial statements **and advice on risk**;

(iii) designing **or** implementing internal control, **risk management or financial information technology systems** related to the preparation and/or control of **financial** information included in the financial statements **that**;

Or. en

Justification

Minor changes which introduces a more rigorous restriction based on the Code of Ethics as well as improving the language.

Amendment 226
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point iii

Text proposed by the Commission

Amendment

(iii) designing and implementing internal control or risk management **procedure** related to the preparation and/or control of **financing** information included in the financial statements **and advice on risk**;

(iii) designing and implementing internal control or risk management **systems** related to the preparation and/or control of **financial** information included in the financial statements **unless this service is insignificant**;

Or. en

Justification

It is best practice to do a significance test.

Amendment 227
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point iii – point a (new)

Text proposed by the Commission

Amendment

a) form a significant part of the internal control over financial reporting of the audited entity, or

Or. en

Justification

The amended wording is based on the international Code of Ethics. It also includes what the Commission had regulated in 3 b (iii).

Amendment 228
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point iii – point b (new)

Text proposed by the Commission

Amendment

b) generate information that is significant to the accounting records of financial statements that are subject to the statutory audit;

Or. en

Justification

The amended wording is based on the international Code of Ethics. It also includes what the Commission had regulated in 3 b (iii).

Amendment 229
Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point iv

Text proposed by the Commission

Amendment

(iv) valuation services, providing fairness opinions or contribution-in-kind reports;

deleted

Or. en

Amendment 230

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point iv

Text proposed by the Commission

Amendment

(iv) valuation services, providing fairness opinions or contribution-in-kind reports;

(iv) valuation services;

Or. en

Amendment 231

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point iv

Text proposed by the Commission

Amendment

(iv) valuation services, providing fairness opinions or contribution-in-kind reports;

(iv) valuation services or litigation support services, where the valuation would have a material effect separately or in the aggregate on the financial statements;

Or. en

Justification

Contribution in kind reports should not be prohibited since the law in a number of Member States requires these to be performed by the statutory auditor. Fairness Opinions are explicitly permitted by the international Code of Ethics. The other changes are to make the

restriction on valuation services consistent with the Code.

Amendment 232
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point iv

Text proposed by the Commission

Amendment

(iv) valuation services, *providing fairness opinions or contribution-in-kind reports*;

(iv) *providing* valuation services *including valuations conducted in the context of actuarial services and litigation support services with a material effect on the financial statements*;

Or. en

Justification

In some Member States contribution in kind reports must be performed by the statutory auditor. The more specified wording on valuation services is consistent with the IESBA Code of Ethics. There is no need to specify fairness opinions as they are either covered by the prohibition on valuation services or they take the form of an assurance opinion on the fairness of an item in the financial statements.

Amendment 233
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point iv a (new)

Text proposed by the Commission

Amendment

(iva) *generate information that is significant to the accounting records or financial statements that are subject to the statutory audit*;

Or. en

Amendment 234
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point v

Text proposed by the Commission

Amendment

*(v) actuarial and legal services, including
the resolution of litigation;* *deleted*

Or. en

Amendment 235
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point v

Text proposed by the Commission

Amendment

*(v) actuarial and legal services, including
the resolution of litigation;* *(v) legal services consisting of acting as
an advocate in the resolution of disputes
and litigation where the advocacy services
can only be provided by a person admitted
to practice law before the courts of a
Member State and the amounts involved
are material to the financial statements;*

Or. en

Justification

The provision of actuarial services by an auditor is permitted under international Code of Ethics. The revised prohibition on legal services is to prevent auditors from providing those legal services that can threaten an auditor's independence. This specific prohibition is to address concerns about the appearance of independence which can arise when a statutory auditor or audit firm acts as an advocate in court for a company that he, she or it audits.

Amendment 236
Markus Ferber

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point v

Text proposed by the Commission

Amendment

(v) *actuarial and legal services, including* the resolution of litigation;

(v) *providing legal services where the statutory auditor or audit firm acts as an advocate in* the resolution of *disputes and* litigation *and the amounts at stake are material to the financial statements of the audited entity;*

Or. en

Justification

Actuarial services are permitted under the IESBA Code of Ethics. Legal services needed more specific framing to address the linkage of the prohibited legal service with the financial statements.

Amendment 237

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point vi

Text proposed by the Commission

Amendment

(vi) *designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(b) to (j) of Directive 2006/43/EC;*

deleted

Or. en

Amendment 238

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point vi

Text proposed by the Commission

Amendment

(vi) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(b) to (j) of Directive 2006/43/EC; *deleted*

Or. en

Amendment 239

Markus Ferber

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point vi

Text proposed by the Commission

Amendment

(vi) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(b) to (j) of Directive 2006/43/EC; *deleted*

Or. en

Justification

Already addressed in (iii).

Amendment 240

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point vi

Text proposed by the Commission

Amendment

(vi) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(b) to (j) of Directive *deleted*

2006/43/EC;

Or. en

Justification

No necessary since in it is included in Schmidt amendment 10 3a iii).

Amendment 241

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point vii a (new)

Text proposed by the Commission

Amendment

(viiia) payroll services;

Or. en

Amendment 242

Markus Ferber

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii

Text proposed by the Commission

Amendment

*(viii) broker or dealer, investment adviser,
or investment banking services.*

*(viii) providing corporate finance services
involving promoting, dealing in or
underwriting shares of the audited entity.*

Or. en

Justification

Based on the IESBA Code of Ethics.

Amendment 243

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii

Text proposed by the Commission

Amendment

(viii) broker or dealer, investment adviser, or investment banking services.

(viii) providing corporate finance services involving promoting, dealing in, or underwriting shares of the audited entity;

Or. en

Justification

The amended wording is based on the international Code of Ethics and should be better understood in a European context since the Commission text appears to be inspired by the US SEC rules which have a different context.

Amendment 244

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii a (new)

Text proposed by the Commission

Amendment

(viii a) human resources services with respect to senior management in a position to exert significant influences over the preparation of the accounting records or financial statement subject to the statutory audit, where such services involve.

Or. en

Amendment 245

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii a (new)

Text proposed by the Commission

Amendment

(viii) human resources and/or recruitment services, including searching for and seeking out candidates for personnel positions within the audited entity;

Or. en

Amendment 246

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii a (new)

Text proposed by the Commission

Amendment

(viii) general management consultancy services

Or. en

Amendment 247

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii b (new)

Text proposed by the Commission

Amendment

(viiib) legal and tax services that go beyond the presentation of alternatives; tax services for natural persons with a significant role in the financial reporting of the audited entity and the marketing of tax planning concepts;

Or. en

Amendment 248

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii b (new)

Text proposed by the Commission

Amendment

(viib) tax consultancy and advising services

Or. en

Amendment 249

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii c (new)

Text proposed by the Commission

Amendment

(viic) due diligence services to the buy side on potential mergers and acquisitions and providing assurance to the audited entity on other parties at a financial or corporate transactions.

Or. en

Amendment 250

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point a – point viii c (new)

Text proposed by the Commission

Amendment

(viic) promoting, dealing in, or underwriting client shares;

Or. en

Amendment 251
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point a – point viii d (new)

Text proposed by the Commission

Amendment

(viii d) providing comfort letters for investors in the context of the issuance of an undertaking's securities;

Or. en

Amendment 252
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b

Text proposed by the Commission

Amendment

(b) services which may entail conflict of interest: *deleted*

(i) human resources services, including recruiting senior management;

(ii) providing comfort letters for investors in the context of the issuance of an undertaking's securities;

(iii) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(a) of Directive 2006/43/EC;

(iv) due diligence services to the vendor or the buy side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.

Or. de

Amendment 253

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point b

Text proposed by the Commission

Amendment

(b) services which may entail conflict of interest: *deleted*

(i) human resources services, including recruiting senior management;

(ii) providing comfort letters for investors in the context of the issuance of an undertaking's securities;

(iii) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(a) of Directive 2006/43/EC;

(iv) due diligence services to the vendor or the buy side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.

Or. en

Amendment 254

Sharon Bowles

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point b

Text proposed by the Commission

Amendment

(b) services which may entail conflict of interest: *deleted*

(i) human resources services, including recruiting senior management;

(ii) providing comfort letters for investors in the context of the issuance of an undertaking's securities;

(iii) designing and implementing financial

information technology systems for public-interest entities as referred to in Article 2(13)(a) of Directive 2006/43/EC;

(iv) due diligence services to the vendor or the buy side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.

Or. en

Amendment 255
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b

Text proposed by the Commission

Amendment

(b) services which may entail conflict of interest: deleted

(i) human resources services, including recruiting senior management;

(ii) providing comfort letters for investors in the context of the issuance of an undertaking's securities;

(iii) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(a) of Directive 2006/43/EC;

(iv) due diligence services to the vendor or the buy side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.

Or. en

Justification

I propose that article 3b) should be deleted. The main principle should be that, with exception from the catalogue of prohibition the auditor's independence should be assessed from a principle based analysis. Regarding the provision of other non-audit services they should be

approved by the audit committee and furthermore shall not be "black-listed" by the proper authority.

Amendment 256

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point b

Text proposed by the Commission

Amendment

(b) services which may entail conflict of interest: deleted

(i) human resources services, including recruiting senior management;

(ii) providing comfort letters for investors in the context of the issuance of an undertaking's securities;

(iii) designing and implementing financial information technology systems for public-interest entities as referred to in Article 2(13)(a) of Directive 2006/43/EC;

(iv) due diligence services to the vendor or the buy side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.

Or. en

Amendment 257

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point b – point i

Text proposed by the Commission

Amendment

(i) human resources services, including recruiting senior management; deleted

Or. en

Amendment 258
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b – point i

Text proposed by the Commission

Amendment

(i) human resources services, ***including recruiting*** senior management;

(i) human resources services, ***concerning members of*** senior management ***who are able to exert significant influence over the preparation of the financial statements;***

Or. en

Justification

Specifies the objective of this prohibition. Senior management members are particularly important if they have a role in the preparation of the financial statements. Consistent with the IESBA Code of Ethics.

Amendment 259
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b – point ii

Text proposed by the Commission

Amendment

(ii) ***providing comfort letters for investors in the context of the issuance of an undertaking's securities;***

deleted

Or. en

Amendment 260
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b – point ii

Text proposed by the Commission

Amendment

***(ii) providing comfort letters for investors
in the context of the issuance of an
undertaking's securities;*** ***deleted***

Or. en

Justification

Only statutory auditors are practically in a position to issue such comfort letters. This gives no rise to independence concerns.

Amendment 261

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point b – point iii

Text proposed by the Commission

Amendment

***(iii) designing and implementing financial
information technology systems for
public-interest entities as referred to in
Article 2(13)(a) of Directive 2006/43/EC;*** ***deleted***

Or. en

Amendment 262

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 3 – subparagraph 3 – point b – point iv

Text proposed by the Commission

Amendment

***(iv) due diligence services to the vendor or
the buy side on potential mergers and
acquisitions and providing assurance on
the audited entity to other parties at a
financial or corporate transaction.*** ***deleted***

Amendment 263
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b – point iv

Text proposed by the Commission

Amendment

(iv) due diligence services to the vendor or the buy side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction. *deleted*

Or. en

Justification

Due diligence means providing assurance on the audited entity to other parties. This is a key part of an auditor's responsibility and should therefore not be prohibited.

Amendment 264
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 3 – point b – point iv

Text proposed by the Commission

Amendment

*(iv) due diligence services to the vendor **or the buy** side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.*

(iv) due diligence services to the vendor side on potential mergers and acquisitions and providing assurance on the audited entity to other parties at a financial or corporate transaction.

