



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Legal Affairs

2011/0359(COD)

9.11.2012

AMENDMENTS

196 - 496

Draft report
Sajjad Karim
(PE494.551v02-00)

Specific requirements regarding statutory auditing of public-interest entities

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

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PE500.424v01-00

EN

United in diversity

EN

Amendment 196
Dimitar Stoyanov

Draft legislative resolution
Paragraph 1

Draft legislative resolution

Amendment

1. Adopts its position at first reading hereinafter set out;

1. Rejects the Commission proposal;

Or. en

Justification

It is proposed to reject the Commission proposal for this Regulation, however certain propositions contained in this Regulation proposal would merit to be introduced into the parallel Commission proposal for a Directive (COM(2012)0778) amending the Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

Amendment 197
Dimitar Stoyanov

Draft legislative resolution
Paragraph 2

Draft legislative resolution

Amendment

2. Approves its statement annexed to this resolution;

deleted

Or. en

Amendment 198
Dimitar Stoyanov

Draft legislative resolution
Paragraph 3

Draft legislative resolution

Amendment

3. Calls on the Commission to refer the matter to Parliament again if it intends to

deleted

*amend its proposal substantially or
replace it with another text;*

Or. en

Amendment 199
Alexandra Thein

Proposal for a regulation
Title
COM 779 (2011)
Proposal for a regulation

Text proposed by the Commission

Amendment

Proposal for a

The proposal is rejected.

***REGULATION OF THE EUROPEAN
PARLIAMENT AND OF THE
COUNCIL***

***on specific requirements regarding
statutory audit of public-interest entities
(Text with EEA relevance)***

Or. de

Justification

Die vorgesehene rechtstechnische Umsetzung der Regelungsvorschläge zur Abschlussprüfung einerseits durch Schaffung eines völlig neuen und gesonderten Regelwerks in Form einer unmittelbar geltenden Verordnung für den Bereich der Abschlussprüfung bei Unternehmen von öffentlichem Interesse und andererseits durch Änderungen der Abschlussprüferrichtlinie wird abgelehnt. Die Abschlussprüferrichtlinie ist in das Regelwerk der Mitgliedstaaten umgesetzt und integriert. Zukünftig müsste der Abschlussprüfer/die Prüfungsgesellschaft eines Unternehmens von öffentlichem Interesse aber zusätzlich die Verordnung beachten und identifizieren, ob und inwieweit bestehende Regelungen im jeweiligen Mitgliedstaat durch die Regelungen der Verordnung verdrängt werden. Doppelungen im Regelwerk, die der Übersichtlichkeit der Anforderungen bzw. Pflichten der Normadressaten, also den Abschlussprüfern, nicht dienen, führen hier zu Rechtsunklarheit. In einer Gesamtschau der Regelungsvorschläge, die im Verordnungsvorschlag enthalten sind, stellt sich die Frage, ob all die hierbei berührten Sachverhalte einen europäischen, grenzüberschreitenden Bezug haben, der es zwingend erforderlich machen würde, dies mittels in einer in den Mitgliedsstaaten unmittelbar geltenden Verordnung durchzusetzen. Dem Subsidiaritätsprinzip wird besser Geltung verschafft, wenn entsprechende Regelungen in einer (Änderungs-)Richtlinie aufgenommen werden. Schließlich können dadurch, dass (bestimmte) Vorschläge

des Vorordnungsvorschlags in einer (Änderungs-)Richtlinie geregelt werden, auch in diesem Bereich innerstaatliche Besonderheiten der Mitgliedsstaaten in der Transformation berücksichtigt werden.

Amendment 200

Klaus-Heiner Lehne, Hubert Pirker, Herbert Dorfmann

Proposal for a regulation

Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) Where a cooperative within the meaning of Article 2(14), or a similar entity as referred to in Article 45 of Directive 86/635/EEC, a subsidiary or a legal successor, a savings bank or similar entity 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 in Chapter I 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

Alignment with recital 11 of Directive 2006/43/EC

Amendment 201

Sharon Bowles, Alexandra Thein

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 202

Klaus-Heiner Lehne

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

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 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.

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 *prohibited* non-audit services to their audited entities *in the period covered by the financial statements to be audited*. 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.

Or. en

Amendment 203
Gunnar Hökmark

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-*

Amendment

(11) The provision of services other than statutory audit to audited entities by statutory auditors, audit firms or members of their networks *provides significant economies of scale to the entity being audited. In order to mitigate what might be potential conflicts of interest, non-audit services provided by the statutory auditor shall be stated in the statutory*

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.

audit of the audited entity, its parent undertaking and its controlled undertakings. The list shall outline the extent and characteristics of those non-audit services provided.

Or. en

Justification

Prohibiting the firm providing the statutory audit from supplying the audited entity with other services severely infringes the contractual freedom. Such an infringement could only be motivated if there were significant evidence there have been problems and irregularities arising through improper dependence on part of the auditor. However, such evidence is not at hand and there should for that reason be no outright ban on providing additional services alongside the statutory audit. In order to secure improper dependence does not arise one should instead seek to increase transparency and openness as regards what services have been provided.

Amendment 204 **Françoise Castex**

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

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 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. 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.

Or. fr

Amendment 205

Sharon Bowles, Alexandra Thein, Cecilia Wikström, Rebecca Taylor

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***

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***

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.

30% threshold.

Or. en

Justification

It is not always necessary for the incumbent auditor to perform all financial audit related services and certainly not all non-audit related services.

Amendment 206 Paulo Rangel

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***

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 the statutory auditor, the audit firm and the members of their network not to provide ***given*** services to their audited entities.

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.

Or. pt

Amendment 207
Gunnar Hökmark

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) In order to promote cost control and efficiency among the entities being audited, firms providing the statutory audit shall not be prohibited from supplying the entity being audited with related financial audit services.

Or. en

Justification

By setting a limit as low as 10%, as is done in article 9 paragraph 2, it will in many cases not be possible for the audit firm providing the statutory audit to also provide interim financial statements, sustainability statements and associated reports. This would be to the detriment of the company being audited as significant economies of scales would be lost. Hence, there should be no such limit.

Amendment 208
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 such gap, it is important to provide more clarity on what the scope of the statutory audit is.

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. ***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

Justification

More work needs to be done to bring about a European definition of the 'going concern' in accounting and auditing.

Amendment 209
Klaus-Heiner Lehne

Proposal for a regulation
Recital 22

Text proposed by the Commission

(22) In order to increase the confidence in and the liability of the statutory auditors and audit firms carrying out the statutory

Amendment

deleted

audit of public-interest entities, it is important that the transparency reporting by statutory auditors and audit firms is increased. Therefore, statutory auditors and audit firms should be required to disclose audited financial information, showing in particular their total turnover divided into audit fees paid by public-interest entities, audit fees paid by other entities and fees for other services. They should also disclose financial information at the level of the network to which they belong. The transparency reports of audit firms should be completed by a statement on corporate governance with a view to showing whether the audit firm maintains arrangements for sound corporate governance. Additional supplementary information on audit fees should be provided to competent authorities with a view to facilitating their supervisory tasks.

Or. en

Justification

Moved to the audit directive.

Amendment 210
Klaus-Heiner Lehne

Proposal for a regulation
Recital 23

Text proposed by the Commission

Amendment

(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

deleted

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

Or. en

Justification

Moved to the audit directive.

Amendment 211
Sebastian Valentin Bodu

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

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(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 **two members** of the committee **have** competence in auditing, **taxation, finance** 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 environment and are subject to specific governance mechanisms such as controls exercised by their depositary.

Or. en

Amendment 212

Sharon Bowles, Alexandra Thein, Rebecca Taylor, Cecilia Wikström, 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 environment and are subject to specific governance

Amendment

(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. ***Members of the audit committee should take part in skill enhancement programmes to ensure an appropriate level of technical knowledge to fulfil their roles.*** 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

mechanisms such as controls exercised by their depositary.

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 213
Klaus-Heiner Lehne

Proposal for a regulation
Recital 24

Text proposed by the Commission

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 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

deleted

*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

Justification

Moved to the audit directive.

Amendment 214
Antonio Masip Hidalgo

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

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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.

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

Justification

In some countries, concentration in the audit market is very high with only one or two auditors or audit firms being appointed to carry out the statutory audit of the majority of large public-interest entities. The criteria for defining these auditors or audit firms should therefore be based upon the proportion of the market for statutory audits that an auditor or audit firm accounts for, which is not the same as just defining which firms are big and which firms are smaller. We suggest that the terms "dominant" and "non-dominant" firm are used. Further it is not appropriate to split the existing firms that provide statutory audit services into big and smaller audit firms. While there is a significant difference in the scale of the audit firms outside the largest four firms, using the term "smaller audit firms" for all other firms inaccurately implies that all other firms are significantly smaller in both size and quality of service in all markets and does not account for the existing mid-tier audit firms who have significant international networks and the capabilities to audit all but the very largest PIEs.

Amendment 215 **Sebastian Valentin Bodu**

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

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 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.

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 **administrative or supervisory board** 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. **Selection** 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 216
Alajos Mészáros

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

Amendment

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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.

