

**Supervision**

# Chapter 3

## Auditors

## 3.3 Appointment of auditors

### Purpose

- 3.3.1** **G** This section requires a *firm* to appoint an auditor and supply the appropriate regulator with information about its auditor. The *appropriate regulator* requires such information to ensure that the *firm* has an auditor.

### Appointment by firms

- 3.3.2** **R** A *firm* to which this section applies (see **■ SUP 3.1**) must:
- (1) appoint an auditor;
  - (2) notify the *appropriate regulator*, without delay, on the form in **■ SUP 15 Ann 3** (Notification to amend firm details form), in accordance with the instructions on the form, when it is aware that a vacancy in the office of auditor will arise or has arisen, giving the reason for the vacancy;
  - (3) appoint an auditor to fill any vacancy in the office of auditor which has arisen;
  - (4) ensure that the replacement auditor can take up office at the time the vacancy arises or as soon as reasonably practicable after that; and
  - (5) notify the *appropriate regulator* of the appointment of an auditor, on the form in **■ SUP 15 Ann 3** (Notification to amend firm details form), in accordance with the instructions on the form, advising the *appropriate regulator* of the name and business address of the auditor appointed and the date from which the appointment has effect.

- 3.3.3A** **G** **■ SUP 3.3.2 R** applies to every *firm* to which this section applies. That includes a *firm* which is under an obligation to appoint an auditor under an enactment other than the *Act*, such as the Companies Act 1985 or the Companies Act 2006, as appropriate. Such a *firm* is expected to wish to have a single auditor who is appointed to fulfil both obligations. **■ SUP 3.3.2 R** is made under section 137A of the *Act* (The *FCA's* general rules), in relation to such *firms*, and under section 340(1) (Appointment) in relation to other *firms*.

- 3.3.4** **D** [deleted]

3.3.5 **R** [deleted]

3.3.6 **G** [deleted]

**Appointment by the appropriate regulator**

3.3.7 **R** (1) Paragraph (2) applies to a *firm* which is not under an obligation to appoint an auditor imposed by an enactment other than the *Act*.  
  
(2) If a *firm* fails to appoint an auditor within 28 days of a vacancy arising, the *appropriate regulator* may appoint an auditor for it on the following terms:  
  
(a) the auditor to be remunerated by the *firm* on the basis agreed between the auditor and *firm* or, in the absence of agreement, on a reasonable basis; and  
  
(b) the auditor to hold office until he resigns or the *firm* appoints another auditor.

3.3.9 **G** ■ SUP 3.3.7 R allows but does not require the appropriate regulator to appoint an auditor if the *firm* has failed to do so within the 28 day period. When it considers whether to use this power, the *appropriate regulator* will take into account the likely delay until the *firm* can make an appointment and the urgency of any pending duties of the appointed auditor.

3.3.10 **R** A *firm* must comply with and is bound by the terms on which an auditor has been appointed by the *appropriate regulator*, whether under ■ SUP 3.3.7 R, the Building Societies Act 1986 or the Friendly Societies Act 1992.