Or. en

Amendment 265
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 4

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(iii) and (iv) may be provided by the statutory auditor or the audit firm, subject to prior approval by the competent authority referred to in Article 35(1).

deleted

Or. de

Amendment 266
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 4

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(iii) and (iv) may be provided by the statutory auditor or the audit firm, subject to prior approval by the competent authority referred to in Article 35(1).

deleted

Or. en

Amendment 267
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 4

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(iii) and (iv) may be provided by the statutory auditor or the audit firm,

deleted

subject to prior approval by the competent authority referred to in Article 35(1).

Or. en

Amendment 268
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 4

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(iii) and (iv) may be provided by the statutory auditor or the audit firm, subject to prior approval by the competent authority referred to in Article 35(1). *deleted*

Or. en

Justification

In the amended, restricted list, all non-audit services are prohibited and a derogation is no longer needed.

Amendment 269
Peter Simon

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 5

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(i) and (ii) may be provided by the statutory auditor or the audit firm, subject to prior approval by the audit committee as referred to in Article 31 of this Regulation. *deleted*

Amendment 270
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 5

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(i) and (ii) may be provided by the statutory auditor or the audit firm, subject to prior approval by the audit committee as referred to in Article 31 of this Regulation. *deleted*

Or. en

Amendment 271
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 5

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(i) and (ii) may be provided by the statutory auditor or the audit firm, subject to prior approval by the audit committee as referred to in Article 31 of this Regulation. *deleted*

Or. en

Amendment 272
Olle Schmidt, Jürgen Creutzmann, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 5

Text proposed by the Commission

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(i) and (ii) may be provided by the statutory auditor or the audit firm, subject to prior approval by the audit committee as referred to in Article 31 of this Regulation.

deleted

Or. en

Justification

In the amended, restricted list, all non-audit services are prohibited and a derogation is no longer needed.

Amendment 273
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

(3a) A statutory auditor or audit firm may provide non-audit services other than prohibited non-audit services where:

a. the provision of those services has been approved by the audit committee, in the light of its obligation under Article 31 to satisfy itself as to the auditor's likely ability to mitigate any threats to its independence in its conduct as statutory auditor; and

b. the competent authority has not exercised its power under Article 38 – paragraph 6 a (new), to prohibit the provision of those services.

Or. en

Justification

The main principle should be that, with exception from the catalogue of prohibition the auditor's independence should be assessed from a principle based analysis. Regarding the provision of other non-audit services they should be approved by the audit committee and furthermore shall not be "black-listed" by the proper authority.

Amendment 274

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 4 – subparagraph 1

Text proposed by the Commission

Amendment

When a member of the network to which the statutory auditor or the audit firm carrying out statutory audit of a public-interest entity belongs provides non-audit services to an undertaking incorporated in a third country controlled by the audited public-interest entity, the statutory auditor or the audit firm concerned shall assess whether his, her or its independence would be compromised by such provision of services by the member of the network.

deleted

Or. en

Amendment 275

Saïd El Khadraoui

Proposal for a regulation

Article 10 – paragraph 4 – subparagraph 1

Text proposed by the Commission

Amendment

When a member of the network to which the statutory auditor or the audit firm carrying out statutory audit of a public-interest entity belongs provides non-audit services to an undertaking incorporated in a third country controlled by the audited public-interest entity, the statutory auditor

When a member of the network to which the statutory auditor or the audit firm carrying out statutory audit of a public-interest entity belongs provides non-audit services to an undertaking incorporated in a third country controlled by the audited public-interest entity, the *competent*

or the audit firm concerned *shall assess whether his, her or its independence* would be compromised by such provision of services by the member of the network.

authority shall assess whether the independence of the statutory auditor or the audit firm concerned would be compromised by such provision of services by the member of the network.

Or. en

Amendment 276
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 2

Text proposed by the Commission

Amendment

If his, her or its independence is affected, the statutory auditor or the audit firm shall apply safeguards in order to mitigate the threats caused by such provision of services in a third country. The statutory auditor or the audit firm may continue to carry out the statutory audit of the public-interest entity only if he, she or it can justify, in accordance with Article 11, that such provision of services does not affect his, her or its professional judgement and the audit report.

deleted

Or. en

Amendment 277
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 3

Text proposed by the Commission

Amendment

Being involved in the decision-taking of the audited entity and the provision of the services referred to in points (ii) and (iii) of paragraph 3(a) shall be considered as affecting such independence in all cases.

deleted

Amendment 278
Olle Schmidt, Jürgen Creutzmann, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 3

Text proposed by the Commission

Being involved in the decision-taking of the audited entity and the provision of *the* services *referred to in points (ii) and (iii) of paragraph 3(a)* shall be considered as affecting such independence in all cases.

Amendment

Being involved in the decision-taking of the audited entity and the provision of *non-audit* services shall be considered as affecting such independence in all cases.

Or. en

Justification

As a system of permitted audit-related and other assurance services on the one hand and non-audit services on the other is provided for, the latter should always be considered to affect independence.

Amendment 279
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 4

Text proposed by the Commission

The provision of the services referred to in points (i) and (iv) to (viii) of paragraph 3(a) shall be presumed to affect such independence.

Amendment

deleted

Or. en

Amendment 280
Olle Schmidt, Jürgen Creutzmann, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 4

Text proposed by the Commission

Amendment

The provision of the services referred to in points (i) and (iv) to (viii) of paragraph 3(a) shall be presumed to affect such independence. *deleted*

Or. en

Amendment 281
Anne E. Jensen

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 4

Text proposed by the Commission

Amendment

The provision of the services referred to in points (i) and (iv) to (viii) of paragraph 3(a) shall be presumed to affect such independence. *deleted*

Or. en

Amendment 282
Saïd El Khadraoui

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 4

Text proposed by the Commission

Amendment

The provision of the services referred to in points (i) and (iv) to (viii) of paragraph 3(a) shall be *presumed* to affect such independence.

The provision of the services referred to in points (i) and (iv) to (viii) of paragraph 3(a) shall be *considered* to affect such independence.

Or. en

Amendment 283

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 4 – subparagraph 5

Text proposed by the Commission

Amendment

***The statutory auditor or the audit firm
may consult the competent authority for
an opinion on this issue.*** ***deleted***

Or. en

Amendment 284

Peter Simon

Proposal for a regulation

Article 10 – paragraph 5

Text proposed by the Commission

Amendment

***5. Where an audit firm generates more
than one third of its annual audit
revenues from large public-interest
entities and belongs to a network whose
members have combined annual audit
revenues which exceed EUR 1 500 million
within the European Union, it shall
comply with the following conditions:*** ***deleted***

***(a) it shall not directly or indirectly
provide to any public interest entity non-
audit services;***

***(b) it shall not belong to a network which
provides non-audit services within the
Union;***

***(c) any entity which provides the services
listed in paragraph 3 shall not directly or
indirectly hold more than 5 % of the
capital or of the voting rights in the audit
firm;***

***(d) the entities which provide the services
listed in paragraph 3 shall not directly or
indirectly hold together more than 10 %***

of the capital or of the voting rights in the audit firm;

(e) such audit firm shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in any entity which provides the services listed in paragraph 3.

Or. de

Amendment 285

Wolf Klinz

Proposal for a regulation

Article 10 – paragraph 5

Text proposed by the Commission

Amendment

5. Where an audit firm generates more than one third of its annual audit revenues from large public-interest entities and belongs to a network whose members have combined annual audit revenues which exceed EUR 1 500 million within the European Union, it shall comply with the following conditions:

deleted

(a) it shall not directly or indirectly provide to any public interest entity non-audit services;

(b) it shall not belong to a network which provides non-audit services within the Union;

(c) any entity which provides the services listed in paragraph 3 shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in the audit firm;

(d) the entities which provide the services listed in paragraph 3 shall not directly or indirectly hold together more than 10 % of the capital or of the voting rights in the audit firm;

(e) such audit firm shall not directly or

indirectly hold more than 5 % of the capital or of the voting rights in any entity which provides the services listed in paragraph 3.

Or. en

Amendment 286
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 5

Text proposed by the Commission

Amendment

5. Where an audit firm generates more than one third of its annual audit revenues from large public-interest entities and belongs to a network whose members have combined annual audit revenues which exceed EUR 1 500 million within the European Union, it shall comply with the following conditions:

deleted

(a) it shall not directly or indirectly provide to any public interest entity non-audit services;

(b) it shall not belong to a network which provides non-audit services within the Union;

(c) any entity which provides the services listed in paragraph 3 shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in the audit firm;

(d) the entities which provide the services listed in paragraph 3 shall not directly or indirectly hold together more than 10 % of the capital or of the voting rights in the audit firm;

(e) such audit firm shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in any entity which provides the services listed in

paragraph 3.

Or. en

Amendment 287
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 10 – paragraph 5

Text proposed by the Commission

Amendment

5. Where an audit firm generates more than one third of its annual audit revenues from large public-interest entities and belongs to a network whose members have combined annual audit revenues which exceed EUR 1 500 million within the European Union, it shall comply with the following conditions:

(a) it shall not directly or indirectly provide to any public interest entity non-audit services;

(b) it shall not belong to a network which provides non-audit services within the Union;

(c) any entity which provides the services listed in paragraph 3 shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in the audit firm;

(d) the entities which provide the services listed in paragraph 3 shall not directly or indirectly hold together more than 10 % of the capital or of the voting rights in the audit firm;

(e) such audit firm shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in any entity which provides the services listed in paragraph 3.

Or. en

Justification

We propose to delete this article as a whole. A split of large audit firms will result in poorer advice and audit quality as well as through cost increases. The concept of “audit-only auditors” is badly conceived and would lead to great difficulties for major audit firms to maintain expert resources in a variety of highly specialised fields, which would in turn lead to decreased audit quality.

Amendment 288

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 5

Text proposed by the Commission

Amendment

5. Where an audit firm generates more than one third of its annual audit revenues from large public-interest entities and belongs to a network whose members have combined annual audit revenues which exceed EUR 1 500 million within the European Union, it shall comply with the following conditions:

deleted

(a) it shall not directly or indirectly provide to any public interest entity non-audit services;

(b) it shall not belong to a network which provides non-audit services within the Union;

(c) any entity which provides the services listed in paragraph 3 shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in the audit firm;

(d) the entities which provide the services listed in paragraph 3 shall not directly or indirectly hold together more than 10 % of the capital or of the voting rights in the audit firm;

(e) such audit firm shall not directly or indirectly hold more than 5 % of the capital or of the voting rights in any entity which provides the services listed in

paragraph 3.

Or. en

Amendment 289
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 5 – point a

Text proposed by the Commission

Amendment

*(a) it shall not directly or indirectly
provide to any public interest entity non-
audit services;* *deleted*

Or. de

Justification

Audit firms must also be able to undertake consultancy work.

Amendment 290
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 5 – point b

Text proposed by the Commission

Amendment

*(b) it shall not belong to a network which
provides non-audit services within the
Union;* *deleted*

Or. de

Amendment 291
Markus Ferber

Proposal for a regulation
Article 10 – paragraph 6

Text proposed by the Commission

Amendment

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2 and the list of non-audit services referred to in paragraph 3 of this Article. When using such powers, the Commission shall take into account developments in auditing and the audit profession. *deleted*

Or. en

Justification

Any future amendments to the list of prohibited non-audit services should be made through legislation adopted by the European Parliament and the Council.

Amendment 292

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 10 – paragraph 6

Text proposed by the Commission

Amendment

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2 and the list of non-audit services referred to in paragraph 3 of this Article. When using such powers, the Commission shall take into account developments in auditing and the audit profession. *deleted*

Or. en

Justification

The list should be decided on national level.