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, ***including its statement on the nominee's independence, shall be communicated to shareholders along with the resolution to appoint the statutory auditor or audit firm.*** In order to provide a fair and proper justification in its recommendation, the audit committee should use the results of a 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. ***Selection*** 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 217
Eva Lichtenberger

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 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.

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 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 *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 218
Sharon Bowles, Alexandra Thein

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** 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.**

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 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 219
Klaus-Heiner Lehne

Proposal for a regulation
Recital 25

Text proposed by the Commission

Amendment

(25) The right of the general meeting of shareholders or members of the audited entity to choose the statutory auditor or the audit firm would be of no value if the audited entity were to enter into a contract with a third party providing for a restriction of such choice. Therefore any contractual clause entered into by the audited entity with a third party regarding the appointment or restricting the choice of a particular auditor or audit firm should be considered null and void. *deleted*

Or. en

Justification

Moved to the audit directive.

Amendment 220
Klaus-Heiner Lehne

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 *deleted*

incentivised to appoint more than one statutory auditor or audit firm to carry out the statutory audit.

Or. en

Amendment 221
Antonio Masip Hidalgo

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 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.

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.

Or. en

Justification

In some countries, concentration in the audit market is very high with only one or two auditors or audit firms being appointed to carry out the statutory audit of the majority of large public-interest entities. The criteria for defining these auditors or audit firms should therefore be based upon the proportion of the market for statutory audits that an auditor or audit firm accounts for, which is not the same as just defining which firms are big and which firms are smaller. We suggest that the terms "dominant" and "non-dominant" firm are used. Further it is not appropriate to split the existing firms that provide statutory audit services into big and smaller audit firms. While there is a significant difference in the scale of the audit firms outside the largest four firms, using the term "smaller audit firms" for all other firms inaccurately implies that all other firms are significantly smaller in both size and quality of service in all markets and does not account for the existing mid-tier audit firms who have significant international networks and the capabilities to audit all but the very largest

PIEs.

Amendment 222
Eva Lichtenberger

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 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.

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.

Or. en

Amendment 223
Françoise Castex

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

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.

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 ***under conditions which make it possible for the audit to be performed in a collective and concerted manner, and for a cross-check of each auditor's work to be carried out.***

Or. fr

Amendment 224
Sebastian Valentin Bodu

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 ***that*** an appropriate gradual rotation mechanism 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 225
Alajos Mészáros

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 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 226
Cristian Silviu Buşoi

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***

Amendment

(27) In order to address ***concerns regarding a*** familiarity threat and ***with a view to reinforcing*** the independence of auditors and audit firms, it is important to establish a ***mechanism that will ensure the*** gradual rotation ***of*** the most senior personnel involved in the statutory audit,

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.*

including the key audit partners carrying out the statutory audit on behalf of the audit firm.

Or. en

Amendment 227

Sharon Bowles, Alexandra Thein, Cecilia Wikström, Rebecca Taylor, Jürgen Creutzmann

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 228

Paulo Rangel

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, gradual rotation should be ***ensured*** 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. pt

Amendment 229
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 230
Klaus-Heiner Lehne

Proposal for a regulation
Recital 28

Text proposed by the Commission

Amendment

(28) In order to protect the independence of the auditor, it is important that dismissal should be possible only where there are proper grounds and if those grounds are communicated to the authority or authorities responsible for

deleted

supervision. Where there are proper grounds, but the audited entity does not act, the audit committee, the shareholders, the competent authorities responsible for the supervision of auditors and audit firms or the competent authorities responsible for the supervision of the public-interest entity should be empowered to bring a case before a national court on the dismissal of the auditor.

Or. en

Amendment 231
Sebastian Valentin Bodu

Proposal for a regulation
Recital 32

Text proposed by the Commission

(32) Investigations help to detect, prevent and correct inadequate carrying out of the statutory audit of public-interest entities. Therefore, competent authorities should be empowered to undertake investigations of statutory auditors and audit firms.

Amendment

(32) Investigations help to detect, prevent and correct inadequate carrying out of the statutory audit of public-interest entities. Therefore, competent authorities should be empowered to undertake investigations of statutory auditors and audit firms. ***When carrying out investigation, they can collaborate with the professional bodies of the auditors.***

Or. en

Amendment 232
Klaus-Heiner Lehne

Proposal for a regulation
Recital 36

Text proposed by the Commission

(36) The cooperation between the competent authorities of the Member States

Amendment

(36) The cooperation between the competent authorities of the Member States

can make an important contribution to ensuring consistently high quality in the statutory audit in the Union. Therefore, the competent authorities of the Member States should cooperate with each other, where necessary, for the purpose of carrying out their supervisory duties regarding statutory audits. They should respect the principle of home-country regulation and oversight by the Member State in which the statutory auditor or audit firm is approved and the audited entity has its registered office. The cooperation between competent authorities would be particularly enhanced if organised within the framework of the *Joint Committee of European Supervisory Authorities (ESA), under the leadership of the European Securities and Markets Authority (ESMA) set up by Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities Market Authority)*²⁹. *ESMA, with the assistance of the European Banking Authority (EBA) set up by Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority)*³⁰ and the *European Insurance and Occupational Pensions Authority (EIOPA) set up by Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority)*³¹, should contribute to that cooperation by providing advice and guidelines to national competent authorities.

can make an important contribution to ensuring consistently high quality in the statutory audit in the Union. Therefore, the competent authorities of the Member States should cooperate with each other, where necessary, for the purpose of carrying out their supervisory duties regarding statutory audits. They should respect the principle of home-country regulation and oversight by the Member State in which the statutory auditor or audit firm is approved and the audited entity has its registered office. The cooperation between competent authorities would be particularly enhanced if organised within the framework of the European *Group of Auditors' Oversight Bodies (EGAOB) which* should contribute to that cooperation by providing advice to the European Commission.

Or. en

Justification

See justification for changes in Art. 46.

Amendment 233

Françoise Castex

Proposal for a regulation

Recital 36

Text proposed by the Commission

(36) The cooperation between the competent authorities of the Member States can make an important contribution to ensuring consistently high quality in the statutory audit in the Union. Therefore, the competent authorities of the Member States should cooperate with each other, where necessary, for the purpose of carrying out their supervisory duties regarding statutory audits. They should respect the principle of home-country regulation and oversight by the Member State in which the statutory auditor or audit firm is approved and the audited entity has its registered office. ***The cooperation between competent authorities would be particularly enhanced if organised within the framework of the Joint Committee of European Supervisory Authorities (ESA), under the leadership of the European Securities and Markets Authority (ESMA) set up by Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities Market Authority). ESMA, with the assistance of the European Banking Authority (EBA) set up by Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority) and the European Insurance and***

Amendment

(36) The cooperation between the competent authorities of the Member States can make an important contribution to ensuring consistently high quality in the statutory audit in the Union. Therefore, the competent authorities of the Member States should cooperate with each other, where necessary, for the purpose of carrying out their supervisory duties regarding statutory audits. They should respect the principle of home-country regulation and oversight by the Member State in which the statutory auditor or audit firm is approved and the audited entity has its registered office.

Occupational Pensions Authority (EIOPA) set up by Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), should contribute to that cooperation by providing advice and guidelines to national competent authorities.

Or. fr

Amendment 234
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 (EAOB), 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 235
Françoise Castex

Proposal for a regulation
Recital 38

Text proposed by the Commission

Amendment

(38) Recognition of the aptitude of statutory auditors and audit firms to perform statutory audits of public-interest entities should facilitate the access of auditors and firms to other clients. Therefore, it is important to provide for a Quality Certificate of European dimension which should be developed by ESMA. National competent authorities should be involved in the examination of

deleted

the applications for the certificate.

Or. fr

Amendment 236
Françoise Castex

Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) Sustainable audit capacity and a competitive market for statutory audit services in which there is a sufficient choice of audit firms capable of carrying out statutory audits of public-interest entities are required in order to ensure a smooth functioning of capital markets. **ESMA** should report on the changes brought in the audit market structure by this Regulation. When carrying such analysis, **ESMA** should take into account the impact of the national civil liability rules for statutory auditors on the structure of the audit market. Based on such report and other appropriate evidence, the Commission should present a report on the impact of the national liability rules for statutory auditors on the audit market structure and should take the steps it considers appropriate as a result of its findings.

Amendment

(40) Sustainable audit capacity and a competitive market for statutory audit services in which there is a sufficient choice of audit firms capable of carrying out statutory audits of public-interest entities are required in order to ensure a smooth functioning of capital markets. **The EGAOB** should report on the changes brought in the audit market structure by this Regulation. When carrying such analysis, **the EGAOB** should take into account the impact of the national civil liability rules for statutory auditors on the structure of the audit market. Based on such report and other appropriate evidence, the Commission should present a report on the impact of the national liability rules for statutory auditors on the audit market structure and should take the steps it considers appropriate as a result of its findings.

