

## Information leaflet

for the registration procedure of third-country auditors and third-country audit entities

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### 1. Introduction

The EU Statutory Audit Directive (“[Directive 2006/43/EC](#)”, hereinafter referred to as “Directive”) sets minimum regulatory requirements for statutory audits across the European Union/European Economic Area (“EU/EEA”). The cross-border interrelation of capital markets underlines the need to ensure that auditors from third countries carry out high quality audit work in relation to capital markets within the EU/EEA. An audit of companies with effect on the European capital markets shall only be possible for auditors who are subject of monitored professional duties and therefore ensure a trustworthy professional practice according to European standards.

### 2. Full Registration

The Directive requires that relevant third-country audit entities<sup>1</sup> should be entered in a public register and be subject to regulations equivalent to the minimum required for EU/EEA auditors.

The registration requirements under Article 45 of the Directive have been implemented in § 134 WPO (Public Accountant Act).

The full registration requires a wide range of information. The registered persons and firms become subject to public oversight, normally including the external quality assurance inspections. The registration does not lead to the membership of the Wirtschaftsprüferkammer (Chamber of Public Accountants).

### 3. Exemptions from the full registration

Article 46 of the Directive allows Member States to disapply or modify certain requirements if the third-country auditor

- is subject to a system of public oversight, inspections and investigations which the European Commission has recognised as **equivalent (equivalency decision)**, or
- is affected by **transitional arrangements** of the European Commission.

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<sup>1</sup> The term „third-country audit entities” refers to both: third-country auditors (single practitioners) and third-country audit entities (firms).

## 4. Equivalency decisions

The European Commission and Member States decide on equivalence matters.

Up to date **five decisions** of the European Commission on the equivalence of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities (so-called „equivalency decisions“) have been enacted (available at: <http://eur-lex.europa.eu>):

[Decision 2011/30/EU of 19 January 2011](#)

[Decision 2013/281/EU of 11 June 2013](#)

[Decision 2013/288/EU of 13 June 2013](#)

[Decision \(EU\) 2016/1155 of 14 July 2016](#)

[Decision \(EU\) 2016/1223 of 25 July 2016](#)

An exemption from the full registration is only possible **on the basis of reciprocity** (cooperative arrangement). If the respective oversight authority of the third-country auditor agrees to abstain from registering German auditors, Wirtschaftsprüferkammer (Chamber of Public Accountants) will - on the basis of reciprocity - waive the registration requirement according to § 134 sec. 4 WPO (Public Accountant Act) with respect to auditors of companies listed in Germany. As of now, this only applies to Switzerland (cooperative arrangement between Switzerland and the Auditor Oversight Commission (AOC), the former public professional oversight in Germany). Due to the equivalency decision and with a reciprocity agreement, Swiss auditors are exempted from being registered in Germany. Oversight over these auditors is exclusively exercised by their home country auditor oversight authority.

## 5. Transitional Measures

Until now there are **four decisions** of the European Commission whereby the Commission exempted certain third-country auditors for a transitional period from the requirements of Article 45, **on the condition** that they provide relevant Member States with specific information.

These decisions shall apply for different periods of time and partly for different third-countries (available at: <http://eur-lex.europa.eu>):

[Decision 2008/627/EC of 29 July 2008](#)

[Decision 2011/30/EU of 19 January 2011](#)

[Decision 2013/288/EU of 13 June 2013](#)

[Decision \(EU\) 2016/1223 of 25 July 2016](#)

In these cases a so-called 'transitional registration' can take place with less information duties compared to the full registration.

The transitional measures of the European Commission and the equivalency decisions are directly applicable and therefore have priority over § 134 WPO (Public Accountant Act).

## 6. Who must register as third-country audit entity in Germany?

An audit entity from a third-country must register if it audits the annual or consolidated financial statements of a company **incorporated outside** the European Union/European Economic Area whose transferable securities are admitted to trading on a **regulated market** in Germany (Art. 45 of the Directive).

The duty of registration does not apply if the undertaking in question is an issuer exclusively of outstanding debt securities for which one of the following applies:

