

Option Table - Directive on Statutory Audits of Annual and Consolidated Accounts

The purpose of this document is to highlight the changes in the options available to Member States and Competent Authorities when transposing the Directive on statutory audits of annual accounts and consolidated accounts, as compared to those available under the 2006 Statutory Audit Directive, and thereby assist FEE Member Bodies and other relevant stakeholders in advising each European Union Member State as to the selection of the most appropriate option.

Legend

The document is formatted to follow the order of the Articles as contained in the 2014 Audit Directive.

CONTENT	EXAMPLES	EXPLANATION
Normal text	A majority of the voting rights in an entity must be held by audit firms which are approved in any Member State or by natural persons who...	The text of the Article containing the Member State option
Items in bold and underlined	<u>may provide</u>	The Member State option being discussed
Article reference numbers	Art. 3.4 (b)	This article reference number signifies, for example, Article 3, point 4, point (b). The notation follows the logical progression within the Directive but is not used verbatim within them.
Text in italics in quotations contained within square brackets	<i>["Qualification through long-term practical experience"]</i>	Explanatory text taken verbatim from the Directive in order to assist in the understanding of the Article being discussed.
Text in italics contained within square brackets	<i>[a majority of the voting rights and a majority of the administrative or management body – up to 75% – to be held by approved audit firms or natural persons that satisfy conditions imposed by this directive on good repute, educational qualifications and continuous training].</i>	Additional information, which may be paraphrased and not taken verbatim from the Directive or any other legislative texts, inserted in the body of the Article to provide the context of the Article being discussed without the necessity of referring to another Article.
Abbreviation	MS	Member State
Abbreviation	CA	Competent Authority
Abbreviation	2014 Audit Directive	Directive on statutory audits of annual accounts and consolidated accounts

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Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Exemptions to the requirements on auditing services	n/a	n/a	Recital 19 <i>(new MS option)</i>	Member States should be able to create exemptions to the requirements imposed on auditing services when they are provided to cooperatives and savings banks <i>[option provided in Article 3.2(b) below]</i> .
Definitions – public interest entities	Art. 2.13	<p>“Public-interest entities” means entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC <i>[Directive on markets and financial instruments]</i>, credit institutions as defined in point 1 of Article 1 of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions (1) and insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC <i>[Directive on annual accounts and consolidated accounts of insurance undertakings]</i>.</p> <p>Member States may also designate other entities as public-interest entities, for instance entities that are of significant public relevance because of the nature of their business, their size or the number of their employees;</p>	Art. 2. 13 <i>(amended MS option)</i>	<p>“Public-interest entities” means:</p> <p>(a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC <i>[Directive on markets and financial instruments]</i>;</p> <p>(b) credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council, other than those referred to in Article 2 of that Directive <i>[Directive on access to the activity of credit institutions and prudential supervision of credit institutions and investment firms]</i>;</p> <p>(c) insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC <i>[Directive on annual accounts and consolidated accounts of insurance undertakings]</i> ;or;</p> <p>(d) entities designated by Member States as public-interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees;</p>
Approval of statutory auditors and audit firms	Art 3.3	Without prejudice to Article 11 <i>[“Qualification through long-term practical experience”]</i> , the competent authorities of the Member States may approve as statutory auditors only natural persons who satisfy at least the conditions laid down in Articles 4 and 6 to 10 <i>[“Good repute”, “Educational qualification”, “Professional competence”, “Theoretical knowledge”, “Practical training” and “Long-term practical experience”]</i> .	Art 3.3 <i>(unmodified CA option)</i>	Without prejudice to Article 11 <i>[“Qualification through long-term practical experience”]</i> , the competent authorities of the Member States may approve as statutory auditors only natural persons who satisfy at least the conditions laid down in Articles 4 and 6 to 10 <i>[“Good repute”, “Educational qualification”, “Professional competence”, “Theoretical knowledge”, “Practical training” and “Long-term practical experience”]</i> .