Or. fr

Amendment 237
Klaus-Heiner Lehne

Proposal for a regulation
Recital 41

Text proposed by the Commission

Amendment

(41) In order to improve compliance with the requirements of this Regulation and following the Commission Communication of 9 December 2010 entitled ‘Reinforcing sanctioning regimes in the financial sector’, the power to adopt supervisory measures and the sanctioning powers of competent authorities should be enhanced. Administrative pecuniary sanctions on statutory auditors, audit firms and public-interest entities for identified violations should be foreseen. The competent authorities should be transparent about the sanctions and measures they apply. The adoption and publication of sanctions should respect fundamental rights as laid down in the Charter of Fundamental Rights of the European Union, in particular the right to respect for private and family life (Article 7), the right to the protection of personal data (Article 8) and the right to an effective remedy and to a fair trial (Article 47).

deleted

Or. en

Justification

Moved to the audit directive.

Amendment 238
Françoise Castex

Proposal for a regulation
Recital 43

Text proposed by the Commission

Amendment

(43) In order to take account of developments in auditing and the audit market, the Commission should be

(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.***

empowered to specify technical requirements on the content of the handover file that the new statutory auditor or audit firm should receive.

Or. fr

Amendment 239
Françoise Castex

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 ***implementing*** acts in accordance with ***Article 291*** of the Treaty on the Functioning of the European Union. In particular, the use of ***implementing*** acts is necessary to adapt the list of related audit services and of prohibited non-audit services. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, ***and*** should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

Or. fr

Amendment 240
Alajos Mészáros

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 the obligation to organise a selection procedure for the choice of audit firm.

Or. en

Amendment 241
Paulo Rangel

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 the obligation to organise a selection procedure for the choice of audit firm.

Or. pt

Amendment 242
Eva Lichtenberger

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 243
Eva Lichtenberger

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 244
Eva Lichtenberger

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 245
Eva Lichtenberger

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 246
Antonio Masip Hidalgo, Luigi Berlinguer, Bernhard Rapkay, Sergio Gaetano Cofferati

Proposal for a regulation
Article 2 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) Member States may exempt public interest entities 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 and their statutory auditor(s) or audit firm(s) from one or more of the requirements of this regulation.

Or. en

Amendment 247

Klaus-Heiner Lehne, Hubert Pirker, Herbert Dorfmann

Proposal for a regulation

Article 2 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Member States may exempt public-interest entities 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 and their statutory auditor(s) or audit firm(s) from one or more of the requirements of this Regulation.

Or. en

Amendment 248

Angelika Niebler

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 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 *definition* of 'audit report'.

Or. de

Justification

The amendment should be read in conjunction with the proposal amending Directive 2006/43/EC, in which the term 'competent authority' is replaced by 'competent body'.

Amendment 249
Alexandra Thein

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 *definition* of 'audit report'.

Or. de

Justification

Mit der Streichung des Begriffs der „zuständigen Behörde“ in Artikel 3 verbleibt es bei den Begriffsbestimmungen des Artikels 2 der Richtlinie 2006/43 (Abschlussprüferrichtlinie). Da auch in Bezug auf die dort vorgeschlagene Auswechslung des Begriffs der „zuständigen Stelle“ in Artikel 2 Absatz 10 der Richtlinie 2006/43 mit dem Begriff der „zuständigen Behörde“ Änderungsanträge eingebracht werden, die darauf abzielen, den bisherigen Rechtszustand zu erhalten, verbleibt es bei dem bisherigen funktionierenden Aufsichtssystem über Abschlussprüfer und Prüfungsgesellschaften und dem Begriff der „zuständigen Stelle“.

Amendment 250
Sebastian Valentin Bodu

Proposal for a regulation
Article 5

Text proposed by the Commission

Amendment

Article 5

deleted

Independence and objectivity

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 statutory auditor or audit firm by control.

Or. en

Amendment 251

Eva Lichtenberger

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

Amendment 252

Antonio Masip Hidalgo, Luigi Berlinguer, Bernhard Rapkay, Sergio Gaetano Cofferati

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, a savings bank or a similar entity as referred to in Article 45 of Directive 86/635/EEC, a subsidiary or a legal successor of a cooperative, a savings bank or a similar entity 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

Amendment 253
Sebastian Valentin Bodu

Proposal for a regulation
Article 6

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Amendment 254
Alexandra Thein

Proposal for a regulation
Article 6 – paragraph 1 – subparagraph 1 – point d

Text proposed by the Commission

Amendment

(d) a statutory auditor or an audit firm shall establish adequate policies and procedures to ensure that outsourcing of important audit functions is not undertaken in such a way as to impair the quality of the statutory auditor's or audit firm's internal control and the ability of the competent **authorities** to supervise the statutory auditor's or audit firm's compliance with the obligations laid down in this Regulation;

(d) a statutory auditor or an audit firm shall establish adequate policies and procedures to ensure that outsourcing of important audit functions is not undertaken in such a way as to impair the quality of the statutory auditor's or audit firm's internal control and the ability of the competent **bodies** to supervise the statutory auditor's or audit firm's compliance with the obligations laid down in this Regulation;

Or. de

Justification

Horizontaler Änderungsantrag für den gesamten Verordnungsvorschlag: Mit der Streichung des Begriffs der „zuständigen Behörde“ in Artikel 3 verbleibt es bei den Begriffsbestimmungen des Artikels 2 der Richtlinie 2006/43 (Abschlussprüferrichtlinie). Da auch in Bezug auf die dort vorgeschlagene Auswechslung des Begriffs der „zuständigen Stelle“ in Artikel 2 Absatz 10 der Richtlinie 2006/43 mit dem Begriff der „zuständigen Behörde“ Änderungsanträge eingebracht werden, die darauf abzielen, den bisherigen Rechtszustand zu erhalten, verbleibt es bei dem bisherigen funktionierenden Aufsichtssystem über Abschlussprüfer und Prüfungsgesellschaften und dem Begriff der „zuständigen Stelle“.

Amendment 255
Klaus-Heiner Lehne

Proposal for a regulation
Article 6 – paragraph 1 – subparagraph 1 – point j

Text proposed by the Commission

(j) a statutory auditor or an audit firm shall have adequate remuneration policies providing sufficient performance incentives to secure audit quality. In particular, compensation and performance evaluation of employees shall not be contingent on the amount of revenue that the statutory auditor or the audit firm derives from the audited entity;

Amendment

(j) a statutory auditor or an audit firm shall have adequate remuneration policies providing sufficient performance incentives to secure audit quality. In particular, **the** compensation and performance evaluation of employees, **including key audit partners**, shall not be contingent on the amount of revenue that the statutory auditor or the audit firm derives from **selling non-assurance services to** the audited entity; **this does not preclude normal profit-sharing arrangements between partners of a firm;**

Or. en

Justification

Alignment with par 290.229 IESBA Code of Ethics

Amendment 256
Sebastian Valentin Bodu

Proposal for a regulation
Article 7

Text proposed by the Commission

[...]

Amendment

deleted

Or. en

Amendment 257
Giuseppe Gargani

Proposal for a regulation
Article 7 – paragraph 4

Text proposed by the Commission

4. Persons or firms referred to in paragraph 2 shall not solicit or accept **money, gifts or favours** from anyone with whom the statutory auditor or audit firm has a contractual relationship.

Amendment

4. Persons or firms referred to in paragraph 2 shall not solicit or accept **any gifts and/or benefits** from anyone with whom the statutory auditor or audit firm has a contractual relationship.

Or. it

Amendment 258
Sebastian Valentin Bodu

Proposal for a regulation
Article 8 – paragraph 1 – introductory part

Text proposed by the Commission

1. *I* 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, **three years preceding his dismissal or resignation**, 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 **or was dismissed** as a statutory auditor or key audit partner from the audit engagement, take up any of the following duties:

Or. en

Amendment 259
Evelyn Regner

Proposal for a regulation
Article 8 – paragraph 1 – point a

Text proposed by the Commission

(a) take up a key management position in the audited entity;

Amendment

(a) take up a key management position in the audited entity **or in an entity linked to**

it;

Or. de

Amendment 260
Evelyn Regner

Proposal for a regulation
Article 8 – paragraph 1 – point b

Text proposed by the Commission

(b) become a member of the audit committee of the audited entity or, where such committee does not exist, of the body performing equivalent functions to an audit committee;

Amendment

(b) become a member of the audit committee of the audited entity ***or of an entity linked to it*** or, where such committee does not exist, of the body performing equivalent functions to an audit committee;

Or. de

Amendment 261
Evelyn Regner

Proposal for a regulation
Article 8 – paragraph 1 – point c

Text proposed by the Commission

(c) become a non-executive member of the administrative body or a member of the supervisory body of the audited entity.

Amendment

(c) become a non-executive member of the administrative body or a member of the supervisory body of the audited entity ***or of an entity linked to it***.

Or. de

Amendment 262
Eva Lichtenberger

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.

Or. en

Amendment 263
Sebastian Valentin Bodu

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

deleted

Or. en

Amendment 264
Alajos Mészáros

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 265
Gunnar Hökmark**

**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

See justification for amendment on Recital 11 a (new).