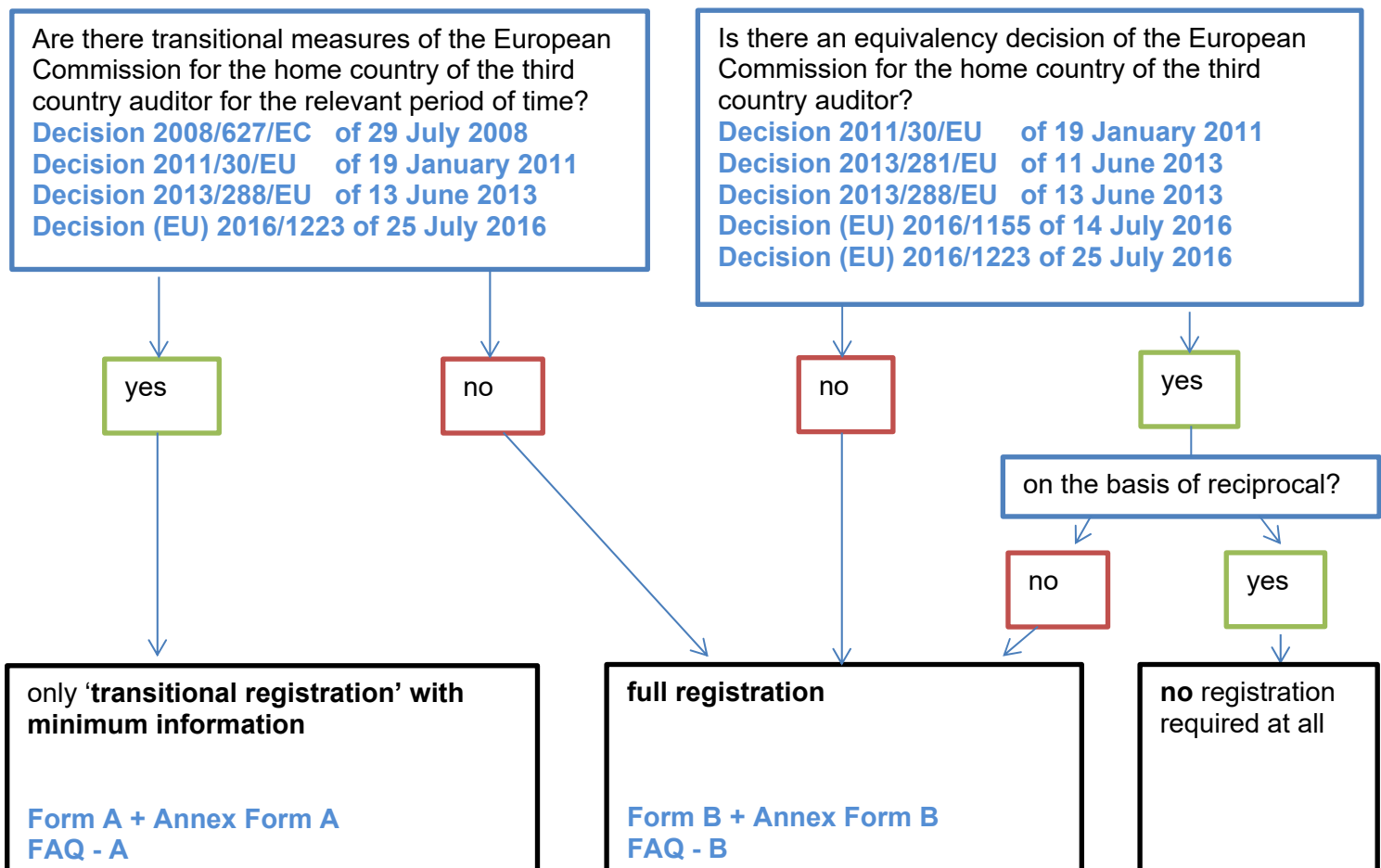
- they have been admitted to trading on a regulated market in a Member State within the meaning of point (c) of Article 2(1) of Directive 2004/109/EC of the European Parliament and of the Council ( 1 ) prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50 000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50 000;
- they are admitted to trading on a regulated market in a Member State within the meaning of point (c) of Article 2(1) of Directive 2004/109/EC from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100 000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100 000.

## 7. How to register?

A third-country audit entity must decide between **two registration options**:

- ‘transitional registration’ in accordance with the requirements of the Commission Decision on **transitional arrangements** (§ 134 Sec. 4 WPO - Public Accountant Act)
- or – if it does not qualify for the transitional arrangements – in accordance with the **full registration** requirements (§ 134 WPO - Public Accountant Act).

This decision guidance will help you:



You can download the relevant forms from this website,

- complete them electronically and sign and
- send them together with the required annex and confirmations to the Wirtschaftsprüferkammer (Chamber of Public Accountants) via email or by mail.

If all requirements are fulfilled the third-country auditor will be registered in the **public register** (§ 38 No. 4 WPO - Public Accountant Act).

## 8. Registration fee

For registration under the transitional decision, a fee of 525 Euro and for full registration, a fee of 1000 Euro is payable on submission of the application form.

## 9. Registration of third country audit entities in other members states of the EU/EWR

Please refer to the [list of the national auditor's oversight bodies](#) within the EU/EWR of the Committee of European Auditor Oversight Bodies (CEAOB).

## 10. EGAOB (new: CEOB)

EU auditor oversight bodies, with the support of the European Commission, recognise the importance of putting in place practical arrangements for third country audit firms that are reasonable and follow a common approach across the EU as far as possible. Therefore, the members of the European Group of Auditors' Oversight Bodies (EGAOB) have worked together aiming to enable third-country audit entities to use application forms and guidance material that are similar to national regulatory systems. Nevertheless, the Member States have implemented the regulations with little differences. As a result, there is no full unity and a third-country entity needs to ask separately for the special registration in each Member State (either at the oversight body or at the registration body).

**As of 17 June 2016** the collaboration does not take place anymore within the EGAOB, but within the [Committee of European Auditor Oversight Bodies \(CEAOB\)](#). This committee is the new form of collaboration of the national oversight bodies at European level.