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Approval of statutory auditors and audit firms	Art. 3.4(b)	A majority of the voting rights in an entity must be held by audit firms which are approved in any Member State or by natural persons who satisfy at least the conditions imposed by Articles 4 and 6 to 12 [<i>Good repute, educational qualification, professional competence, theoretical knowledge, practical training, and long-term practical experience</i>]. Member States may provide that such natural persons must also have been approved in another Member State. For the purpose of the statutory audit of cooperatives and similar entities as referred to in Article 45 of Directive 86/635/EEC [<i>Directive on the annual accounts and consolidated accounts of banks and other financial institutions</i>], Member States may establish other specific provisions in relation to voting rights.	Art. 3. 2(b) (<i>amended MS option</i>)	A majority of the voting rights in an entity must be held by audit firms which are approved in any Member State or by natural persons who satisfy at least the conditions imposed by Articles 4 and 6 to 12 [<i>Good repute, educational qualification, professional competence, theoretical knowledge, practical training, and long-term practical experience</i>]. Member States may provide that such natural persons must also have been approved in another Member State. For the purpose of the statutory audit of cooperatives, savings banks and similar entities as referred to in Article 45 of Directive 86/635/EEC [<i>Directive on the annual accounts and consolidated accounts of banks and other financial institutions</i>], a subsidiary or legal successor of a cooperative, savings bank or similar entity as referred to in Article 45 of Directive 86/635/EEC, Member States may lay down other specific provisions in relation to voting rights.
Recognition of audit firms	n/a	n/a	Art. 3a.3 (<i>new CA option</i>)	The competent authority in the host Member State shall register the audit firm if it is satisfied that the audit firm is registered with the competent authority in the home Member State. Where the host Member State intends to rely on a certificate attesting to the registration of the audit firm in the home Member State, the competent authority in the host Member State may require that the certificate issued by the competent authority in the home Member State be not more than three months old. The competent authority in the host Member State shall inform the competent authority in the home Member State of the registration of the audit firm.
Good repute	Art. 4	The competent authorities of a Member State may grant approval only to natural persons or firms of good repute.	Art. 4 (<i>unmodified CA option</i>)	The competent authorities of a Member State may grant approval only to natural persons or firms of good repute.
Withdrawal of approval	Art. 5.1	Approval of a statutory auditor or an audit firm shall be withdrawn if the good repute of that person or firm has been seriously compromised. Member States may , however, provide for a reasonable period of time for the purpose of meeting the requirements of good repute.	Art. 5.1 (<i>unmodified MS option</i>)	Approval of a statutory auditor or an audit firm shall be withdrawn if the good repute of that person or firm has been seriously compromised. Member States may , however, provide for a reasonable period of time for the purpose of meeting the requirements of good repute.