Amendment 293

Diogo Feio

Proposal for a regulation

Article 10 – paragraph 6

Text proposed by the Commission

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2 and the list of non-audit services referred to in paragraph 3 of this Article. When using such powers, the Commission shall take into account developments in auditing and the audit profession.

Amendment

6. Member States may exceptionally add to the list of services prohibited by virtue of paragraph 3 above, for statutory auditors or audit firms for which the relevant Member State is the home Member State, provided such additions result from existing requirements under national law or regulation.

Or. en

Justification

Any amendments to the list of audit related or prohibited non audit services should be made through legislation adopted by the European Parliament and the Council, as these are not non essential items that can be delegated to the Commission. This amendment also allows Member States to add to the list of prohibited services to the extent that these reflect existing law or regulation, to preserve existing regimes.

Amendment 294

Anne E. Jensen

Proposal for a regulation

Article 10 – paragraph 6

Text proposed by the Commission

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2 and the list of non-audit services referred to in paragraph 3 of this Article. When using such powers,

Amendment

6. Member States are allowed to include additional prohibited services in the list of prohibited services in the third subparagraph of paragraph 3, based on national requirements or laws.

the Commission shall take into account developments in auditing and the audit profession.

Or. en

Amendment 295
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 6

Text proposed by the Commission

Amendment

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2 and the list of non-audit services referred to in paragraph 3 of this Article. When using such powers, the Commission shall take into account developments in auditing and the audit profession.

6. Competent authorities may give notice of further services and/or activities which it considers impart a conflict of interest and shall notify ESMA, EIOPA, EBA, and where appropriate, the ESRB.

Or. en

Amendment 296
Wolf Klinz

Proposal for a regulation
Article 10 – paragraph 6

Text proposed by the Commission

Amendment

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2 *and the list of non-audit services referred to in paragraph 3 of this Article*. When using such powers, the Commission shall take into account developments in auditing and

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 68 for the purpose of adapting the list of related financial audit services referred to in paragraph 2. When using such powers, the Commission shall take into account developments in auditing and the audit profession.

the audit profession.

Or. en

Amendment 297

Wolf Klinz

Proposal for a regulation

Article 11 – paragraph 4 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) request permission from the audit committee to provide the non-audit services referred to in Article 10(3)(b)(i) and (ii) to the audited entity; **deleted**

Or. en

Amendment 298

Corien Wortmann-Kool

Proposal for a regulation

Article 11 – paragraph 4 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) **request permission** from the audit committee to provide **the non-audit** services referred to in Article 10(3)(b)(i) and (ii) to the audited entity;

(c) **obtain the approval** from the audit committee to provide **any non-audit service, other than the prohibited** services referred to in Article 10(3) and **the audit related and other assurance services referred to in Article 10(2)**, to the audited entity **or to its controlled undertakings in the European Union**;

Or. en

Amendment 299

Diogo Feio

Proposal for a regulation
Article 11 – paragraph 4 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) **request permission** from the audit committee to provide the non-audit services referred to in Article 10(3)(b)(i) **and (ii) to the audited entity**;

(c) **seek the approval** from the audit committee to provide **any** the non-audit services **to the audited entity or to its controlled undertakings in the European Union, other than those prohibited services** referred to in Article 10(3) **and those audit related and other assurance services referred to in Article 10(2)**;

Or. en

Justification

Audit committee approval should also be required for non-audit services provided to controlled undertakings, in the European Union, of an audited entity.

Amendment 300
Peter Simon

Proposal for a regulation
Article 11 – paragraph 4 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) request permission from the audit committee to provide **the** non-audit services **referred to in Article 10(3)(b)(i) and (ii)** to the audited entity;

(c) request permission from the audit committee to provide **any** non-audit services to the audited entity;

Or. de

Amendment 301
Olle Schmidt

Proposal for a regulation
Article 11 – paragraph 4 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) request permission from the audit committee to provide **the** non-audit services **referred to in Article 10(3)(b)(i) and (ii)** to the audited entity;

(c) request permission from the audit committee to provide **any** non-audit services to the audited entity;

Or. en

Amendment 302
Peter Simon

Proposal for a regulation
Article 11 – paragraph 4 – subparagraph 1 – point d

Text proposed by the Commission

Amendment

(d) request permission from the competent authority referred to in Article 35(1) to provide the non-audit services referred to in Article 10(3)(b)(iii) and (iv) to the audited entity; *deleted*

Or. de

Amendment 303
Wolf Klinz

Proposal for a regulation
Article 11 – paragraph 4 – subparagraph 1 – point d

Text proposed by the Commission

Amendment

(d) request permission from the competent authority referred to in Article 35(1) to provide the non-audit services referred to in Article 10(3)(b)(iii) and (iv) to the audited entity; *deleted*

Or. en

Amendment 304
Olle Schmidt

Proposal for a regulation
Article 11 – paragraph 4 – subparagraph 1 – point d

Text proposed by the Commission

Amendment

(d) request permission from the competent authority referred to in Article 35(1) to provide the non-audit services referred to in Article 10(3)(b)(iii) and (iv) to the audited entity; *deleted*

Or. en

Amendment 305
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

Amendment

2. Without prejudice to the reporting requirements as referred to in Articles 22 and 23, the scope of statutory audit shall **not** include the **assurance** on the future viability of the audited entity **nor** the efficiency or effectiveness with which the management or administrative body has conducted or will conduct the affairs of the entity.

2. Without prejudice to the reporting requirements as referred to in Articles 22 and 23, the scope of statutory audit shall include the **overall risks** on the future viability of the audited entity **and auditors may report on** the efficiency or effectiveness with which the management or administrative body has conducted or will conduct the affairs of the entity.

Or. en

Amendment 306
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 15 – paragraph 2

Text proposed by the Commission

Amendment

The statutory auditor or the audit firm shall maintain professional scepticism in particular when reviewing management estimates relating to ***fair values*** and the impairment of goodwill and other intangible and future cash flow relevant to the consideration of the going concern.

The statutory auditor or the audit firm shall maintain professional scepticism in particular when reviewing management estimates relating to ***valuation methods such as fair value, overall risks*** and the impairment of goodwill and other intangible and future cash flow relevant to the consideration of the going concern

Or. en

Amendment 307
Jean-Paul Gauzès

Proposal for a regulation
Article 16 – paragraph 5 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) an audit plan setting out the probable scope and method of the statutory audit;

(c) an audit plan setting out the probable scope and method of the statutory audit ***and, where more than one statutory auditor or audit firm have been appointed, the distribution of tasks among the appointed statutory auditors or audit firms and the rotation plan established in accordance with Article 33(1).***

Or. en

Amendment 308
Wolf Klinz

Proposal for a regulation
Article 16 – paragraph 5 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) an audit plan setting out the probable scope and method of the statutory audit;

(c) an audit plan setting out the probable scope and method of the statutory audit ***and, where more than one statutory***

auditor or audit firm have been appointed, the distribution of tasks among the appointed statutory auditors or audit firms;

Or. en

Amendment 309

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 16 – paragraph 5 – subparagraph 1 – point c

Text proposed by the Commission

(c) an audit plan setting out the probable scope and method of the statutory audit;

Amendment

(c) an audit plan setting out the probable scope and method of the statutory audit;
and, where more than one statutory auditor or audit firm have been appointed, the distribution of tasks among the appointed statutory auditors or audit firms

Or. en

Amendment 310

Sari Essayah

Proposal for a regulation

Article 20 – paragraph 1

Text proposed by the Commission

The statutory auditor(s) or the audit firm(s) shall comply with the international auditing standards referred to in Article 26 of Directive 2006/43/EC when carrying out the statutory audit of public-interest entities *as long as those standards are in conformity with the requirements of this Regulation.*

Amendment

The statutory auditor(s) or the audit firm(s) shall comply with the international auditing standards referred to in Article 26 of Directive 2006/43/EC when carrying out the statutory audit of public-interest entities.

Or. en

Justification

Auditors should comply with the international auditing standards issued by IAASB. There shouldn't be differences between international auditing standards and the Regulation.

Amendment 311

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 21 – paragraph 1 – indent 2

Text proposed by the Commission

– an additional report to the audit committee in accordance with Article 23.

Amendment

– an additional report to the audit committee ***and the competent authority*** in accordance with Article 23 ***c***.

Or. en

Amendment 312

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 21 – paragraph 1 – indent 2 a (new)

Text proposed by the Commission

Amendment

- an additional non-financial and CSR report in accordance with Article 23 b

Or. en

Amendment 313

Sari Essayah

Proposal for a regulation

Article 22

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Justification

Based on art. 20 of this Regulation, auditors shall comply with the international auditing standards, where content of the auditor's report is regulated. Hence there is no need to regulate this matter here. The international auditing standards are being continuously developed in order to enhance audit quality. IAASB is currently consulting the revision of the standards concerning auditor's reporting in order to enhance its value. A global auditor's report is a preferable solution.

Amendment 314

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 22 – paragraph 2 – introductory part

Text proposed by the Commission

Amendment

2. The audit report shall be in writing. It shall at least:

2. The audit report shall be in writing **and in digital form**. It shall at least:

Or. en

Amendment 315

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 22 – paragraph 2 – point n

Text proposed by the Commission

Amendment

(n) explain to what extent the statutory audit was designed to detect irregularities, including fraud;

(n) explain to what extent the statutory audit was designed to detect **off balance sheet assets and** irregularities, including fraud

Amendment 316

Diogo Feio

Proposal for a regulation

Article 22 – paragraph 2 – point r

Text proposed by the Commission

Amendment

(r) indicate the non-audit services referred to in Article 10(3)(b)(i) and (ii) that the audit committee allowed the statutory auditor or the audit firm to provide to the audited entity; *deleted*

Amendment 317

Sharon Bowles

Proposal for a regulation

Article 22 – paragraph 2 – point r

Text proposed by the Commission

Amendment

(r) indicate the non-audit services referred to in Article 10(3)(b)(i) and (ii) that the audit committee allowed the statutory auditor *or the audit firm* to provide to the audited entity;

(r) indicate the non-audit services referred to in Article 10(3)(b)(i) and (ii) that the audit committee allowed the statutory auditor, *audit firm or non-audit service provider* to provide to the audited entity;

Amendment 318

Olle Schmidt

Proposal for a regulation

Article 22 – paragraph 2 – point r

Text proposed by the Commission

(r) indicate the non-audit services referred to in Article 10(3)(b)(i) and (ii) that the audit committee allowed the statutory auditor or the audit firm to provide to the audited entity;

Amendment

(r) indicate the non-audit services referred to in Article 10 that the audit committee allowed the statutory auditor or the audit firm to provide to the audited entity;

Or. en

Amendment 319
Olle Schmidt

Proposal for a regulation
Article 22 – paragraph 2 – point s

Text proposed by the Commission

(s) indicate the non-audit services referred to in Article 10(3)(b)(iii) and (iv) that the competent authority referred to in Article 35(1) allowed the statutory auditor or the audit firm to provide to the audited entity;

Amendment

deleted

Or. en

Amendment 320
Sharon Bowles

Proposal for a regulation
Article 22 – paragraph 2 – point t

Text proposed by the Commission

(t) give an opinion which shall state clearly the opinion of the statutory auditor(s) or the audit firm(s) as to whether the annual or consolidated financial statements give a true and fair view and have been prepared in accordance with the relevant financial reporting framework and, where appropriate, whether the annual or consolidated financial statements comply