**Amendment 266
Cristian Silviu Buşoi**

**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

In some Member States, national law requires that these services are performed by the statutory auditor. This doesn't necessarily affect the independence of the auditor.

Amendment 267

Paulo Rangel

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. pt

Amendment 268

Antonio Masip Hidalgo

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, ***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 allowed to provide related financial audit services up to a limit of 20% of the total turnover of the audit services.***

Or. en

Amendment 269
Eva Lichtenberger

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. ***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 270
Françoise Castex

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 **20 %** of the fees paid by the audited entity for the statutory audit **for two consecutive years.**

When two statutory auditors or audit firms are appointed, the fees for such services shall be limited to no more than 25 % of the fees paid by the audited entity for the statutory audit for two consecutive years.

However, fees received for related financial services provided pursuant to national or European regulations shall not be taken into account in calculating the above thresholds.

Or. fr

Amendment 271
Sebastian Valentin Bodu

Proposal for a regulation
Article 9 – paragraph 2 a (new)

Text proposed by the Commission

2a. The contractual fees paid by the audited entity to the auditor or to the audit firm, as well as any amendments to these during the contractual term, shall be approved by the audit committee.

Amendment

Or. en

Amendment 272

Klaus-Heiner Lehne, Hubert Pirker, Herbert Dorfmann

Proposal for a regulation

Article 9 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Where Article 37 (2) of Directive 2006/43/EC applies paragraph 2 and 3 of this Article shall not apply.

Or. en

Amendment 273

Françoise Castex

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.

When the total fees received from a public-interest entity subject to the statutory audit represent, **for two consecutive years**, either more than **25 %**, or more than **30 % when two statutory auditors or audit firms are appointed**, of the total annual fees received by the statutory auditor or audit firm carrying out the statutory audit, **these auditors or firms** shall disclose to the audit committee the fact that the total of such fees represents more than **25 %** or **30 %**, 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.

Or. fr

Amendment 274
Evelyn Regner

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

Text proposed by the Commission

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.

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 **supervisory or administrative body of the entity** 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 **supervisory or administrative body** 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.

Or. de

Amendment 275
Evelyn Regner

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

Text proposed by the Commission

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

Amendment

deleted

paragraph.

Or. de

Amendment 276

Antonio Masip Hidalgo, Luigi Berlinguer, Bernhard Rapkay, Sergio Gaetano Cofferati

Proposal for a regulation

Article 9 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Where Article 37 (2) of Directive 2006/43/EC applies paragraph 2 and 3 of this Article shall not apply.

Or. en

Amendment 277

Sari Essayah, Hannu Takkula

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 278

Klaus-Heiner Lehne

Proposal for a regulation
Article 10 – title

Text proposed by the Commission

Amendment

Prohibition of the provision of non-audit services

Provision of non-audit services

Or. en

Amendment 279
Sebastian Valentin Bodu

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 controlled undertakings statutory audit services ***and*** related financial audit services.

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, related financial audit services ***and non-audit services pursuant to this Regulation.***

Or. en

Amendment 280
Paulo Rangel

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 controlled undertakings statutory audit services and related financial audit services.

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, ***and non-audit services not***

prohibited under this Article.

Or. pt

Amendment 281
Giuseppe Gargani

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 **not** provide to the audited entity, to its parent undertaking and to its controlled undertakings statutory audit services and related financial audit services.

Or. it

Amendment 282
Angelika Niebler

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, ***subject to prior approval of the audit committee and as long as these services do not pose a threat to independence that cannot be reduced to an acceptable level by the application of safeguards.***

Or. de

Justification

This amendment broadens the scope of the system of safeguards, with the aim of guaranteeing independence.

Amendment 283
Alexandra Thein, Jürgen Creutzmann

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, related financial audit services **and other assurance services, subject to prior approval of the audit committee and as long as these services do not pose a threat to independence that cannot be reduced to an acceptable level by the application of safeguards.**

Or. de

Justification

This amendment provides for a three-level safeguard system with regard to the provision of services in addition to statutory audit. Firstly, a service may only be provided if there is no threat to the independence of the auditor; secondly, the service must not be explicitly prohibited; and thirdly, the audit committee must approve the provision of all services. Furthermore, the permitted services are now more precisely defined as related financial audit and other assurance services.

Amendment 284
Sebastian Valentin Bodu

Proposal for a regulation
Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

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.

deleted

Or. en

Amendment 285

Paulo Rangel

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

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.

Where the statutory auditor belongs to a network, a member of such *a* 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 ***and non-audit services not prohibited under this Article.***

Or. pt

Amendment 286

Giuseppe Gargani

Proposal for a regulation

Article 10 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

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

Where the statutory auditor belongs to a network, a member of such network may ***not*** 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.

undertakings within the Union statutory audit services or related financial audit services.

Or. it

Amendment 287
Angelika Niebler

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, 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, ***subject to prior approval of the audit committee and as long as these services do not pose a threat to independence that cannot be reduced to an acceptable level by the application of safeguards.***

Or. de

Justification

Complements the amendment to the previous subparagraph.

Amendment 288
Alexandra Thein, Jürgen Creutzmann

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

Amendment

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.

provide to the audited entity, to its parent undertaking and to its controlled undertakings statutory audit services, related financial audit services *and other assurance services, subject to prior approval of the audit committee and as long as these services do not pose a threat to independence that cannot be reduced to an acceptable level by the application of safeguards.*

Or. de

Justification

See amendment to the preceding subparagraph.

Amendment 289
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

The statutory auditor or the audit firm carrying out statutory audit of public-interest entities can provide to the audited entity, beside the statutory audit services, any-other of financial audit related services, to its parent undertaking or to its controlled undertakings.

Or. en

Justification

Audit related services should not be restricted. They are called "audit related" because they are always performed by the auditor of the audited entity.

Amendment 290
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

Member States should encourage engaging small and medium-size audit firms for auditing accounts of the public institutions and state owned companies.

Or. en

Amendment 291
Angelika Niebler

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

Text proposed by the Commission

Amendment

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

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

Or. de

Justification

The amendment seeks to ensure that the list is open-ended.

Amendment 292
Alexandra Thein, Jürgen Creutzmann

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

Text proposed by the Commission

Amendment

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

2. For the purposes of this Article, related financial audit services ***and other assurance services*** shall mean ***in particular:***

Justification

The amended list is not closed, but only indicative. Thus, the provision of other services may be permitted as long as the conditions laid down in paragraph 1 are fulfilled.

Amendment 293

Alexandra Thein, Jürgen Creutzmann

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, *preparation of tax declarations, advice on indirect taxes, payroll tax, transfer prices, customs duties and public support measures, support regarding tax inspections and tax authority enquiries*;

Justification

Auditors are best placed to provide certification on compliance with tax requirements. For small public-interest entities in particular this is an important service whose provision should always be permitted, whether the certification is required by law or not.

Amendment 294

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

Proposal for a regulation

Article 10 – paragraph 2 – point e a (new)

Text proposed by the Commission

(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;

Or. en

Amendment 295

Alexandra Thein, Jürgen Creutzmann

Proposal for a regulation

Article 10 – paragraph 2 – point e a (new)

Text proposed by the Commission

Amendment

(ea) auditing technology systems, 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;

Or. de

Justification

Whilst involvement in the design and implementation of such control and risk-management systems and procedures should be prohibited, the auditing of such systems should be permitted, as the auditor or audit firm needs to rely on the accuracy of the information provided through these systems.

Amendment 296

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 297
Alexandra Thein, Jürgen Creutzmann

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

Text proposed by the Commission

Amendment

(eb) providing assurance on the implementation and further development of electronic data processing systems;

Or. de

Justification

This refers only to assurance services and not to the actual implementation of data processing systems.

Amendment 298
Alexandra Thein, Jürgen Creutzmann

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

Text proposed by the Commission

Amendment

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

Or. de

Amendment 299
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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.

Amendment 300
Alexandra Thein, Jürgen Creutzmann

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

Text proposed by the Commission

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

Amendment

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

Justification

Different national legal requirements still apply, and the auditor or audit firm should obviously be allowed to meet them.

Amendment 301
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

(fa) an audit of the financial information of a group component,
an audit of one or more account balances, classes of transactions or disclosures relating to the likely significant risks of material misstatement of the group financial statements;
specified audit procedures relating to the likely significant risks of material misstatement of the group financial statements.

Justification

In order to avoid unnecessary costs in a group audit, audits or procedures concerning components performed according to ISA 600 shall also be included in the list of audit-related and other assurance services. As these services will be permitted in case of a group audit, the amendment only serves as a clarification.

Amendment 302
Angelika Niebler

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

Text proposed by the Commission

Amendment

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

Or. de

Amendment 303
Alexandra Thein, Jürgen Creutzmann

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

Text proposed by the Commission

Amendment

(fa) providing comfort letters for investors in the context of the issuance of an undertaking's securities and fairness opinions or contribution-in-kind reports.

Or. de

Justification

The auditor or audit firm of an audited entity is usually best placed to provide these services and a potential conflict of interest is unlikely.