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Withdrawal of approval	Art. 5.2	Approval of an audit firm shall be withdrawn if any of the conditions imposed in Article 3(4), points (b) and (c) is no longer fulfilled <i>[a majority of the voting rights and a majority of the administrative or management body – up to 75% – to be held by approved audit firms or natural persons that satisfy conditions imposed by this directive on good repute, educational qualifications and continuous training]</i> . Member States may , however, provide for a reasonable period of time for the purpose of fulfilling those conditions.	Art. 5.2 <i>(unmodified MS option)</i>	Approval of an audit firm shall be withdrawn if any of the conditions imposed in Article 3(4), points (b) and (c) is no longer fulfilled <i>[a majority of the voting rights and a majority of the administrative or management body – up to 75% – to be held by approved audit firms or natural persons that satisfy conditions imposed by this directive on good repute, educational qualifications and continuous training]</i> . Member States may , however, provide for a reasonable period of time for the purpose of fulfilling those conditions.
Exemptions from professional competence and theoretical knowledge requirements	Art. 9.1	By way of derogation from Articles 7 <i>["Examination of professional competence"]</i> and 8 <i>["Test of theoretical knowledge"]</i> , a Member State may provide that a person who has passed a university or equivalent examination or holds a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 may be exempted from the test of theoretical knowledge in the subjects covered by that examination or degree.	Art. 9.1 <i>(unmodified MS option)</i>	By way of derogation from Articles 7 <i>["Examination of professional competence"]</i> and 8 <i>["Test of theoretical knowledge"]</i> , a Member State may provide that a person who has passed a university or equivalent examination or holds a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 may be exempted from the test of theoretical knowledge in the subjects covered by that examination or degree.
	Art. 9.2	By way of derogation from Article 7 <i>["Examination of professional competence"]</i> , a Member State may provide that a holder of a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 <i>["Test of theoretical knowledge"]</i> may be exempted from the test of the ability to apply in practice his or her theoretical knowledge of such subjects if he or she has received practical training in those subjects attested by an examination or diploma recognised by the State.	Art. 9.2 <i>(unmodified MS option)</i>	By way of derogation from Article 7 <i>["Examination of professional competence"]</i> , a Member State may provide that a holder of a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 <i>["Test of theoretical knowledge"]</i> may be exempted from the test of the ability to apply in practice his or her theoretical knowledge of such subjects if he or she has received practical training in those subjects attested by an examination or diploma recognised by the State.
Qualification through long-term practical experience	Art. 11	A Member State may approve a person who does not satisfy the conditions laid down in Article 6 <i>["Educational qualification"]</i> as a statutory auditor, if he or she can show either: (a) that he or she has, for 15 years, engaged in professional activities which have enabled him or her to acquire sufficient experience in the fields of finance, law and accountancy, and has passed the examination of professional competence referred to in Article 7, or (b) that he or she has, for seven years, engaged in professional activities in those fields and has, in addition, undergone the practical training referred to in Article 10 <i>["...a trainee shall complete a minimum of three years' practical training..."]</i> and passed the examination of professional competence referred to in Article 7.	Art. 11 <i>(unmodified MS option)</i>	A Member State may approve a person who does not satisfy the conditions laid down in Article 6 <i>["Educational qualification"]</i> as a statutory auditor, if he or she can show either: (a) that he or she has, for 15 years, engaged in professional activities which have enabled him or her to acquire sufficient experience in the fields of finance, law and accountancy, and has passed the examination of professional competence referred to in Article 7, or (b) that he or she has, for seven years, engaged in professional activities in those fields and has, in addition, undergone the practical training referred to in Article 10 <i>["...a trainee shall complete a minimum of three years' practical training..."]</i> and passed the examination of professional competence referred to in Article 7.

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	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Combination of practical training and theoretical instruction	Art. 12.1	Member States may provide that periods of theoretical instruction in the fields referred to in Article 8 [<i>“Test of theoretical knowledge”</i>] shall count towards the periods of professional activity referred to in Article 11 [<i>seven years supported by practical training or fifteen years alone</i>] provided that such instruction is attested by an examination recognised by the State. Such instruction shall not last less than one year, nor may it reduce the period of professional activity by more than four years.	Art. 12.1 <i>(unmodified MS option)</i>	Member States may provide that periods of theoretical instruction in the fields referred to in Article 8 [<i>“Test of theoretical knowledge”</i>] shall count towards the periods of professional activity referred to in Article 11 [<i>seven years supported by practical training or fifteen years alone</i>], provided that such instruction is attested by an examination recognised by the State. Such instruction shall not last less than one year, nor may it reduce the period of professional activity by more than four years.
Approval of auditors from other Member States	n/a	n/a	Art.14.2 <i>(new MS option)</i>	The host Member State shall decide whether the applicant seeking approval is to be subject to an adaptation period as defined in point (g) of Article 3(1) of Directive 2005/36/EC [<i>Directive on the recognition of professional qualification: ...“period of supervised practice possibly being accompanied by further training”</i>] or an aptitude test as defined in point (h) of that provision [<i>“test of professional knowledge [...] not covered by the diploma or other evidence of formal qualification possessed”</i>].
Public register	Art. 15.1	Each Member State shall ensure that statutory auditors and audit firms are entered in a public register in accordance with Articles 16 and 17 [<i>Registration of statutory auditors and audit firms</i>]. In exceptional circumstances, Member States may disapply the requirements laid down in this Article and Article 16 [<i>“Registration of statutory auditors”</i>] regarding disclosure only to the extent necessary to mitigate an imminent and significant threat to the personal security of any person.	Art. 15.1 <i>(amended MS option)</i>	Each Member State shall ensure that statutory auditors and audit firms are entered in a public register in accordance with Articles 16 and 17 [<i>Registration of statutory auditors and audit firms</i>]. In exceptional circumstances, Member States may derogate from the requirements laid down in this Article and Article 16 [<i>“Registration of statutory auditors”</i>] regarding disclosure only to the extent necessary to mitigate an imminent and significant threat to the personal security of any person.
Language	Art. 20.2	Member States may additionally allow the information to be entered in the public register in any other official language(s) of the Community. Member States may require the translation of the information to be certified.	Art. 20.2 <i>(unmodified MS option)</i>	Member States may additionally allow the information to be entered in the public register in any other official language(s) of the Community. Member States may require the translation of the information to be certified.