Amendment

(t) give an opinion which shall state clearly the opinion of the statutory auditor(s) or the audit firm(s) as to whether the annual or consolidated financial statements give a true and fair view and have been prepared in accordance with the relevant financial reporting framework and, where appropriate, whether the annual or consolidated financial statements comply

with statutory requirements; the audit opinion shall be either unqualified, qualified, an adverse opinion *or, if the statutory auditor(s) or audit firm(s) are unable to express an audit opinion, a disclaimer of opinion. In case of a qualified or an adverse opinion or a disclaimer of opinion, the report shall explain the reasons of such decision;*

with statutory requirements; the audit opinion shall be either unqualified, qualified, *or an adverse opinion. In case of a qualified or an adverse opinion, the report shall explain the reasons of such decision. In the case of credit institutions and insurance undertakings, in accordance with Article 16 of Regulation (EU) No 1093/2010 and of Regulation (EU) No 1094/2010 respectively, the opinion of the statutory auditor(s) or the audit firm(s) should state the 'going concern' of the audited entity, where necessary, and inform the competent authority;*

Or. en

Amendment 321
Gay Mitchell

Proposal for a regulation
Article 22 – paragraph 2 – point t

Text proposed by the Commission

(t) give an opinion which shall state clearly the opinion of the statutory auditor(s) or the audit firm(s) as to whether the annual or consolidated financial statements give a true and fair view and have been prepared in accordance with the relevant financial reporting framework and, where appropriate, whether the annual or consolidated financial statements comply with statutory requirements; the audit opinion shall be either unqualified, qualified, an adverse opinion or, if the statutory auditor(s) or audit firm(s) are unable to express an audit opinion, a disclaimer of opinion. In case of a qualified or an adverse opinion or a disclaimer of opinion, the report shall explain the reasons of such decision;

Amendment

(t) give an opinion which shall state clearly the opinion of the statutory auditor(s) or the audit firm(s) as to whether the annual or consolidated financial statements give a true and fair view and have been prepared in accordance with the relevant financial reporting framework and, where appropriate, whether the annual or consolidated financial statements comply with statutory requirements; ***in accordance with International Standards on Auditing*** the audit opinion shall be either unqualified, qualified, an adverse opinion or, if the statutory auditor(s) or audit firm(s) are unable to express an audit opinion, a disclaimer of opinion. In case of a qualified or an adverse opinion or a disclaimer of opinion, the report shall explain the reasons of such decision;

Amendment 322
Gay Mitchell

Proposal for a regulation
Article 22 – paragraph 2 – point u

Text proposed by the Commission

(u) refer to any matters to which the statutory auditor(s) or the audit firm(s) draw attention by way of emphasis without qualifying the audit opinion;

Amendment

(u) refer ***in accordance with International Standards on Auditing*** to any matters to which the statutory auditor(s) or the audit firm(s) draw attention by way of emphasis without qualifying the audit opinion;

Or. en

Amendment 323
Gay Mitchell

Proposal for a regulation
Article 22 – paragraph 2 – point v

Text proposed by the Commission

(v) give an opinion concerning the consistency or otherwise of the annual report with the annual financial statements for the same fiscal year;

Amendment

(v) give an opinion ***in accordance with International Standards on Auditing*** concerning the consistency or otherwise of the annual report with the annual financial statements for the same fiscal year;

Or. en

Amendment 324
Pervenche Berès

Proposal for a regulation
Article 22 – paragraph 2 – point v a (new)

Text proposed by the Commission

Amendment

(va) give an opinion concerning the promotion and implementation of the corporate social and environmental responsibility adopted by the audited entity;

Or. en

Amendment 325

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 22 – paragraph 2 – point w a (new)

Text proposed by the Commission

Amendment

(wa) report on the audited entity's CSR performance with regard to its official CSR policy

Or. en

Amendment 326

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 22 – paragraph 3

Text proposed by the Commission

Amendment

3. When more than one statutory auditor or audit firm have been appointed to carry out the statutory audit of the public-interest entity, they shall agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion separately. If one statutory auditor or audit firm qualifies his,

3. When more than one statutory auditor or audit firm have been appointed to carry out the statutory audit of the public-interest entity, they shall agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion separately. If one statutory auditor or audit firm qualifies his,

her or its opinion, submits an adverse opinion or a disclaimer of opinion, the overall opinion shall be considered as qualified, adverse opinion or a disclaimer of opinion. In a separate paragraph each statutory auditor or audit firm shall state the reasons of disagreement.

her or its opinion, submits an adverse opinion or a disclaimer of opinion, the overall opinion shall be considered as qualified, adverse opinion or a disclaimer of opinion. In a separate paragraph each statutory auditor or audit firm shall state the reasons of disagreement. ***In case of disagreement, each auditor shall report to the competent authority their reasoned opinion.***

Or. en

Amendment 327
Sharon Bowles

Proposal for a regulation
Article 22 – paragraph 3

Text proposed by the Commission

3. When more than one statutory auditor or audit firm have been appointed to carry out the statutory audit of the public-interest entity, they shall agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion separately. If one statutory auditor or audit firm qualifies his, her or its opinion, submits an adverse opinion ***or a disclaimer of opinion***, the overall opinion shall be considered as qualified, ***adverse opinion or a disclaimer of opinion***. In a separate paragraph each statutory auditor or audit firm shall state the reasons of disagreement.

Amendment

3. When more than one statutory auditor or audit firm have been appointed to carry out the statutory audit of the public-interest entity, they shall agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion separately. If one statutory auditor or audit firm qualifies his, her or its opinion, submits an adverse opinion, the overall opinion shall be considered as qualified, ***or an adverse opinion***. In a separate paragraph each statutory auditor or audit firm shall state the reasons of disagreement.

Or. en

Amendment 328
Gay Mitchell

Proposal for a regulation
Article 22 – paragraph 3

Text proposed by the Commission

3. When more than one statutory auditor or audit firm have been appointed to carry out the statutory audit of the public-interest entity, they shall agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion separately. If one statutory auditor or audit firm qualifies his, her or its opinion, submits an adverse opinion or a disclaimer of opinion, the overall opinion shall be considered as qualified, adverse opinion or a disclaimer of opinion. In a separate paragraph each statutory auditor or audit firm shall state the reasons of disagreement.

Amendment

3. When more than one statutory auditor or audit firm have been appointed to carry out the statutory audit of the public-interest entity, they shall agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion separately. If one statutory auditor or audit firm qualifies his, her or its opinion, submits an adverse opinion or a disclaimer of opinion, the overall opinion shall be considered as qualified, adverse opinion or a disclaimer of opinion, ***in accordance with International Standards on Auditing***. In a separate paragraph each statutory auditor or audit firm shall state the reasons of disagreement.

Or. en

Amendment 329
Sharon Bowles

Proposal for a regulation
Article 22 – paragraph 4

Text proposed by the Commission

4. The audit report shall not be longer than four pages or 10000 characters (without spaces). It shall not contain any cross-references to the additional report to the audit committee referred to in Article 23.

Amendment

deleted

Or. en

Amendment 330
Gay Mitchell

Proposal for a regulation
Article 22 – paragraph 4

Text proposed by the Commission

4. The audit report shall not ***be longer than four pages or 10000 characters (without spaces). It shall not*** contain any cross-references to the additional report to the audit committee referred to in Article 23.

Amendment

4. The audit report shall not contain any cross-references to the additional report to the audit committee referred to in Article 23, ***and shall be in clear and unambiguous language.***

Or. en

Amendment 331
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 22 – paragraph 4

Text proposed by the Commission

4. The audit report shall not be longer than four pages or 10000 characters (without spaces). It shall not contain any cross-references to the additional report to the audit committee referred to in Article 23.

Amendment

4. The audit report shall not be longer than four pages or 10000 characters (without spaces). It shall not contain any cross-references to the additional report to the audit committee referred to in Article 23. ***Auditors shall strive to write in non-technical language and the audit report shall contain explanations of any technical term used.***

Or. en

Amendment 332
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 23 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The statutory auditor(s) or the audit firm(s) carrying out statutory audit of public-interest entities shall submit an additional report to the audit committee of the audited entity.

Amendment

The statutory auditor(s) or the audit firm(s) carrying out statutory audit of public-interest entities shall submit an additional report to the audit committee of the audited entity ***and to the competent authority.***

Or. en

Amendment 333
Sharon Bowles

Proposal for a regulation
Article 23 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(1a) The statutory auditor(s) or the audit firm(s) carrying out statutory audit of credit institutions and insurance undertakings, in accordance with Article 16 of Regulation (EU) No 1093/2010 and of Regulation (EU) No 1094/2010, respectively shall also submit the additional report to the EBA, EIOPA and the ESRB.

Or. en

Amendment 334
Sari Essayah

Proposal for a regulation
Article 23 – paragraph 1 – subparagraph 4

Text proposed by the Commission

Amendment

The additional report shall be disclosed to the general meeting of the audited entity if the management or administrative body of the audited entity so decides.

deleted

Justification

The internal report is aimed at the audit committee and it should provide the audit committee with detailed information regarding the audit. Some of this information is sensitive and therefore it is not suitable for publication.

Amendment 335
Sharon Bowles

Proposal for a regulation
Article 23 – paragraph 2 – point e

Text proposed by the Commission

(e) describe the distribution of tasks among the statutory auditor(s) and/or the audit firm(s);

Amendment

(e) describe the distribution of tasks among the statutory auditor(s) and/or the audit firm(s) **and include a description of the scope and timing of the audit and significant findings from the statutory audit conducted. This should include any significant deficiencies in the internal control system of the audited entity; how they addressed significant difficulties encountered during the audit and other matters arising from the statutory audit that in the statutory auditor's or audit firm's professional judgment are significant to the financial reporting process.**

Amendment 336
Jean-Paul Gauzès

Proposal for a regulation
Article 23 – paragraph 2 – point e

Text proposed by the Commission

(e) describe the distribution of tasks among the statutory auditor(s) and/or the audit

Amendment

(e) describe the distribution of tasks among the statutory auditor(s) and/or the audit

firm(s);

firm(s), *and the rotation of those tasks individually allocated pursuant to Article 33(1).*

Or. en

Amendment 337

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 23 – paragraph 2 – point f

Text proposed by the Commission

(f) indicate and explain judgments about material uncertainty that may cast doubt about the entity's ability to continue as a going concern;

Amendment

(f) indicate and explain judgments about material uncertainty *and overall risks* that may cast doubt about the entity's ability to continue as a going concern

Or. en

Amendment 338

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 23 – paragraph 2 – point n a (new)

Text proposed by the Commission

Amendment

(na) indicate whether there are any signs that the audited entity has any assets off balance sheet.

Or. en

Amendment 339

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation
Article 23 – paragraph 2 – point n b (new)

Text proposed by the Commission

Amendment

(nb) describe the efficiency and effectiveness with which the management or the administrative body has conducted or will conduct the affairs of the audited entity

Or. en

Amendment 340
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 23 – paragraph 2 – point n c (new)

Text proposed by the Commission

Amendment

(nc) indicate any sign of aggressive tax planning strategies of a public interest entity. When becoming aware of aggressive tax planning strategies of a public interest entity, the statutory auditor or audit firm shall automatically alert the competent authority and the respective national tax authorities.

Or. en

Amendment 341
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 23 – paragraph 5

Text proposed by the Commission

Amendment

5. ***Upon request***, the statutory auditor(s) or the audit firm(s) shall make available

5. The statutory auditor(s) or the audit firm(s) shall make available without delay

without delay the additional report to the competent authorities.

the additional report to the competent authorities.

Or. en

Amendment 342
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 23 a (new)

Text proposed by the Commission

Amendment

Article 23a

*Additional non-financial and Corporate
Social Responsibility (CSR) report*

From 1.1.2014, the statutory auditor(s) or the audit firm(s) carrying out statutory audit of public-interest entities shall submit an additional report on the non-financial and CSR performance of public interest entities. The public interest entities shall make public an annual non-financial and CSR report at the latest three months after the end of each financial year. The annual non-financial and CSR report shall be published on the website of the statutory auditor or audit firm and shall remain available on that website for at least five years.