Amendment 304
Gunnar Hökmark

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

Text proposed by the Commission

Amendment

2a. Non-audit services provided by the statutory auditor shall be stated in the statutory audit of the audited entity, its parent undertaking and its controlled undertakings.

The list shall outline the extent and characteristics of those non-audit services provided.

Or. en

Justification

See justification for amendment on Recital 11.

Amendment 305
Gunnar Hökmark

Proposal for a regulation
Article 10 – paragraph 3

Text proposed by the Commission

Amendment

3. [...]

deleted

Or. en

Justification

See justification for amendment on Recital 11.

Amendment 306
Sebastian Valentin Bodu

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 non-audit services, ***as laid down in paragraph 5 point a.***

Or. en

Amendment 307
Paulo Rangel

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. pt

Amendment 308
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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

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.

its parent undertaking and to its controlled undertakings *prohibited* non-audit services.

Or. en

Amendment 309
Sebastian Valentin Bodu

Proposal for a regulation
Article 10 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

A statutory auditor or an audit firm carrying out statutory audit of public-interest entities shall provide to the audited entity, to its parent undertaking or to its controlled undertakings non-audit services, as laid down in paragraph 5 p(b), only upon the approval of the Audit Committee.

Or. en

Amendment 310
Sebastian Valentin Bodu

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 311
Paulo Rangel

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 *a* 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. pt

Amendment 312
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 313
Antonio Masip Hidalgo

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

Text proposed by the Commission

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

Amendment

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

unrelated to the audit, general management and other advisory services such as:

Or. en

Amendment 314
Paulo Rangel

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. pt

Amendment 315
Angelika Niebler

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, non-audit services shall mean **in particular**:

Or. de

Justification

This amendment seeks to ensure that the list of non-audit services is not closed, but only indicative. All non-audit services are prohibited.

Amendment 316
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 317

Alexandra Thein, Jürgen Creutzmann

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, non-audit services shall mean ***in particular***:

Or. de

Justification

This amendment specifies that the list of non-audit services is not a closed one, but merely indicative, which means that any non-audit service, whether explicitly referred to or not, is prohibited.

Amendment 318

Sebastian Valentin Bodu

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 319
Paulo Rangel

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. pt

Amendment 320
Antonio Masip Hidalgo

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) tax consultancy;*

Or. en

Amendment 321
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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;*

Amendment 322

Paulo Rangel

Proposal for a regulation

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

Text proposed by the Commission

(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**;

Amendment

(iii) designing and implementing internal control or risk management **systems** related to the preparation and/or control of financing information included in the financial statements **constituting a significant part of the internal review of the audited entity's financial reporting or giving rise to information significant to the accounting records or of statutorily audited financial statements**;

Or. pt

Amendment 323

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

Proposal for a regulation

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

Text proposed by the Commission

(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**;

Amendment

(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 324

Alexandra Thein, Jürgen Creutzmann

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 **technology systems and** 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;

Or. de

Justification

Merged with point (vi).

Amendment 325

Antonio Masip Hidalgo

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, providing fairness opinions or contribution-in-kind reports, **where the valuation would have a material effect, separately or in the aggregate, on the financial statements;**

Or. en

Amendment 326

Sebastian Valentin Bodu

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 327

Paulo Rangel

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) services ***for the valuation of assets or financial liabilities constituting materially relevant amounts in the context of financial statements and whose valuation involves a high degree of subjectivity;***

Or. pt

Amendment 328

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 329

Alexandra Thein, Jürgen Creutzmann

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. de

Justification

Providing fairness opinions or contribution-in-kind reports should be permitted.

Amendment 330

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 331

Klaus-Heiner Lehne

Proposal for a regulation

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

Text proposed by the Commission

Amendment

(va) legal or tax advisory services that extend beyond the presentation of structuring alternatives and that would have a direct and material impact on the financial statements to be audited;

Or. en

Amendment 332
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 333
Antonio Masip Hidalgo

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;

(vi) designing and implementing financial information technology systems for public-interest entities;

Or. en

Amendment 334
Françoise Castex

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

(vi) designing and implementing financial information technology systems;

2(13)(b) to (j) of Directive 2006/43/EC;

Or. fr

Amendment 335
Angelika Niebler

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;**

(vi) designing **or** implementing financial information technology systems;

Or. de

Amendment 336
Paulo Rangel

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;**

(vi) designing and implementing financial information technology systems for public-interest entities, **except where the audited entity is responsible for the internal control system as a whole or the service is provided in accordance with specifications which the audited entity has laid down;**

Or. pt

Amendment 337
Alexandra Thein, Jürgen Creutzmann

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**;

(vi) designing **or** implementing financial information technology systems;

Or. de

Amendment 338

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

Proposal for a regulation

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

Text proposed by the Commission

Amendment

(vii a) payroll services;

Or. en

Amendment 339

Paulo Rangel

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.

deleted

Or. pt

Amendment 340

Antonio Masip Hidalgo

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) preparing, promoting, dealing in or underwriting shares in the audit client.

Or. en

Amendment 341
Françoise Castex

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 services, including recruiting senior management;

Or. fr

Amendment 342
Angelika Niebler

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 services, including recruiting senior management;

Or. de

Amendment 343
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 344
Alexandra Thein, Jürgen Creutzmann

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 services, including recruiting senior management;

Or. de

Amendment 345
Eva Lichtenberger

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 346
Angelika Niebler

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

Text proposed by the Commission

Amendment

(viiib) 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 347

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 348

Alexandra Thein, Jürgen Creutzmann

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;

Or. de

Justification

Clarification of the permitted tax advice services.

Amendment 349
Eva Lichtenberger

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

Text proposed by the Commission

Amendment

(viii b) tax consultancy and advising services

Or. en

Amendment 350
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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

Text proposed by the Commission

Amendment

(viii c) promoting, dealing in, or underwriting client shares;

Or. en

Amendment 351
Eva Lichtenberger

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

Text proposed by the Commission

Amendment

(viii c) 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 352

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 353

Angelika Niebler

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.

Justification

The deletion of this point merely serves to draw a distinction between related financial audit services and non-audit services, given that the latter definitely involve conflicts of interest. This provides greater legal certainty.

Amendment 354

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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.

Amendment 355

Alexandra Thein, Jürgen Creutzmann

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

Justification

The proposal is that only permitted services should be listed, as all services require the prior approval of the audit committee or the supervisory board. Due diligence services should not be provided by the auditor or by the audit firm and can be provided by third-party auditors.

Amendment 356
Françoise Castex

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. fr

Amendment 357
Antonio Masip Hidalgo

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

Text proposed by the Commission

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

Amendment

(i) human resources services, including recruiting senior management ***in a position to exert significant influence over the preparation of the accounting records or financial statements subject to the statutory audit;***

Or. en

Amendment 358
Paulo Rangel

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

Text proposed by the Commission

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

Amendment

(i) human resources services ***related to*** senior management;

Or. pt

Amendment 359
Sebastian Valentin Bodu

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

Text proposed by the Commission

(ia) audit non-related specialised services, fiscal consultancies, general management services and other consulting services;

Amendment

Or. en

Amendment 360
Sebastian Valentin Bodu

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 361
Paulo Rangel

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. pt

Amendment 362
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

(iia) fairness opinions

Or. en

Amendment 363
Françoise Castex

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. fr

Amendment 364
Paulo Rangel

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. pt

Amendment 365
Paulo Rangel

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 366
Eva Lichtenberger

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 367
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

The draw out conditions for reports on in-kind capital contribution, drawn up by a statutory auditor or an audit firm and provided to the audited entity, to its parent undertaking or to its controlled undertakings will be adopted through national regulations.

Or. en

Amendment 368
Paulo Rangel

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

Text proposed by the Commission

Amendment

A statutory auditor or audit firm may provide non-audit services other than services prohibited under paragraph 3 of this Article where the provision of those services has been approved by the audit committee and the competent authority has not exercised its power to prohibit the provision of the services in question.

Or. pt

Amendment 369
Sebastian Valentin Bodu

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 370
Giuseppe Gargani

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

deleted

authority referred to in Article 35(1).

Or. it

Amendment 371

Paulo Rangel

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. pt

Amendment 372

Evelyn Regner

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

Justification

The ban on combining the provision of non-audit services with the function of independent statutory auditor acting in the public interest must be maintained. A strict separation must be maintained between auditing and the provision of advice.

Amendment 373
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 374
Alexandra Thein, Jürgen Creutzmann

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

Justification

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

Amendment 375
Françoise Castex

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

Text proposed by the Commission

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).

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(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).

Or. fr

Amendment 376
Sebastian Valentin Bodu

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

Text proposed by the Commission

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.

Amendment

deleted

Or. en

Amendment 377
Giuseppe Gargani

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

Text proposed by the Commission

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

Amendment

deleted

to prior approval by the audit committee as referred to in Article 31 of this Regulation.

Or. it

Amendment 378
Paulo Rangel

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. pt

Amendment 379
Evelyn Regner

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. de

Justification

The ban on combining the provision of non-audit services with the function of independent statutory auditor acting in the public interest must be maintained. A strict separation must be maintained between auditing and the provision of advice.