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Assessment of threats to independence	n/a	n/a	Art. 22b.1 <i>(new MS option)</i>	Member States shall ensure that, before accepting or continuing an engagement for a statutory audit, a statutory auditor or an audit firm assesses and documents the following: <ul style="list-style-type: none"> - whether he, she or it complies with the requirements of Article 22 [<i>“Independence and objectivity”</i>] of this Directive; - whether there are threats to his, her or its independence and the safeguards applied to mitigate those threats; - whether he, she or it has the competent employees, time and resources needed in order to carry out the statutory audit in an appropriate manner; - whether, in the case of an audit firm, the key audit partner is approved as statutory auditor in the Member State requiring the statutory audit; Member States may provide simplified requirements for the audits referred in points (b) and (c) of point 1 of Article 2 [<i>Statutory audits of small undertakings</i>].
Internal organisation of statutory auditors and audit firms	n/a	n/a	Art. 24a.1 <i>(new MS option)</i>	Member States may provide simplified requirements for the audits referred in points (b) and (c) of point 1 of Article 2 [<i>Statutory audits of small undertakings</i>].
Organisation of the work	n/a	n/a	Art. 24b.3 <i>(new MS option)</i>	Member States shall ensure that the statutory auditor or the audit firm keeps records of any breaches of the provisions of this Directive and, where applicable, of the Regulation [<i>on Statutory Audits of Public Interest Entities</i>]. Member States may exempt statutory auditors and audit firms from this obligation with regard to minor breaches.
	n/a	n/a	Art. 24b.7 <i>(new MS option)</i>	Member States may lay down simplified requirements with regard to paragraph 3 and 6 [<i>keeping records of any breaches of this Directive and the related Regulation and any consequence thereof including measures taken to address them and keeping records of any complaints made in writing about the performance of the statutory audits carried out</i>] for the audits referred to in points (b) and (c) of point 1 of Article 2 [<i>Statutory audits of small undertakings</i>].

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Auditing standards	Art. 26	Member States shall require statutory auditors and audit firms to carry out statutory audits in compliance with international auditing standards adopted by the Commission in accordance with the regulatory procedure with scrutiny <i>[based on Council Decision n° 2006/512/EC of 17 July 2006 amending Decision 1999/468/EC laying down the procedures for the exercise of implementing powers conferred on the Commission]</i> . Member States may apply a national auditing standard as long as the Commission has not adopted an international auditing standard covering the same subject-matter.	Art. 26.1 <i>(amended MS option)</i>	Member States shall require statutory auditors and audit firms to carry out statutory audits in compliance with international auditing standards adopted by the Commission in accordance with paragraph 3 <i>[the Commission is empowered to adopt international auditing standards in the area of audit practice, independence and internal quality controls of statutory auditors and audit firms]</i> . Member States may apply national auditing standards, procedures or requirements as long as the Commission has not adopted an international auditing standard covering the same subject-matter.
	26.3	Member States may impose audit procedures or requirements in addition to — or, in exceptional cases, by carving out parts of — the international auditing standards only if these stem from specific national legal requirements relating to the scope of statutory audits.	Art. 26. 4 <i>(amended MS option)</i>	Notwithstanding the second subparagraph of paragraph 1 <i>[see the option available in Article 26.1 above]</i> , Member States may impose audit procedures or requirements in addition to the international auditing standards adopted by the Commission, only: (a) if those audit procedures or requirements are necessary in order to give effect to national legal requirements relating to the scope of statutory audits; or (b) to the extent necessary to add to the credibility and quality of financial statements.
	n/a	n/a	Art. 26. 5 <i>(new MS option)</i>	Where a Member State requires the statutory audit of small undertakings, it may provide that application of the auditing standards referred to in paragraph 1 <i>[see the option available in Article 26.1 above]</i> is to be proportionate to the scale and complexity of the activities of such undertakings. Member States may take measures in order to ensure the proportionate application of the auditing standards to the statutory audits of small undertakings.
	Art. 26.4	Member States may impose additional requirements relating to the statutory audits of annual and consolidated accounts for a period expiring on 29 June 2010.	n/a	n/a