The non-financial reporting shall as minimum take the fourth directive on annual accounts 2003/51/EC that requires enterprises to disclose in their annual reports environmental and employee-related information to the extent necessary for an understanding of the company's development, performance or position as a starting point.

Further the additional audit report shall contain the official CSR policy of the audited public interest entity. CSR is here understood as the public interest entities

voluntary integrated responsibility with regards to human rights, social issues, environmental issues, climate issues and the fighting of corruption. If the public interest entity have no CSR policy on these issues the auditor shall note this in the audit report. The CSR reporting should be separate form the non-financial reporting.

The CSR reporting shall at least contain:

(a) the CSR policy of the public interest entity, standards, guidelines or principles of social responsibility. If the policies is adopted from UN Global Compact, the ILO or OECD guidelines

(b) how the public interest entity transform its CSR policy into action and systems or procedures on this matter.

(c) the management of public interest entity own judgement of the performance on the CSR policy and the expectations of future CSR policy.

The Commission shall draft a delegated act by 1.7.2013, laying out mandatory standards for auditors to report on the audited entities' performance on their official Corporate Social Responsibility (CSR).

Or. en

Amendment 343

Wolf Klinz

Proposal for a regulation

Article 24 – paragraph 1

Text proposed by the Commission

The audit committee of the public-interest entity shall monitor the work of the statutory auditor(s) or audit firm(s) carrying out the statutory audit.

Amendment

The audit committee of the public-interest entity shall monitor the work of the statutory auditor(s) or audit firm(s) carrying out the statutory audit, ***and, where more than one statutory auditor or audit***

firm have been appointed, the distribution of tasks among the appointed statutory auditors or audit firms.

Or. en

Amendment 344
Jean-Paul Gauzès

Proposal for a regulation
Article 24 – paragraph 1

Text proposed by the Commission

The audit committee of the public-interest entity shall monitor the work of the statutory auditor(s) or audit firm(s) carrying out the statutory audit.

Amendment

The audit committee of the public-interest entity shall monitor the work of the statutory auditor(s) or audit firm(s) carrying out the statutory audit, ***and, when more than one statutory auditor or audit firm have been appointed, the distribution of tasks between them and their rotation.***

Or. en

Amendment 345
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 24 – paragraph 2

Text proposed by the Commission

The statutory auditor(s) or audit firm(s) shall report to the audit committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process. Upon request of any of the parties, the statutory auditor(s) or audit firm(s) shall discuss these matters with the audit committee.

Amendment

The statutory auditor(s) or audit firm(s) shall report to the audit committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process. Upon request of any of the parties, the statutory auditor(s) or audit firm(s) shall discuss these matters with the audit committee, ***and, when more than one statutory auditor or audit firm have been appointed, the distribution of tasks***

between them

Or. en

Amendment 346
Sharon Bowles

Proposal for a regulation
Article 24 – paragraph 4

Text proposed by the Commission

In ~~is~~ the instance of the audited entity being exempted from the obligation to have an audit committee, the audited entity shall decide which body or organ of the entity shall engage with the statutory auditor or audit firm for the purposes of the obligations set out in this Article.

Amendment

In the instance of the audited entity being exempted from the obligation to have an audit committee, the audited entity shall decide which body or organ of the entity shall engage with the statutory auditor or audit firm for the purposes of the obligations set out in this Article.

Or. en

Amendment 347
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Article 25 – paragraph 1 – subparagraph 1 – introductory part

Text proposed by the Commission

*Without prejudice to Article 55 of Directive 2004/39/EC, Article 53 of Directive 2006/48/EC of the European Parliament and of the Council³⁴, Article 15(4) of Directive 2007/64/EC, Article 106 of Directive 2009/65/EC, the first paragraph of Article 3 of Directive 2009/110/EC and Article 72 of Directive 2009/138/EC of the European Parliament and of the Council³⁵, the statutory auditor or audit firm carrying out the statutory audit of a public-interest entity shall **have a duty to report promptly to the competent authorities supervising public-interest***

Amendment

The statutory auditor or audit firm carrying out the statutory audit of a public-interest entity shall **report promptly to the audit committee, the administrative and supervisory body** any fact or decision concerning that public-interest entity of which he, she or it has become aware while carrying out that statutory audit. **The reporting is** to bring about any of the following:

entities any fact or decision concerning that public-interest entity of which he, she or it has become aware while carrying out that statutory audit **and which is liable** to bring about any of the following:

Or. en

Justification

In general, it is more appropriate to channel via those in charge of the governance of the audited entity. A direct and un-coordinated communication of the statutory auditor or audit firm with the supervisory authority may result in overlapping and confusing communication on incidents.

Amendment 348
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Article 25 – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

(c) a refusal to ***certify the financial statements*** or the ***expression of reservations***.

Amendment

(c) a refusal to ***issue an audit report*** or the ***issuance of an adverse or a qualified audit opinion***.

Or. en

Justification

Clarification of the requirement.

Amendment 349
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Article 25 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The statutory auditor or the audit firm shall also have a duty to report any facts and

Amendment

The statutory auditor or the audit firm shall also have a duty to report any facts and

decisions of which he, she or it becomes aware in the course of carrying out *the* statutory audit of an undertaking *having close links with* the public-interest entity for which he, she or it is also carrying out the statutory audit.

decisions *according to paragraph 1 (a), (b) or (c)* of which he, she or it becomes aware in the course of carrying out *a* statutory audit of an undertaking *controlled by* the public-interest entity for which he, she or it is also carrying out the statutory audit.

The audit committee, administrative and supervisory body will undertake appropriate steps to immediately inform the competent authorities supervising public interest entities about these reported facts and decisions.

Or. en

Justification

The added wording sets a requirement for those in charge of the governance of the audited entity to seek an appropriate way to immediately report the decisions and facts to their supervisory authority.

Amendment 350 Olle Schmidt

Proposal for a regulation Article 25 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Competent authorities supervising *credit institutions and insurance undertakings* shall establish *regular a* dialogue with the statutory auditors and audit firms carrying out the statutory audit of those institutions and undertakings.

Amendment

Competent authorities supervising *financial companies within the definition of public-interest entities in Directive 2006/43/EC* shall establish *a regular* dialogue with the statutory auditors and audit firms carrying out the statutory audit of those institutions and undertakings.

Or. en

Justification

The requirement of a regular dialogue in article 25.2 should apply to all financial institutions covered by the definition of public-interest entities.

Amendment 351
Markus Ferber

Proposal for a regulation
Article 25 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Competent authorities supervising credit institutions and insurance undertakings shall establish regular a dialogue with the statutory auditors and audit firms carrying out the statutory audit of those institutions and undertakings.

Amendment

Competent authorities supervising credit institutions and insurance undertakings shall establish regular a dialogue with the statutory auditors and audit firms carrying out the statutory audit of those institutions and undertakings. ***The competent authority and the statutory auditor or audit firm shall inform each other about relevant facts or decisions referred to in paragraph 1.***

Or. en

Amendment 352
Olle Schmidt

Proposal for a regulation
Article 25 – paragraph 2 – subparagraph 2

Text proposed by the Commission

In order to facilitate the exercise of the tasks referred to in the first subparagraph, EBA and EIOPA shall issue guidelines addressed to the competent authorities supervising credit institutions and insurance undertakings, in accordance with Article 16 of Regulation (EU) No 1093/2010 and of Regulation (EU) No 1094/2010, respectively.

Amendment

deleted

Or. en

Amendment 353
Kay Swinburne

Proposal for a regulation
Article 25 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

(2a) At least once a year, the ESRB shall organise a meeting with the statutory auditors and audit firms or networks carrying out the statutory audit of any FSB identified systemically important financial institutions in order to inform the ESRB of sectoral or any significant developments in those systemically important financial institutions.

Or. en

Amendment 354
Olle Schmidt

Proposal for a regulation
Article 25 – paragraph 3

Text proposed by the Commission

Amendment

3. The disclosure in good faith to the competent authorities, by the statutory auditor or audit firm, of any fact or decision referred to in paragraph 1 or of any fact during the dialogue foreseen in paragraph 2 shall not constitute a breach of any contractual or legal restriction on disclosure of information and shall not involve such persons in liability of any kind.

deleted

Or. en

Justification

Regarding the prohibition of contractual clauses, it is not appropriate that in this context regulate what individuals can or cannot agree upon. The matters covered in the proposal

should be dealt with by national law.

Amendment 355

Markus Ferber

Proposal for a regulation

Article 25 – paragraph 3

Text proposed by the Commission

3. The disclosure in good faith to the competent authorities, by the statutory auditor or audit firm, ***of any fact or decision referred to in paragraph 1 or of any fact during the dialogue foreseen in paragraph 2*** shall not constitute a breach of any contractual or legal restriction on disclosure of information and shall not involve such persons in liability of any kind.

Amendment

3. The disclosure in good faith to the competent authorities, by the statutory auditor or audit firm shall not constitute a breach of any contractual or legal restriction on disclosure of information and shall not involve such persons in liability of any kind.

Or. en

Justification

An active two-way dialogue between competent authorities and statutory auditors and audit firms help to improve the quality of statutory audits of financial institutions. ESMA and the European Commission should be informed about any guidelines issued in this particular field. Disclosure in good faith to competent authorities should be generally privileged.

Amendment 356

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 26 – paragraph 1 – subparagraph 1

Text proposed by the Commission

An audit firm that carries out statutory audits of public-interest entities shall make public its annual financial report within the meaning of Article 4(2) of Directive 2004/109/EC at the latest ***four*** months after

Amendment

An audit firm that carries out statutory audits of public-interest entities shall make public ***on its website*** its annual financial report within the meaning of Article 4(2) of Directive 2004/109/EC at the latest ***three***

the end of each financial year.

months after the end of each financial year.

Or. en

Amendment 357

Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation

Article 26 – paragraph 2 – subparagraph 1

Text proposed by the Commission

The annual financial report and the annual income statement shall show the total turnover divided into fees from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity, fees from the statutory audit of annual and consolidated financial statements of other entities and fees charged for *related financial* audit services as defined in Article 10(2).

Amendment

The annual financial report and the annual income statement shall show the total turnover divided into fees from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity, fees from the statutory audit of annual and consolidated financial statements of other entities and fees charged for *audit-related and other assurance* audit services as defined in Article 10.

Or. en

Justification

Change following deletion of article 10 (2)

Amendment 358

Olle Schmidt

Proposal for a regulation

Article 27 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Statutory auditors and audit firms shall communicate to *ESMA* and to *the competent authorities* that the

Amendment

Statutory auditors and audit firms shall communicate to *the competent authorities* and to *ESMA, EGAOB and if necessary to*

transparency report has been published on the website of the statutory auditor or audit firm or, as appropriate, that it has been updated.

EBA and EIOPA, that the transparency report has been published on the website of the statutory auditor or audit firm or, as appropriate, that it has been updated.

Or. en

Amendment 359
Saïd El Khadraoui

Proposal for a regulation
Article 27 – paragraph 2 – subparagraph 1 – point f

Text proposed by the Commission

Amendment

(f) a list of public-interest entities for which the statutory auditor or audit firm has carried out statutory audits during the preceding financial year and a list of the entities from which the statutory auditor or audit firm receives more than 5% of its annual revenue;

(f) a list of public-interest entities for which the statutory auditor or audit firm has carried out statutory audits during the preceding financial year and a list of the entities from which the statutory auditor or audit firm receives more than 5% of its annual revenue ***generated by fees coming from statutory audit and non audit services***;

Or. en

Amendment 360
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 27 – paragraph 2 – subparagraph 1 – point k a (new)

Text proposed by the Commission

Amendment

(ka) a statement on the official CSR policy of the statutory auditor

Or. en

Amendment 361
Saïd El Khadraoui

Proposal for a regulation
Article 29 – paragraph 1

Text proposed by the Commission

A statutory auditor or audit firm shall provide annually to his, her or its competent authority a list of the audited public-interest entities by revenue generated from them.