Amendment 380

Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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 381

Alexandra Thein, Jürgen Creutzmann

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. de

Justification

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

Amendment 382
Françoise Castex

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

Text proposed by the Commission

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.

Amendment

By derogation from the first and second subparagraphs, the services mentioned in point (b)(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.

Or. fr

Amendment 383
Giuseppe Gargani

Proposal for a regulation
Article 10 – paragraph 4 – subparagraph 1

Text proposed by the Commission

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.

Amendment

deleted

Or. it

Amendment 384
Giuseppe Gargani

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. it

Amendment 385
Sebastian Valentin Bodu

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**

Or. en

Amendment 386
Klaus-Heiner Lehne

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

The involvement of the member of the network in the decision-taking of the audited entity and shall be considered as affecting such independence in all cases.

Or. en

Justification

Clarification that the member of the network (not the auditor himself) is involved in the decision-taking.

Amendment 387
Paulo Rangel

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 shall be considered as affecting such independence in all cases.

Or. pt

Amendment 388
Alexandra Thein, Jürgen Creutzmann

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

Amendment

Being involved in the decision-taking of the audited entity and the provision of ***non-***

services *referred to in points (ii) and (iii) of paragraph 3(a)* shall be considered as affecting such independence in all cases.

audit services shall be considered as affecting such independence in all cases.

Or. de

Justification

As a system of permitted audit-related and other assurance services, on the one hand, and non-audit services, on the other, is being introduced, the latter should always be regarded as affecting independence.

Amendment 389
Sebastian Valentin Bodu

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 390
Paulo Rangel

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. pt

Amendment 391
Alexandra Thein, Jürgen Creutzmann

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. de

Justification

Obsolete owing to the ban on the provision of all non-audit services and the changes to the preceding paragraph.

Amendment 392
Sebastian Valentin Bodu

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 393
Alajos Mészáros

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 ***deleted***

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

Amendment 394
Paulo Rangel

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

deleted

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. pt

Amendment 395
Françoise Castex

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. fr

Amendment 396
Giuseppe Gargani

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. it

Amendment 397

Sharon Bowles, Alexandra Thein, Cecilia Wikström, Rebecca Taylor, Jürgen Creutzmann

**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 398
Alexandra Thein, Jürgen Creutzmann

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 399
Sebastian Valentin Bodu

Proposal for a regulation
Article 10 – paragraph 5 – introductory part

Text proposed by the Commission

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:

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 revenues which exceed EUR 1 500 million within the European Union, **the audit firm can provide non-audit services referred to in Art. 10 paragraph 5 point b to public interest entities if complies** with the following **cumulative** conditions:

Or. en

Justification

This article intends to tackle the issue of ... of services. For that, a cap on the permitted non-audit services should leave room for the small and medium firms to provide non-audit services to public interest entities. Once they will become reliable non-audit service providers, they will naturally extend their services to audit services. Any limitation to the audit services will lead to uncertainties among investors, which is undesirable.

Amendment 400
Sebastian Valentin Bodu

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. en

Amendment 401
Sebastian Valentin Bodu

Proposal for a regulation
Article 10 – paragraph 5 – point a a (new)

Text proposed by the Commission

Amendment

(aa) during the first year of application of the present paragraph:

(i) the non-audit services value provided to each public interest entity can not exceed 90% of the annual total audit fees paid by the public interest entity to the audit firm;

(ii) the non-audit services value provided to public interest entities can not exceed 65% of the annual total income value for the audit firm, originated in payments from public interest entities;

Or. en

Amendment 402
Sebastian Valentin Bodu

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. en

Amendment 403
Sebastian Valentin Bodu

Proposal for a regulation
Article 10 – paragraph 5 – point b a (new)

Text proposed by the Commission

Amendment

(ba) during the second year of application of the present paragraph:

(i) the non-audit services value provided to each public interest entity can not exceed 80% of the annual total audit fees paid by the public interest entity to the audit firm;

(ii) the non-audit services value provided to public interest entities can not exceed 55% of the annual total income value for the audit firm, originated in payments from public interest entities;

Or. en

Amendment 404
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

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

deleted

capital or of the voting rights in the audit firm;

Or. en

Amendment 405
Sebastian Valentin Bodu

Proposal for a regulation
Article 10 – paragraph 5 – point c a (new)

Text proposed by the Commission

Amendment

(ca) during the third year of application of the present paragraph:

(i) the non-audit services value provided to each public interest entity can not exceed 70% of the annual total audit fees paid by the public interest entity to the audit firm;

(ii) the non-audit services value provided to public interest entities can not exceed 45% of the annual total income value for the audit firm, originated in payments from public interest entities;

Or. en

Amendment 406
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

(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;

deleted

Or. en

Amendment 407
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

(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.

deleted

Or. en

Amendment 408
Klaus-Heiner Lehne

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

No delegation to the Commission as this decision can only be taken by the legislators.

Amendment 409
Sebastian Valentin Bodu

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

Amendment 410
Gunnar Hökmark

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

See justification for amendments on Recital 11 and Recital 11 a (new).

Amendment 411
Paulo Rangel

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. 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 ***prohibited*** 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.

Or. pt

Amendment 412
Sharon Bowles, Alexandra Thein

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. 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 413
Sharon Bowles, Cecilia Wikström, Rebecca Taylor

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;

(d) 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;

(e) 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 414
Sebastian Valentin Bodu

Proposal for a regulation
Article 11

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Justification

The text of this article is already in the ISQC 1 and IFAC.

Amendment 415
Klaus-Heiner Lehne

Proposal for a regulation
Article 11 – paragraph 3

Text proposed by the Commission

Amendment

3. A statutory auditor or audit firm shall keep records of the assessments referred to in paragraphs 1 and 2 and shall document in the audit working papers all significant threats to his, her or its independence as well as the safeguards applied to mitigate those threats.

deleted

Or. en

Justification

This provision already exists in Art. 22 para 3 of Directive 2006/43/EC and is therefore not needed in the Regulation.

Amendment 416
Bernhard Rapkay

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

Text proposed by the Commission

Amendment

(a) confirm annually in writing to the **audit committee** his, her or its independence from the audited entity;

(a) confirm annually in writing to the **supervisory or administrative body of the entity** his, her or its independence from the audited entity;

Or. de

Amendment 417
Bernhard Rapkay

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

Text proposed by the Commission

Amendment

(b) confirm annually in writing to the **audit committee** the names of the audit partners, senior manager and manager of the core team conducting the statutory audit, certifying that there are no conflicts of interest;

(b) confirm annually in writing to the **supervisory or administrative body of the entity** the names of the audit partners, senior manager and manager of the core team conducting the statutory audit, certifying that there are no conflicts of interest;

Or. de

Amendment 418
Bernhard Rapkay

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 **supervisory or administrative body of the entity** to provide the non-audit services referred to in Article 10(3)(b)(i) and (ii) to the audited entity;

Or. de

Amendment 419
Paulo Rangel

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 non-audit services **other than non-audit services prohibited under Article 10(3)** to the audited entity;

Or. pt

Amendment 420
Paulo Rangel

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. pt

Amendment 421
Bernhard Rapkay

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

Text proposed by the Commission

Amendment

(e) discuss with the *audit committee* the threats to their independence and the safeguards applied to mitigate those threats, as documented by them pursuant to paragraph 3.

(e) discuss with the *supervisory or administrative body of the entity* the threats to their independence and the safeguards applied to mitigate those threats, as documented by them pursuant to paragraph 3.

Or. de

Amendment 422
Sajjad Karim

Proposal for a regulation
Article 13 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

Where a statutory auditor or an audit firm

Where a statutory auditor or an audit firm

carries out statutory audit of a public-interest entity which is part of a group of undertakings whose parent undertaking is situated in a third country, the confidentiality and professional secrecy rules referred to in Article 23(1) of Directive 2006/43/EC shall not impede the transfer by the statutory auditor or audit firm of relevant documentation of the audit work performed to the group auditor situated in a third country if such documentation is **exclusively** necessary for the **preparation** of the audit of consolidated financial statements of the parent undertaking.

carries out statutory audit of a public-interest entity which is part of a group of undertakings whose parent undertaking is situated in a third country, the confidentiality and professional secrecy rules referred to in Article 23(1) of Directive 2006/43/EC shall not impede the transfer by the statutory auditor or audit firm of relevant documentation of the audit work performed to the group auditor situated in a third country if such documentation is necessary for the **performance** of the audit of consolidated financial statements of the parent undertaking.

Or. en

Amendment 423
Eva Lichtenberger

Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

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.

Amendment

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 424
Eva Lichtenberger

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 425
Antonio Masip Hidalgo

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 426
Marielle Gallo

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 427
Eva Lichtenberger

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 428
Sebastian Valentin Bodu

Proposal for a regulation
Article 19

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Amendment 429
Klaus-Heiner Lehne

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 *as adopted under* 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.

Or. en

Justification

Alignment with Art. 26 of Directive 2006/43/EC.

Amendment 430
Sari Essayah, Hannu Takkula

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 431
Sebastian Valentin Bodu

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

Amendment 432
Giuseppe Gargani

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

When carrying out the statutory audit of public-interest entities 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 ***that*** are in conformity with the requirements of this Regulation.