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Statutory audits of consolidated accounts	n/a	n/a	Art. 27.3 <i>(new CA option)</i>	The competent authority may request additional documentation on the audit work performed by any statutory auditor(s) or audit firm(s) for the purpose of the group audit from the relevant competent authorities pursuant to Article 36 [<i>“Professional secrecy and regulatory cooperation between Member States”</i>]. Where a parent undertaking or a subsidiary undertaking of a group of undertakings is audited by an auditor or auditor(s) or an audit entity(ies) from a third country, the competent authority may request additional documentation on the audit work performed by any third-country auditor(s) or third country audit entity(ies) from the relevant competent authorities from third countries through the working arrangements referred to in Article 47 [<i>“Cooperation with competent authorities from third countries”</i>].
Audit reporting	n/a	n/a	Art. 28.2 <i>(new MS option)</i>	Member States may lay down additional requirements in relation to the content of the audit report.
	Art. 28.1	Member States may provide that this signature need not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person. In any case the name(s) of the person(s) involved shall be known to the relevant competent authorities.	Art. 28.4 <i>(amended MS option)</i>	The audit report shall be signed and dated by the statutory auditor. Where an audit firm carries out the statutory audit, the audit report shall bear the signature of at least the statutory auditor(s) carrying out the statutory audit on behalf of the audit firm. Where more than one statutory auditor or audit firm have been simultaneously engaged the audit report shall be signed by all statutory auditors or at least by the statutory auditors carrying out the statutory audit on behalf of every audit firm. In exceptional circumstances Member States may provide that such signature(s) need not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person.
Systems of investigation and penalties	n/a	n/a	Art. 30.2 <i>(new MS option)</i>	Member States may decide not to lay down rules for administrative sanctions for infringements which are already subject to national criminal law. In that event, they shall communicate to the Commission the relevant criminal law provisions.

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Systems of investigation and penalties	Art. 30.3	Member States shall provide that measures taken and penalties imposed on statutory auditors and audit firms are appropriately disclosed to the public. Penalties shall include the possibility of the withdrawal of approval.	Art. 30.3 <i>(new MS option)</i>	Member States shall provide that measures taken and sanctions imposed on statutory auditors and audit firms are to be appropriately disclosed to the public. Sanctions shall include the possibility of withdrawal of approval. Member States may decide that such disclosure shall not contain personal data within the meaning of point (a) of Article 2 of Directive 95/46/EC. <i>[Directive on the protection of individuals with regard to the processing of personal data and on the free movement of such data: "...'personal data' shall mean any information relating to an identified or identifiable natural person..."]</i> .
Sanctioning powers	n/a	n/a	Art. 30a. 3 <i>(new MS option)</i>	Member States may confer on competent authorities other sanctioning powers in addition to those referred to in paragraph 1. <i>[[...] CA shall have the power to take and/or impose at least the following measures and sanctions: a notice requiring the person responsible for the breach to cease the conduct and to abstain from a repetition of that conduct; a public statement indicating the nature of breach and the person responsible; a temporary prohibition [...] to carry out statutory audits and/or signing audit reports; a declaration that the audit report does not meet the proper requirements; a temporary ban[...] to exercise functions in audit firms or public-interest entities; administrative pecuniary sanctions].</i>
	n/a	n/a	Art. 30a.4 <i>(new MS option)</i>	By way of derogation from paragraph 1 <i>[see the option available in Article 30a.3 above]</i> , Member States may confer on authorities supervising public-interest entities, when they are not designated as the competent authority pursuant to Article 20(2) of the Regulation <i>[on Statutory Audits of Public Interest Entities]</i> , powers to impose sanctions for breaches of reporting duties provided for by that Regulation.
Publication of sanctions and measures	n/a	n/a	Art. 30c.1 <i>(new MS option)</i>	Where Member States permit publication of sanctions which are subject to appeal, competent authorities shall, as soon as reasonably practicable, also publish on their official website information concerning the status and outcome of any appeal.