Amendment

A statutory auditor or audit firm shall provide annually to his, her or its competent authority a list of the audited public-interest entities by revenue generated from them. ***This list concerns revenues generated by audit and non audit services.***

Or. en

Amendment 362
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 29 – paragraph 1

Text proposed by the Commission

A statutory auditor or audit firm shall provide annually to his, her or its competent authority a list of the audited public-interest entities by revenue generated from them.

Amendment

A statutory auditor or audit firm shall provide annually to his, her or its competent authority a list of the audited public-interest entities by revenue generated from them. ***This shall be provided in aggregated form to ESMA.***

Or. en

Amendment 363
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 31 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Each public-interest entity shall have an audit committee. The audit committee shall be composed of non-executive members of the administrative body and/or members of the supervisory body of the audited entity **and/or members appointed by the general meeting of shareholders of the audited entity** or, for entities without shareholders, by an equivalent body.

Amendment

Each public-interest entity shall have an audit committee. The audit committee shall be composed of non-executive members of the administrative body and/or members of the supervisory body of the audited entity or, for entities without shareholders, by an equivalent body.

Or. en

Justification

At least in Nordic corporate governance a board committee can only consist of members of the board, who are in turn appointed by the general meeting of shareholders. Hence the text “and/or members appointed by the general meeting of shareholders of the audited body” is not viable in such contexts.

Amendment 364

Saïd El Khadraoui, Antonio Masip Hidalgo, Enrique Guerrero Salom

Proposal for a regulation

Article 31 – paragraph 1 – subparagraph 2

Text proposed by the Commission

At least one member of the audit committee shall have competence in auditing and **another member** in accounting **and/or auditing**. The committee members as a whole shall have competence relevant to the sector in which the audited entity is operating.

Amendment

All the members of the audit committee shall have competence in auditing and in accounting. The committee members as a whole shall have **also** competence relevant to the sector in which the audited entity is operating.

Or. en

Amendment 365

Olle Schmidt

Proposal for a regulation
Article 31 – paragraph 1 – subparagraph 2

Text proposed by the Commission

At least one member of the audit committee shall have competence in auditing **and another member in accounting and/or auditing**. The committee members as a whole shall have competence relevant to the sector in which the audited entity is operating.

Amendment

At least one member of the audit committee shall have competence in auditing. The committee members as a whole shall have competence relevant to the sector in which the audited entity is operating.

Or. en

Justification

The words “and another member in accounting and/or auditing” should be deleted. The remaining competence requirements on the committee in this paragraph are sufficient. Additional requirements on individual members only serve to further complicate the recruitment problems to boards, especially for companies in small markets and/or small boards.

Amendment 366
Gay Mitchell

Proposal for a regulation
Article 31 – paragraph 1 – subparagraph 3

Text proposed by the Commission

A majority of the members of the audit committee shall be independent. The **chairman** of the audit committee shall be **appointed by its members** and shall be independent.

Amendment

A majority of the members of the audit committee shall be independent. The **chairperson** of the audit committee shall be **elected annually by the general meeting of shareholders of the audited entity** and shall be independent. **The chairperson shall report directly to the shareholders.**

Or. en

Amendment 367
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Article 31 – paragraph 1 – subparagraph 3 a (new)

Text proposed by the Commission

Amendment

(3a) Members of the audit committee shall take part in skill enhancement programmes in order to ensure an adequate technical knowledge level to fulfil their tasks.

Or. en

Amendment 368
Sharon Bowles

Proposal for a regulation
Article 31 – paragraph 1 – subparagraph 3 a (new)

Text proposed by the Commission

Amendment

(3a) Members of the audit committee shall take part in skill enhancement programmes in order to ensure an adequate technical knowledge level to fulfil their tasks.

Or. en

Amendment 369
Olle Schmidt

Proposal for a regulation
Article 31 – paragraph 3

Text proposed by the Commission

Amendment

3. By derogation from paragraph 1, the following public-interest entities may decide not to have an audit committee:

deleted

(a) any public-interest entity which is a subsidiary undertaking within the meaning of Article 1 of Directive 83/349/EEC if the entity complies with the requirements in paragraphs 1 to 4 of that Article at group level;

(b) any public-interest entity which is an undertaking for collective investment in transferable securities (UCITS) as defined in Article 1(2) of Directive 2009/65/EC or an alternative investment fund (AIF) as defined in Article 4(1)(a) of Directive 2011/61/EU;

(c) any public-interest entity the sole business of which is to act as issuer of asset backed securities as defined in Article 2(5) of Commission Regulation (EC) No 809/2004³⁷ ;

(d) any credit institution within the meaning of Article 1(1) of Directive 2006/48/EC whose shares are not admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC and which has, in a continuous or repeated manner, issued only debt securities admitted to trading in a regulated market, provided that the total nominal amount of all such debt securities remains below EUR 100 000 000 and that it has not published a prospectus under Directive 2003/71/EC.

The public-interest entities referred to in points (b) and (c) shall explain to the public the reasons for which it considers it not appropriate to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee.

Or. en

Justification

If the definition of PIEs is not widened, there is no need for this paragraph.

Amendment 370
Olle Schmidt

Proposal for a regulation
Article 31 – paragraph 5 – point c

Text proposed by the Commission

Amendment

(c) monitor the statutory audit of the annual and consolidated financial statements and supervise the completeness and integrity of the draft audit reports in accordance with Articles 22 to 23;

deleted

Or. en

Justification

According to the proposal, the audit committee shall monitor the audit of the company. Since board members can be appointed to the committee, it means that the persons being audited will have the power to monitor the auditing procedure. This is not appropriate, since the work of the board falls within the scope of the audit, and it could also threaten the auditor's independence.

Amendment 371
Peter Simon

Proposal for a regulation
Article 31 – paragraph 5 – point d a (new)

Text proposed by the Commission

Amendment

(da) monitor the quality of the statutory auditors or audit firms, taking into account any findings and conclusions by the competent authority pursuant to Article 40(6);

Or. de

Amendment 372
Olle Schmidt

Proposal for a regulation
Article 31 – paragraph 5 – point e

Text proposed by the Commission

(e) be responsible for the procedure on the selection of statutory auditor(s) or audit firm(s) and recommend the statutory auditor(s) or audit firm(s) to be appointed in accordance with Articles 32;

Amendment

(e) be responsible for the procedure on the selection of statutory auditor(s) or audit firm(s) and recommend the statutory auditor(s) or audit firm(s) to be appointed **by the audited companies Annual General Meeting** in accordance with Articles 32;

Or. en

Amendment 373
Diogo Feio

Proposal for a regulation
Article 31 – paragraph 5 – point f

Text proposed by the Commission

(f) **authorise, on a case by case basis**, the provision by the statutory auditor or audit firm **of the** services referred to in Article 10(3)(b)(i) and (ii) **of this Regulation to the audited entity**.

Amendment

(f) **approve** the provision by the statutory auditor or audit firm **to the audited entity and its controlled undertakings in the Union of all non-audit services other than those prohibited** services referred to in Article 10(3) **and those audit related and other assurance services referred to in Article 10(2)**.

Or. en

Amendment 374
Corien Wortmann-Kool

Proposal for a regulation
Article 31 – paragraph 5 – point f

Text proposed by the Commission

(f) **authorise, on a case by case basis**, the provision by the statutory auditor or audit

Amendment

(f) **approve** the provision by the statutory auditor or audit firm of **all non-audit**

firm of *the* services referred to in Article 10(3)(b)(i) and (ii) of this Regulation to the audited entity.

services other than the prohibited services referred to in Article 10(3) *and the audit related and other assurance services referred to in Article 10(2)*, to the audited entity *and its controlled undertakings in the Union*.

Or. en

Amendment 375

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 32 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Where Article 37(2) of Directive 2006/43/EC applies, the public-interest entity shall inform the competent authority of the use of the alternative systems or modalities referred to in that Article.

Amendment

Where Article 37(2) of Directive 2006/43/EC applies, the public-interest entity shall **only** inform the competent authority of the use of the alternative systems or modalities referred to in that Article; **in this case paragraphs 2 to 6 of this Article shall not apply**.

Or. en

Justification

exemption needed for savings and cooperative banks

Amendment 376

Wolf Klinz

Proposal for a regulation

Article 32 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Unless it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the

Amendment

The recommendation shall contain at least two choices for the audit engagement and the audit committee shall express a duly

recommendation shall contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them.

justified preference for one of them.

Or. en

Amendment 377
Peter Simon

Proposal for a regulation
Article 32 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Unless it concerns the renewal of an audit engagement in accordance with ***the second subparagraph of*** Article 33(1), the recommendation shall contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them.

Amendment

When it concerns a tendering procedure for an audit engagement in accordance with Article 33(1), the recommendation shall, ***in so far as possible,*** contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them.

Or. de

Amendment 378
Wolf Klinz

Proposal for a regulation
Article 32 – paragraph 2 – subparagraph 3

Text proposed by the Commission

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall, for the preparation of its recommendation, take into consideration any findings and conclusions on the recommended statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d).

Amendment

deleted

Amendment 379
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 2 – subparagraph 3

Text proposed by the Commission

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall, **for the preparation of** its recommendation, **take into consideration any findings and conclusions on the recommended** statutory auditor or audit firm **referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d).**

Amendment

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall **base** its recommendation **on a comprehensive assessment of the audit quality of the** statutory auditor or audit firm **three years before the end of the audit mandate.**

Amendment 380
Olle Schmidt, Jürgen Creutzman, Nils Torvalds

Proposal for a regulation
Article 32 – paragraph 2 – subparagraph 3

Text proposed by the Commission

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall, **for the preparation of** its recommendation, **take into consideration any findings and conclusions on the recommended** statutory auditor or audit firm **referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d).**

Amendment

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall **base** its recommendation **on a comprehensive assessment of the audit quality of the** statutory auditor or audit firm **after a period of three consecutive years.** The competent authority **referred to in Article 35 may adjust the timing in accordance with the national appointment period.**

Justification

After a period of three years, the audit committee should evaluate the audit quality. The timing can be adjusted, since the appointment period varies throughout Europe. Mandatory re-assessment of the quality of the auditor or audit firm will - in connection with reporting to the shareholders meeting and to the competent authority and the competent authority's veto right - increase transparency about the decision making process.

Amendment 381 **Peter Simon**

Proposal for a regulation **Article 32 – paragraph 2 – subparagraph 3**

Text proposed by the Commission

When it concerns the renewal of an audit engagement *in accordance with the second subparagraph of Article 33(1)*, the audit committee shall, for the preparation of its recommendation, take into consideration any findings and conclusions on the recommended statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d).

Amendment

When it concerns the renewal of an audit engagement, the audit committee shall, for the preparation *and justification* of its recommendation, take into consideration any findings and conclusions on the recommended statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d) *as well as any findings from the monitoring procedure provided for in Article 31(5) points (d) and (da) (new)*.

Or. de

Amendment 382 **Emilie Turunen** on behalf of the Verts/ALE Group

Proposal for a regulation **Article 32 – paragraph 2 – subparagraph 3**

Text proposed by the Commission

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall, for the preparation of its

Amendment

When it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the audit committee shall, for the preparation of its

recommendation, take into consideration any findings and conclusions on the recommended statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d).

recommendation, take into consideration any findings and conclusions on the recommended statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d). ***In this case the public-interest entity shall provide a publicly available justification of the re-appointment of the statutory auditor***

Or. en

Amendment 383

Olle Schmidt, Jürgen Creutzmann, Nils Torvalds

Proposal for a regulation

Article 32 – paragraph 2 – subparagraph 4

Text proposed by the Commission

In its recommendation, the audit committee shall state that its recommendation is free from influence by a third party and that no contractual clause as referred to in paragraph 7 has been imposed upon it.

