

Chapter 15

Disqualification of auditors and actuaries

15.2 Disqualification of auditors and actuaries under its powers contained in section 345, section 249 and section 261K of the Act: the FCA's general approach

- 15.2.1 The *FCA* recognises that the use of its powers to disqualify auditors and *actuaries* will have serious consequences for the auditors or *actuaries* concerned and their clients; it will therefore exercise its power to impose a disqualification in a way that is proportionate to the particular breach of duty concerned. The *FCA* will consider the seriousness of the breach of duty when deciding whether to exercise its power to disqualify and the scope of any disqualification.
- 15.2.2 *Actuaries* appointed by *firms* under ■ rule 4.3.1 of the *FCA*'s Supervision Manual are *approved persons* and as such will be subject to *APER* or *COCON*, as applicable. When deciding whether to exercise its power to disqualify an *actuary* who is an *approved person*, the *FCA* will consider whether the particular breach of duty can be adequately addressed by the exercise of its disciplinary powers in relation to *approved persons*.
- 15.2.3 In cases where the nature of the breach of duties imposed on the auditors and *actuaries* under the *Act* (and/or in the case of *actuaries* imposed by *trust scheme rules* or *contractual scheme rules*) is such that the *FCA* has concerns about the fitness and propriety of an individual auditor or *actuary*, the *FCA* will consider whether it is appropriate to make a *prohibition order* instead of, or in addition to, disqualifying the individual.
- 15.2.4 A disqualification order will be made against the *person* appointed as auditor or *actuary* of the *firm*. In the case of *actuaries*, the disqualification order will be made against the individual appointed by the *firm*. In the case of auditors, the disqualification order will depend on the terms of the appointment. Where the *firm* has appointed a named individual as auditor the disqualification will be made against that individual and this will be the case where the individual concerned is a member of a *firm* of auditors. Where the *firm* has appointed a firm as auditor the disqualification order will be against that firm. Where the *person* appointed is a *limited liability partnership* the disqualification order will be against the *limited liability partnership* rather than its members.