Or. it

Amendment 433
Eva Lichtenberger

Proposal for a regulation
Article 21 – paragraph 1 – indent 2

Text proposed by the Commission

Amendment

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

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

Or. en

Amendment 434
Eva Lichtenberger

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 435
Sari Essayah, Hannu Takkula

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 436
Eva Lichtenberger

Proposal for a regulation
Article 22 – paragraph 2 – introductory part

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 437
Sajjad Karim

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

Text proposed by the Commission

(b) *specify* the annual or consolidated financial statements and the date **and** period **they cover**;

Amendment

(b) **identify the title of each financial statement included in** the annual or consolidated financial statements **of the individual entity or consolidated group**, and the date **of, or** period **covered by each financial statement**;

Or. en

Amendment 438
Sajjad Karim

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

Text proposed by the Commission

(c) *explain, where additional reports have been reviewed, the scope of such review*;

Amendment

(c) **report concerning the consistency, in all material respects, or otherwise of the management report or consolidated management report with the annual**

financial statements or consolidated financial statements, respectively, for the same financial year, and report on whether, based on the audit, the auditor has identified material inconsistencies between the audited financial statements and any other information in a document(s), if any, containing or accompanying those financial statements, and to clearly identify in the auditor's report that other information and include a description of the auditor's responsibilities in this regard in accordance with the requirements of the international auditing standards as referred to in Article 26 of Directive 2006/43/EC.

Or. en

Amendment 439
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

(ca) report on

- whether the management report has been prepared in accordance with the applicable legal requirements

- whether according to the auditor's knowledge and understanding of the undertaking and its environment obtained during the course of the audit, the management report as a whole suitably presents the undertaking's position, the opportunities and principal risks and uncertainties of its likely future development.

Or. en

Justification

Alignment with corresponding provision agreed upon in the review of the accounting directives.

Amendment 440
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

(e) indicate the date of the appointment and the period of total uninterrupted engagement including previous renewals and reappointments;

deleted

Or. en

Justification

Moved to Art 23.

Amendment 441
Sajjad Karim

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

Text proposed by the Commission

Amendment

(fa) in support of the audit opinion on the true and fair view of annual or consolidated financial statements as a whole, as required in point (t), provide for each significant audit risk – as defined in accordance with the international standards on auditing referred to in Article 26 of Directive 2006/43/EC – information provided in audit reports shall include the following:

(i) a description of the most important

assessed risks of material misstatement, including assessed risk(s) of material misstatement due to fraud;

(ii) a summary of the auditor's response to those risks; and

(iii) key observations from that audit work.

Where relevant to the above information provided in the audit report, a clear reference to the relevant disclosures in the financial statements shall be provided.

The information referred to above in respect of most important assessed risks of material misstatement that is to be disclosed in the audit report shall be selected from the matters discussed with the audit committee of the entity in accordance with the requirements of the international auditing standards as referred to in Article 26 of Directive 2006/43/EC.

Or. en

Amendment 442
Giuseppe Gargani

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

Text proposed by the Commission

Amendment

(fa) in support of the audit opinion on the true and fair view of annual or consolidated financial statements as a whole, as required in point (t), provide for each significant audit risk – as defined in accordance with the international standards on auditing referred to in Article 26 of Directive 2006/43/EC – the information provided in the audit report shall include the following:

(i) a description of all assessed risks of

material misstatement;

(ii) a summary of the auditor's response to those risks; and

(iii) key observations from that audit work.

Where relevant to the above information provided in the audit report on each significant audit risk, a reference to the relevant disclosures in the financial statements shall be provided.

The information referred to above in respect of most important assessed risks of material misstatement that is to be disclosed in the audit report shall be selected from among the matters that have come to light during the audit work.

Or. it

Amendment 443
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

(fa) in support of the audit opinion on the true and fair view of annual or consolidated financial statements as a whole, as required in point (t), provide for each significant audit risk – as defined in accordance with the international standards on auditing referred to in Article 26 of Directive 2006/43/EC – information provided in audit report shall include the following:

(i) a description of the most important assessed risks of material misstatement, including assessed risk(s) of material misstatement due to fraud;

(ii) a summary of the auditor's response to those risks; and

(iii) key observations from that audit work, if necessary;

Where relevant to the above information provided in the audit report on each significant audit risk, a clear reference to the relevant disclosures in the financial statements shall be provided.

Or. en

Amendment 444
Antonio Masip Hidalgo

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

Text proposed by the Commission

(h) describe the used methodology, *including how much of the balance sheet has been directly verified and how much has been based on system and compliance testing;*

Amendment

(h) describe the used methodology, *the aim of the audit and its degree of reliability.*

Or. en

Justification

Already prescribed in Art. 23 j. It should be recommendable to focus this point of the audit report on the aim of the audit.

Amendment 445
Antonio Masip Hidalgo

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

Text proposed by the Commission

(l) provide a statement on the situation of the audited entity or, in case of the statutory audit of consolidated financial statements, of the parent undertaking and

Amendment

(l) provide a statement on the situation of the audited entity or, in case of the statutory audit of consolidated financial statements, of the parent undertaking and

the group, *especially an assessment of* the entity's or the parent undertaking's and group's ability to meet its/their obligation in the foreseeable future and therefore continue as a going concern;

the group, *including ratios to assess* the entity's or the parent undertaking's and group's ability to meet its/their obligation in the foreseeable future and therefore continue as a going concern;

Or. en

Amendment 446
Eva Lichtenberger

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

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 447
Paulo Rangel

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

Text proposed by the Commission

(q) declare that the non-audit services referred to in Article 10(3) were not provided and that the statutory auditor(s) or the audit firm(s) remained completely independent in conducting the audit. Where the statutory audit was carried out by an audit firm, the report shall identify each member of the audit engagement team and shall state that all members remained completely independent and had no direct or indirect interest in the audited entity;

Amendment

(q) declare that the *prohibited* non-audit services referred to in Article 10(3) were not provided and that the statutory auditor(s) or the audit firm(s) remained completely independent in conducting the audit. Where the statutory audit was carried out by an audit firm, the report shall identify each member of the audit engagement team and shall state that all members remained completely independent and had no direct or indirect interest in the audited entity;

Amendment 448
Paulo Rangel

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 ***other than those*** referred to in **Article 10(3)** that the audit committee allowed the statutory auditor or the audit firm to provide to the audited entity;

Amendment 449
Paulo Rangel

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

Amendment 450
Klaus-Heiner Lehne

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 **as well as the management report** 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 **as well as the management report** comply with statutory requirements; the audit opinion shall be either **unmodified**, 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

Or. en

Justification

The consideration of the management report is important due to changes in the accounting directives.

Amendment 451
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

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;

reporting framework and, where appropriate, whether the annual or consolidated financial statements comply with statutory requirements; the audit opinion shall be either unqualified, qualified, 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. ***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 452
Giuseppe Gargani

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

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 ***and asset-related*** 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;

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;

Or. it

Amendment 453
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

(w) identify where the statutory auditor(s) or audit firm(s) is established.

deleted

Or. en

Justification

Unnecessary information

Amendment 454
Eva Lichtenberger

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 455
Eva Lichtenberger

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 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 456

Sharon Bowles, Alexandra Thein, Cecilia Wikström, Rebecca Taylor, Jürgen Creutzmann

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 457
Eva Lichtenberger

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 458
Klaus-Heiner Lehne

Proposal for a regulation
Article 22 – paragraph 6

Text proposed by the Commission

6. Article 35 of Directive [XXX] on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings shall not apply to audit reports of public-interest entities.

Amendment

deleted

Or. en

Justification

This provision needs to be aligned with the accounting directives.

Amendment 459
Bernhard Rapkay

Proposal for a regulation
Article 23 – title

Text proposed by the Commission

Amendment

Additional report to the *audit committee*

Additional report to the *supervisory or administrative body*

Or. de

Amendment 460
Klaus-Heiner Lehne

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

Text proposed by the Commission

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.

The statutory auditor(s) or the audit firm(s) shall submit an additional report to the audit committee of the audited entity.

Or. en

Justification

The additional report should be introduced for all statutory audits, e.g. for medium-seized and large companies as well as PIEs.

Amendment 461
Bernhard Rapkay

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

Text proposed by the Commission

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

The statutory auditor(s) or the audit firm(s) carrying out statutory audit of public-interest entities shall submit an additional report to the *supervisory or administrative*

entity.

body of the audited entity.

Or. de

Amendment 462
Eva Lichtenberger

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 463
Sharon Bowles, Alexandra Thein

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

Text proposed by the Commission

Amendment

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 464
Bernhard Rapkay

Proposal for a regulation
Article 23 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

If the audited entity does not have an audit committee, the additional report shall be submitted to the body performing equivalent functions within the audited entity.

deleted

Or. de

Amendment 465
Bernhard Rapkay

Proposal for a regulation
Article 23 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

The ***audit committee*** or the body performing equivalent functions shall be allowed to transmit the additional report to the management, ***administrative or supervisory*** body of the audited entity.