Amendment

The comprehensive assessment shall be performed in a transparent and systematic approach, and shall include the consideration of professional competencies of the auditor or audit firm which are necessary to perform the statutory audit in compliance with relevant ethical requirements and international standards on auditing referred to in Article 20. It shall take into consideration any findings and conclusions on the recommended statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d).

In its recommendation, the audit committee shall state that its recommendation is free from influence by a third party and that no contractual clause as referred to in paragraph 7 has been imposed upon it.

Or. en

Justification

This sets out the content of the assessment of audit quality.

Amendment 384

Sharon Bowles

Proposal for a regulation

Article 32 – paragraph 3 – subparagraph 1 – introductory part

Text proposed by the Commission

*Unless it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the recommendation of the audit committee referred to in paragraph 2 of this Article, shall be prepared following a **selection** procedure **organized** by the audited entity respecting the following criteria:*

Amendment

The recommendation of the audit committee referred to in paragraph 2 of this Article, shall be prepared following a **tender** procedure **organized** by the audited entity respecting the following criteria:

Or. en

Amendment 385

Wolf Klinz

Proposal for a regulation

Article 32 – paragraph 3 – subparagraph 1 – introductory part

Text proposed by the Commission

Unless it concerns the renewal of an audit engagement in accordance with the second subparagraph of Article 33(1), the recommendation of the audit committee referred to in paragraph 2 of this Article, shall be prepared following a selection procedure organized by the audited entity respecting the following criteria:

Amendment

The recommendation of the audit committee referred to in paragraph 2 of this Article, shall be prepared following a selection procedure organized by the audited entity respecting the following criteria:

Or. en

Amendment 386
Peter Simon

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – introductory part

Text proposed by the Commission

Amendment

Unless it concerns the renewal of an audit engagement in accordance with *the second subparagraph of* Article 33(1), the recommendation of the audit committee referred to in paragraph 2 of this Article, shall be prepared following *a* selection procedure *organised* by the audited entity respecting the following criteria:

When it concerns a tendering procedure for an audit engagement in accordance with Article 33(1), the recommendation of the audit committee referred to in paragraph 2 of this Article, shall be prepared following *the* selection procedure *organised* by the audited entity respecting the following criteria:

Or. de

Amendment 387
Wolf Klinz

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point a

Text proposed by the Commission

Amendment

(a) the audited entity shall be free to invite any statutory auditors or audit firms to submit proposals for the provision of the statutory audit service on the condition that Article 33(2) is respected and that at least one of the invited auditors or firms is not one who received more than 15% of the total audit fees from large public-interest entities in the Member State concerned in the previous calendar year;

deleted

Or. en

Amendment 388
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point a

Text proposed by the Commission

Amendment

(a) ***the audited entity shall be free to invite*** any statutory ***auditors*** or audit ***firms*** to submit proposals for the provision of the statutory audit service on the condition that Article 33(2) is respected ***and that at least one of the invited auditors or firms is not one who received more than 15% of the total audit fees from large public-interest entities in the Member State concerned in the previous calendar year;***

(a) any statutory ***auditor*** or audit ***firm is free*** to submit proposals for the provision of the statutory audit service on the condition that Article 33(2) is respected;

Or. en

Amendment 389
Saïd El Khadraoui

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point a

Text proposed by the Commission

Amendment

(a) the audited entity shall be free to invite any statutory auditors or audit firms to submit proposals for the provision of the statutory audit service on the condition that Article 33(2) is respected and that at least ***one*** of the invited auditors or firms ***is not one who received*** more than 15% of the total audit fees from large public-interest entities in the Member State concerned in the previous calendar year;

(a) the audited entity shall be free to invite any statutory auditors or audit firms to submit proposals for the provision of the statutory audit service on the condition that Article 33(2) is respected and that at least ***three*** of the invited auditors or firms ***do not receive*** more than 15% of the total audit fees from large public-interest entities in the Member State concerned in the previous calendar year;

Or. en

Amendment 390
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point b

Text proposed by the Commission

Amendment

(b) the **audited entity shall be free to choose the method to contact the invited statutory auditor(s) or audit firm(s) and shall not be required to** publish a call for tenders in the Official Journal of the European Union and/or in national gazettes or newspapers;

(b) the audit **committee** shall publish a call for tenders in the Official Journal of the European Union, **where necessary**, and/or in national gazettes or newspapers;

Or. en

Amendment 391

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 32 – paragraph 3 – subparagraph 1 – point b

Text proposed by the Commission

Amendment

(b) the audited entity shall **be free to choose the method to contact the invited statutory auditor(s) or audit firm(s) and shall not be required to** publish a call for tenders in the Official Journal of the European Union and/or in national gazettes or newspapers;

(b) the audited entity shall publish a call for tenders in the Official Journal of the European Union and/or in national gazettes or newspapers.

Or. en

Amendment 392

Sharon Bowles

Proposal for a regulation

Article 32 – paragraph 3 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) the **audited entity** shall prepare tender documents to the intention of the invited statutory auditor(s) or audit firm(s). Those tender documents shall allow **them** to

(c) the **audit committee** shall prepare tender documents to the intention of the invited statutory auditor(s) or audit firm(s). Those tender documents shall allow **the**

understand the business of the audited entity and the type of statutory audit that is to be carried out. The tender documents shall contain transparent and non-discriminatory selection criteria that shall be used by the **audited entity** to evaluate the proposals made by statutory auditors or audit firms;

audit firm to understand the business of the audited entity and the type of statutory audit that is to be carried out. The tender documents shall contain transparent and non-discriminatory selection criteria that shall be used by the **audit committee** to evaluate the proposals made by statutory auditors or audit firms;

Or. en

Amendment 393
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point d

Text proposed by the Commission

Amendment

(d) the **audited entity** shall be free to define the selection procedure and may conduct direct negotiations with interested tenderers in the course of the procedure;

(d) the **audit committee** shall be free to define the selection procedure and may conduct direct negotiations with interested tenderers in the course of the procedure;

Or. en

Amendment 394
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point f

Text proposed by the Commission

Amendment

(f) the audited entity shall evaluate the proposals made by the statutory auditors or audit firms in accordance with the selection criteria predefined in the tender documents. The audited entity shall prepare a report on the conclusions of the selection procedure, which shall be validated by the audit committee. The **audited entity and the audit committee** shall **take into consideration** any inspection report on the

(f) the audited entity shall evaluate the proposals made by the statutory auditors or audit firms in accordance with the selection criteria predefined in the tender documents. The audited entity shall prepare a report on the conclusions of the selection procedure, which shall be validated by the audit committee. The **audit committee shall perform a comprehensive assessment of the proposals made by the statutory**

applicant statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d);

auditors or audit firms in a transparent and systematic approach that shall include the consideration of professional competencies of the auditor or audit firm which are necessary to perform the statutory audit in compliance with relevant ethical requirements and international standards on auditing referred to in Article 20. The competent authority shall issue guidelines on the criteria of professional competencies. The audited entity and the audit committee shall take into consideration any inspection report on the applicant statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d);

Or. en

Justification

Professional competencies of the auditor or audit firm which are necessary to perform the statutory audit in compliance with relevant ethical requirements and international standards on auditing referred to in Article 20 should already be considered in the tendering process.

Amendment 395 Sharon Bowles

Proposal for a regulation Article 32 – paragraph 3 – subparagraph 1 – point f

Text proposed by the Commission

(f) the ***audited*** entity shall ***evaluate the*** proposals made by the statutory auditors or audit firms in accordance with the selection criteria predefined in the tender documents. The audited entity shall prepare a report on the conclusions of the selection procedure, which shall be validated by the audit committee. The audited entity and the audit committee shall take into consideration any inspection report on the applicant statutory auditor or audit firm referred to in Article

Amendment

(f) the ***audit committee*** entity shall ***perform a comprehensive assessment of the*** proposals made by the statutory auditors or audit firms in accordance with the selection criteria predefined in the tender documents. The audited entity shall prepare a report on the conclusions of the selection procedure, which shall be validated by the audit committee. The audited entity and the audit committee shall take into consideration any inspection

40(6) and published by the competent authority pursuant to Article 44(d);

report on the applicant statutory auditor or audit firm referred to in Article 40(6) and published by the competent authority pursuant to Article 44(d);

Or. en

Amendment 396
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 1 – point g

Text proposed by the Commission

Amendment

(g) the **audited entity** shall be able to demonstrate to the competent authority referred to in Article 35 that the selection procedure was conducted in a fair manner.

(g) the **audit committee** shall be able to demonstrate to the competent authority referred to in Article 35 that the selection procedure was conducted in a fair manner.

Or. en

Amendment 397
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

The audit committee shall be responsible for the selection procedure referred to in the first subparagraph.

deleted

Or. en

Amendment 398
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 32 – paragraph 3 – subparagraph 3

Text proposed by the Commission

For the purposes of point (a) of the first subparagraph, the competent authority referred to in Article 35(1) shall make public a list of the auditors and audit firms concerned which shall be updated on an annual basis. The competent authority shall use the information provided by statutory auditors and audit firms pursuant to Article 28 to make the relevant calculations.

Amendment

For the purposes of point (a) of the first subparagraph, the competent authority referred to in Article 35(1) shall make public a list of the auditors and audit firms concerned which shall be updated on an annual basis. The competent authority shall use the information provided by statutory auditors and audit firms pursuant to Article 28 to make the relevant calculations. ***This shall be provided in aggregated form to ESMA.***

Or. en

Amendment 399
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 5 – subparagraph 1

Text proposed by the Commission

The proposal of the administrative or supervisory board to the general meeting of shareholders or members of the audited entity for the appointment of statutory auditors or audit firms shall include the recommendation made by the audit committee.

Amendment

The proposal of the administrative or supervisory board to the general meeting of shareholders or members of the audited entity for the appointment of statutory auditors or audit firms shall include the recommendation made by the audit committee. ***The proposal to the general meeting shall be accompanied by the results of the comprehensive assessment referred to in Article 32 (2) and (3)***

Or. en

Amendment 400
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 32 – paragraph 5 – subparagraph 2

Text proposed by the Commission

If the proposal of the administrative or supervisory board departs from the recommendation of the audit committee, the proposal shall justify the reasons for not following the recommendation of the audit committee.

Amendment

If the proposal of the administrative or supervisory board departs from the recommendation of the audit committee, the proposal shall justify the reasons for not following the recommendation of the audit committee. ***It shall equally justify the reasons if, following a tender procedure referred to in paragraph 3, the renewal of an audit engagement is proposed.***

Or. en

Justification

Similar to the comply or explain principle, reasons should be justified in case, despite a tender, the incumbent auditor is proposed for renewal. This again underlines that available alternatives should be thoroughly considered.

Amendment 401

Olle Schmidt, Nils Torvalds

Proposal for a regulation

Article 32 – paragraph 6 – subparagraph 1

Text proposed by the Commission

In the case of a credit institution or insurance undertaking, the administrative or supervisory board shall submit its draft proposal to the competent authority referred to in Article 35(2). The competent authority referred to in Article 35(2) shall ***have the right to veto the choice proposed in the recommendation. Any such opposition shall be duly justified.***

Amendment

The administrative or supervisory board shall submit its draft proposal to the competent authority referred to in Article 35(2) ***prior to the selection of the statutory auditor or audit firm by the relevant body or organ. The draft proposal to the competent authority referred to in Article 35(2) shall be accompanied by the results of the comprehensive assessment referred to in Article 32 (2) and (3).***

Or. en

Justification

The assessment should be made available to the competent authority. I not support the

proposed veto power of the competent authority. It is difficult to see how the authority could use the veto, without a general meeting of the company. There is no compelling reason to limit the owners' right to appoint auditors.

Amendment 402
Sharon Bowles

Proposal for a regulation
Article 32 – paragraph 6 – subparagraph 1

Text proposed by the Commission

In the case of a credit institution or insurance undertaking, the administrative or supervisory board shall submit its draft proposal to the competent authority referred to in Article 35(2). The competent authority referred to in Article 35(2) shall have the right to veto the choice proposed in the recommendation. Any such opposition shall be duly justified.

Amendment

The administrative or supervisory board shall submit its draft proposal to the competent authority referred to in Article 35(2). The ***draft proposal to*** competent authority referred to in Article 35(2) shall ***be accompanied by the results of the comprehensive assessment referred to in Article 32(2) and (3) and they shall*** have the right to veto the choice proposed in the recommendation. Any such opposition shall be duly justified.

Or. en

Amendment 403
Markus Ferber

Proposal for a regulation
Article 32 – paragraph 6 – subparagraph 1

Text proposed by the Commission

In the case of a credit institution or insurance undertaking, the administrative or supervisory board shall submit its draft proposal to the competent authority referred to in Article 35(2). The competent authority referred to in Article 35(2) shall have the right to veto the choice proposed in the recommendation. Any such opposition shall be duly justified.

Amendment

In the case of a credit institution or insurance undertaking, the administrative or supervisory board shall submit its draft proposal to the competent authority referred to in Article 35(2) ***and ESMA. ESMA will consult on such proposals with EBA and EIOPA.*** The competent authority referred to in Article 35(2) ***and ESMA*** shall have the right to veto the choice proposed in the recommendation.

Any such opposition shall be duly justified.

Or. en

Amendment 404
Olle Schmidt, Nils Torvalds

Proposal for a regulation
Article 32 – paragraph 6 – subparagraph 2

Text proposed by the Commission

Amendment

The absence of a reply by the competent authority within the prescribed time-limit following submission of the audit committee's recommendation shall be considered as constituting an implied consent to the recommendation. ***deleted***

Or. en

Justification

I not support the proposed veto power of the competent authority. It is difficult to see how the authority could use the veto, without a general meeting of the company. There is no compelling reason to limit the owners' right to appoint auditors. It also raises questions about the situation that the authority's decision is subject to an appeal.

Amendment 405
Markus Ferber

Proposal for a regulation
Article 32 – paragraph 6 – subparagraph 2

Text proposed by the Commission

Amendment

The absence of a reply by the competent authority within the prescribed time-limit following submission of the audit committee's recommendation shall be considered as constituting an implied consent to the recommendation.

The absence of a reply by the competent authority **or ESMA** within the prescribed time-limit following submission of the audit committee's recommendation shall be considered as constituting an implied consent to the recommendation.

Amendment 406

Emilie Turunen

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 32 – paragraph 7 – subparagraph 2

Text proposed by the Commission

The public-interest entity shall inform the competent authorities referred to in Article 35 of any attempt by a third party to impose such a contractual clause or to otherwise influence the decision of the general meeting of shareholders on the selection of a statutory auditor or audit firm.

Amendment

The public-interest entity shall inform ***directly and without delay*** the competent authorities referred to in Article 35 of any attempt by a third party to impose such a contractual clause or to otherwise influence the decision of the general meeting of shareholders on the selection of a statutory auditor or audit firm.

Or. en

Amendment 407

Saïd El Khadraoui, Pervenche Berès

Proposal for a regulation

Article 32 a (new)

Text proposed by the Commission

Amendment

Article 32a

Appointment of more than one statutory auditor or audit firm by certain public-interest entities

1. Large public-interest entities shall appoint at least two statutory auditors or audit firms responsible for carrying out the statutory audit.

2. At least one of the statutory auditors or audit firms appointed shall not have received more than 15% of the total audit fees paid by large public-interest entities in the Member State concerned in the

previous calendar year.

The competent authority shall make public a list of the auditors or firms referred to in the first subparagraph which shall be updated on an annual basis. The competent authority shall use the information provided by statutory auditors and audit firms pursuant to Article 29 to make the relevant calculations.

By derogation to the first subparagraph of this paragraph, an entity may appoint statutory auditors or audit firms that are among those who received more than 15% of the total audit fees paid by large public-interest entities in the Member State concerned in the previous calendar year, only if the appointment of auditors or firms of smaller dimension is not possible on the basis of objective grounds. By derogation from Article 34(1), the duration of the audit engagement following this appointment shall not exceed 5 years and shall not be renewable. The entity shall inform the competent authority referred to in Article 36(2) of the reasons for such decision. In the case of credit institutions and insurance undertakings, the reasons for such decision shall be laid down in the draft proposal referred to in 32(6).

3. Each statutory auditor or audit firm appointed shall comply with the following conditions:

(a) an appointed statutory auditor or audit firm shall not belong to the network of any of the other appointed statutory auditor(s) or audit firm(s);

(b) an appointed statutory auditor or audit firm shall not have belonged to the network of any of the other appointed statutory auditor(s) or audit firm(s) in the previous three years;

(c) an appointed statutory auditor or the key audit partner who carries out a

statutory audit on behalf of the audit firm shall not have been employed by any of the other statutory auditor(s) or audit firm(s) in the previous three years;

4. The statutory auditors or audit firms shall carry out the audit work in accordance with the instructions and work plan laid down in a working arrangement among them and agreed with the audited entity.

Such arrangement shall also determine the principles that govern the distribution of the tasks to be carried out by each statutory auditor or audit firm in the accomplishment of their mission. The repartition of tasks shall be balanced among the auditors or firm. Where two auditors or firms are appointed, no auditor or firm shall be entitled to receive more than two thirds of the total fees for the statutory audit. Where three auditors or firms are appointed, no auditor or firm shall be entitled to receive more than one half of the total fees for the statutory audit and no auditor or firm shall be entitled to receive less than one fifth of the total fees for the statutory audit.

5. Each statutory auditor or audit firm shall perform the appropriate tasks in order to form his, her or its opinion with a view to contributing to the joint report referred to in Article 22(3).

Each statutory auditor or audit firm shall review the work undertaken by the other statutory auditor(s) or audit firm(s) in order to evaluate the sufficiency and appropriateness of audit evidence obtained to form and opinion on the financial statements.

The statutory auditors or audit firms carrying out the statutory audit shall be jointly and severally liable for the joint report referred to in Article 22(3).

6. The statutory auditors or audit firms appointed for the carrying out of the audit

of the audited entity shall work together during the course of the audit engagement and shall agree on a regular redistribution of the tasks to be carried out by each statutory auditor or audit firm in the accomplishment of their mission during the course of the audit engagement.

7. ESMA shall develop draft regulatory technical standards to specify the conditions under which the statutory audit shall be jointly carried out by the appointed statutory auditors or audit firms. Such conditions shall at least include:

(a) the principles that shall govern the distribution of the tasks to be carried out by each statutory auditor or audit firm;

(b) the principles that shall govern the regular redistribution of the tasks during the course of the audit engagement;

(c) the minimum content of the working arrangements between the appointed statutory auditors or audit firms, including the audit working plan;

(d) the scope of the review by the statutory auditor(s) or audit firm(s) of the work undertaken by the other statutory auditor(s) or audit firm(s).

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Article 10 of Regulation (EU) No 1095/2010.

Or. en

Amendment 408
Sari Essayah

Proposal for a regulation
Article 33

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Justification

The current system of partner rotation every seven years is sufficient to safeguard the auditor independence. It was introduced by the current EU audit directive in 2006 and thus not even the first period of seven years has passed so that the impact could be assessed yet.

Amendment 409

Peter Simon

Proposal for a regulation

Article 33 – title

Text proposed by the Commission

Amendment

Duration of the audit engagement

Tendering procedure for the audit engagement ***and change of statutory auditor or audit firm***

Or. de

Amendment 410

Diogo Feio

Proposal for a regulation

Article 33 – title

Text proposed by the Commission

Amendment

Duration of the audit engagement

Duration of the ***statutory*** audit engagement

Or. en

Justification

Clarification that the provision relates to statutory audit

Amendment 411
Emilie Turunen
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph -1 (new)

Text proposed by the Commission

Amendment

(-1) For the purposes of the application of Article 37 (1) of Directive 2006/43/EC, for the appointment of statutory auditors or audit firms by public-interest entities, the conditions set out in paragraphs 2 to 7 shall apply. Where Article 37 (2) of Directive 2006/43/EC applies paragraphs 2 to 4 of this Article shall not apply.

Or. en

Justification

exemption needed for the continued functioning of the model of savings and cooperative banks.

Amendment 412
Peter Simon

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

The public-interest entity shall appoint a statutory auditor or audit firm for an initial engagement that shall not be shorter than two years.

deleted

Or. de

Amendment 413
Jean-Paul Gauzès

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Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The public-interest entity shall appoint **a** statutory auditor or audit firm for an initial engagement that shall not be shorter than **two** years.

Amendment

The public-interest entity shall appoint statutory auditor(s) or audit firm(s) for an initial engagement that shall not be shorter than **three years. The maximum duration of an engagement shall not exceed 6** years.

Or. en

Amendment 414
Diogo Feio

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The public-interest entity shall appoint a statutory auditor or audit firm for an **initial** engagement that shall not be **shorter than two** years.

Amendment

The public-interest entity shall appoint a statutory auditor or audit firm for an engagement **period** that shall not be **longer than six** years.

Or. en

Justification

To be consistent with a number of Member States' legislation, some of which provide an engagement period of one financial year.

Amendment 415
Anne E. Jensen

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The public-interest entity shall appoint a

Amendment

The public-interest entity shall appoint a

statutory auditor or audit firm for an initial engagement that shall not be shorter than *two* years.

statutory auditor or audit firm for an initial engagement that shall not be shorter than *one year and not longer than six* years.

Or. en

Amendment 416
Krišjānis Kariņš

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The public-interest entity shall appoint a statutory auditor *or audit firm* for an initial engagement that shall not be shorter than two years.

Amendment

The public-interest entity shall appoint a statutory auditor for an initial engagement that shall not be shorter than two years.

Or. lv

Justification

This limit should not apply to an audit firm as a whole, as this would impede fair competition and jeopardise the quality of the audit.

Amendment 417
Olle Schmidt, Jürgen Creutzmann

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The public-interest entity shall appoint a statutory auditor or audit firm for an initial engagement that shall not be shorter than *two* years.

Amendment

The public-interest entity shall appoint a statutory auditor or audit firm for an initial engagement that shall not be shorter than *three* years.

Or. en

Amendment 418
Peter Simon

Proposal for a regulation
Article 33 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(1a) Public-interest entities shall conduct a public tendering process for the statutory audit every 15 years following the conditions set out in Article 32.

Or. de

Amendment 419
Diogo Feio

Proposal for a regulation
Article 33 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(1a) The audit committee shall consider whether or not to initiate a tender process for the statutory audit following the conditions set out in Article 32.

Or. en

Justification

The audit committee should determine when to initiate a tender for statutory audit services, based upon the concrete facts and circumstances of the audited entity.

Amendment 420
Peter Simon

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

The public-interest entity may renew this engagement only once. *deleted*

Or. de

Amendment 421
Wolf Klinz

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

The public-interest entity may renew this engagement only once. *deleted*

Or. en

Amendment 422
Jean-Paul Gauzès

Proposal for a regulation
Article 33 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

The public-interest entity may renew this engagement only once. *deleted*

Or. en