The ***supervisory or administrative body of the entity*** or the body performing equivalent functions shall be allowed to transmit the additional report to the management body of the audited entity.

Or. de

Amendment 466
Antonio Masip Hidalgo

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.***

The additional report shall be disclosed to the general meeting of the audited entity.

Or. en

Amendment 467
Bernhard Rapkay

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

Text proposed by the Commission

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.

Amendment

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

Or. de

Amendment 468
Bernhard Rapkay

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

Text proposed by the Commission

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.

Amendment

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

Or. de

Amendment 469
Bernhard Rapkay

Proposal for a regulation
Article 23 – paragraph 2 – introductory part

Text proposed by the Commission

2. The additional report to the **audit committee** shall be in writing. It shall explain in detail and explicitly the results of the statutory audit carried out and shall

Amendment

2. The additional report to the **supervisory or administrative body of the entity** shall be in writing. It shall explain in detail and explicitly the results of the statutory audit

at least:

carried out and shall at least:

Or. de

Amendment 470

Paulo Rangel

Proposal for a regulation

Article 23 – paragraph 2 – point a

Text proposed by the Commission

Amendment

(a) include a declaration of independence
*as provided for in point (q) of
Article 22(2);*

(a) include a declaration of independence;

Or. pt

Amendment 471

Klaus-Heiner Lehne

Proposal for a regulation

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

Text proposed by the Commission

Amendment

*(aa) if not already disclosed in the
management report or the annual
financial statements for the same
financial year, indicate the date of the
appointment of the statutory auditor(s) or
the audit firm and the period of total
uninterrupted engagement including
previous renewals and reappointments of
the statutory auditor(s) or the audit firm;*

Or. en

Justification

Moved and modified from Art. 22 para 2 lit e.

Amendment 472
Bernhard Rapkay

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

Text proposed by the Commission

(b) identify the dates of the meetings with the audit committee *or the body performing equivalent functions within* the audited entity;

Amendment

(b) identify the dates of the meetings with the audit committee *and or with the supervisory or administrative body of* the audited entity;

Or. de

Amendment 473
Bernhard Rapkay

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

Text proposed by the Commission

(c) identify the dates of the meetings, if any, with the management, *administrative or supervisory* body of the audited entity;

Amendment

(c) identify the dates of the meetings, if any, with the management body of the audited entity;

Or. de

Amendment 474
Antonio Masip Hidalgo

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

Or. en

Amendment 475
Marielle Gallo

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

Or. en

Amendment 476
Sharon Bowles, Alexandra Thein, Cecilia Wikström, Rebecca Taylor, Jürgen Creutzmann

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;**

Or. en

Amendment 477
Sebastian Valentin Bodu

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

Text proposed by the Commission

Amendment

(ea) (ea) include significant findings from the statutory audit including:

(i) a statement of events or conditions identified in the course of the statutory audit that may cast significant doubt on the audited entity's ability to continue as a going concern and whether those events or conditions constitute a material uncertainty;

(ii) summary information on guarantees, comfort letters, undertakings of public intervention and other support measures that have been relied upon when making a going concern assessment;

(iii) details of any material errors or omissions in the accounting records, the annual or consolidated financial statements and other reports subject to audit - if those were used and influenced the financial statements - identified during the course of the statutory audit;

(iv) matters involving non-compliance with laws and regulations identified during the course of the statutory audit, insofar as they are considered to be relevant in order to enable the audit committee to fulfil its tasks;

(v) any significant deficiencies in internal control that have been identified. For each such significant deficiency, the additional report shall state whether or not the deficiency in question has been resolved by the management. In addition, it shall include information regarding any additional audit procedures performed to compensate for the deficiency in the entity's internal control in the specific

areas concerned;

(vi) the views of the statutory auditor or audit firm about the significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates, valuations and financial statement disclosures;

(vii) any significant judgements as regards the application of principles of consolidation in the case of a statutory audit of consolidated financial statements;

(viii) a statement of any significant difficulties encountered during the audit;

(ix) a statement of any significant matters arising from the audit that were discussed, or the subject of correspondence, with the management;

(x) a statement of any other matters arising from the statutory audit that, in the auditor's professional judgement, are significant to the oversight of the financial reporting process;

(xi) a statement as to whether all requested explanations and documents were provided by the audited entity.

Or. en

Amendment 478
Eva Lichtenberger

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 479
Bernhard Rapkay

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

Text proposed by the Commission

(h) indicate and explain in detail all instances of non-compliance, including non-material instances as far as it is considered to be important to the **audit committee** in order to fulfil its tasks;

Amendment

(h) indicate and explain in detail all instances of non-compliance, including non-material instances as far as it is considered to be important to the **supervisory or administrative body of the entity** in order to fulfil its tasks;

Or. de

Amendment 480
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

(ha) provide for each significant audit risk – as defined in accordance with the international standards on auditing referred to in Article 26 of Directive 2006/43/EC – information which shall include the following:

- i. a description of the most important assessed risks of material misstatement, including assessed risk(s) of material misstatement due to fraud***
- ii. a summary of the auditor's response to those risks; and***
- iii. key observations from that audit work.***

Where relevant to the above information provided in the additional report to the audit committee on each significant audit risk, a clear reference to the relevant

disclosures in the financial statements shall be provided. The information referred to above in respect of most important assessed risks of material misstatement that is to be disclosed in the additional report to the audit committee shall be selected from the matters discussed with the audit committee of the entity in accordance with the requirements of the international auditing standards as referred to in Article 26 of Directive 2006/43/EC

Or. en

Amendment 481
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

(j) provide full details of all guarantees, comfort letters, undertakings of public intervention and other support measures that have been relied upon when making a going concern assessment;

deleted

Or. en

Justification

This information should be disclosed by management and not by the auditor.

Amendment 482
Eva Lichtenberger

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 483
Eva Lichtenberger

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 484
Eva Lichtenberger

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 485
Klaus-Heiner Lehne

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

Text proposed by the Commission

Amendment

2a. The statutory auditor or audit firm has to discuss the additional report with the audit committee.

Or. en

Justification

In line with ISA.

Amendment 486
Bernhard Rapkay

Proposal for a regulation
Article 23 – paragraph 3

Text proposed by the Commission

Amendment

3. In case of disagreement between the appointed statutory auditors or audit firms on auditing procedures, accounting rules or any other issue regarding the conduct of the statutory audit, the reasons for such disagreement shall be explained in the additional report to the *audit committee*.

3. In case of disagreement between the appointed statutory auditors or audit firms on auditing procedures, accounting rules or any other issue regarding the conduct of the statutory audit, the reasons for such disagreement shall be explained in the additional report to the *supervisory or administrative body of the entity*.

Or. de

Amendment 487
Bernhard Rapkay

Proposal for a regulation
Article 23 – paragraph 4

Text proposed by the Commission

4. The additional report to the **audit committee** shall be signed and dated by the statutory auditor(s) or the audit firm(s). Where an audit firm carries out the statutory audit, the additional report to the **audit committee** shall be signed by at least the statutory auditor(s) carrying out the statutory audit on behalf of the audit firm.

Amendment

4. The additional report to the **supervisory or administrative body of the entity** shall be signed and dated by the statutory auditor(s) or the audit firm(s). Where an audit firm carries out the statutory audit, the additional report to the **supervisory or administrative body of the entity** shall be signed by at least the statutory auditor(s) carrying out the statutory audit on behalf of the audit firm.

Or. de

Amendment 488
Bernhard Rapkay

Proposal for a regulation
Article 23 – paragraph 5

Text proposed by the Commission

5. Upon request, the statutory auditor(s) or the audit firm(s) shall make available without delay the additional report to the competent authorities.

Amendment

deleted

Or. de

Amendment 489
Eva Lichtenberger

Proposal for a regulation
Article 23 – paragraph 5

Text proposed by the Commission

5. Upon request, the statutory auditor(s) or the audit firm(s) shall make available without delay the additional report to the competent authorities.

Amendment

5. The statutory auditor(s) or the audit firm(s) shall make available without delay the additional report to the competent authorities.

Amendment 490
Eva Lichtenberger

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 auditors(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.

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 491
Bernhard Rapkay

Proposal for a regulation
Article 24 – title

Text proposed by the Commission

Oversight of the statutory audit by the *audit committee*

Amendment

Oversight of the statutory audit by the *supervisory or administrative body*

Or. de

Amendment 492
Jean-Pierre Audy

Proposal for a regulation
Article 24 – title

Text proposed by the Commission

Oversight of the statutory audit by the audit committee

Amendment

Checking of the statutory audit by the audit committee

Amendment 493
Antonio Masip Hidalgo

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 494
Bernhard Rapkay

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 ***supervisory or administrative body*** of the public-interest entity shall monitor the work of the statutory auditor(s) or audit firm(s) carrying out the statutory audit.

Or. de

Amendment 495
Marielle Gallo

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 496
Jean-Pierre Audy

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 ***check*** the work of the statutory auditor(s) or audit firm(s) carrying out the statutory audit.

Or. fr