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Publication of sanctions and measures	n/a	n/a	Art. 30c.3 <i>(new MS option)</i>	The publication of sanctions and measures and of any public statement shall 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 and the right to the protection of personal data. Member States may decide that such publication or any public statement is not to contain personal data within the meaning of point (a) of Article 2 of Directive 95/46/EC [Directive on the protection of individuals with regard to the processing of personal data and on the free movement of such data: “personal data’ shall mean any information relating to an identified or identifiable natural person”].
Principles of public oversight	Art 32.3	The system of public oversight shall be governed by non-practitioners who are knowledgeable in the areas relevant to statutory audit. Member States may , however, allow a minority of practitioners to be involved in the governance of the public oversight system. Persons involved in the governance of the public oversight system shall be selected in accordance with an independent and transparent nomination procedure.	Art. 32.3 <i>(amended MS/CA option)</i>	The competent authority shall be governed by non-practitioners who are knowledgeable in the areas relevant to statutory audit. They shall be selected in accordance with an independent and transparent nomination procedure. The competent authority may engage practitioners to carry out specific tasks and may also be assisted by experts when this is essential for the proper fulfilment of its tasks. In such instances, both the practitioners and the experts shall not be involved in any decision-making of the competent authority.
	n/a	n/a	Art. 32.4b <i>(new MS option)</i>	Member States may delegate or allow the competent authority to delegate any of its tasks to other authorities or bodies designated or otherwise authorised by law to carry out such tasks. The delegation shall specify the delegated tasks and the conditions under which they are to be carried out. The authorities or bodies shall be organised in such a manner that conflicts of interest are avoided. Where the competent authority delegates tasks to other authorities or bodies, it shall be able to reclaim the delegated competences on a case-by-case basis. <i>[According to Article 32.4, “The competent authority shall have the ultimate responsibility for the oversight”].</i>

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Mutual recognition of regulatory arrangements between Member States	Art. 34.2	In the case of a statutory audit of consolidated accounts, the Member State requiring the statutory audit of the consolidated accounts may not impose additional requirements in relation to the statutory audit concerning registration, quality assurance review, auditing standards, professional ethics and independence on a statutory auditor or audit firm carrying out a statutory audit of a subsidiary established in another Member State.	Art. 34.2 <i>(slightly amended MS option)</i>	In the case of a statutory audit of consolidated financial statements, the Member State requiring that statutory audit may not impose additional requirements in relation to the statutory audit concerning registration, quality assurance review, auditing standards, professional ethics and independence on a statutory auditor or an audit firm carrying out a statutory audit of a subsidiary established in another Member State.
	Art. 34.3	In the case of a company whose securities are traded on a regulated market in a Member State other than that in which that company has its registered office, the Member State in which the securities are traded may not impose any additional requirements in relation to the statutory audit concerning registration, quality assurance review, auditing standards, professional ethics and independence on a statutory auditor or audit firm carrying out the statutory audit of the annual or consolidated accounts of that company.	Art. 34.3 <i>(slightly amended MS option)</i>	In the case of a company whose securities are traded on a regulated market in a Member State other than that in which that company has its registered office, the Member State in which the securities are traded may not impose any additional requirements in relation to the statutory audit concerning registration, quality assurance review, auditing standards, professional ethics and independence on a statutory auditor or an audit firm carrying out the statutory audit of the annual or consolidated financial statements of that company.
Professional secrecy and regulatory cooperation between Member States	n/a	n/a	Art. 36.4a <i>(new MS option)</i>	Member States may allow competent authorities to transmit to the competent authorities responsible for supervising public-interest entities, to central banks, to the European System of Central Banks and to the European Central Bank, in their capacity as monetary authorities, and to the European Systemic Risk Board, confidential information intended for the performance of their tasks. Such authorities or bodies shall not be prevented from communicating to the competent authorities information that the competent authorities may need in order to carry out their duties under the Regulation <i>[on Statutory Audits of Public Interest Entities]</i> .
	Art. 36.6	A competent authority of one Member State may also request that an investigation be carried out by the competent authority of another Member State on the latter's territory. It may further request that some of its own personnel be allowed to accompany the personnel of the competent authority of that other Member State in the course of the investigation.	Art. 36.6 <i>(unmodified CA option)</i>	A competent authority of one Member State may also request that an investigation be carried out by the competent authority of another Member State on the latter's territory. It may further request that some of its own personnel be allowed to accompany the personnel of the competent authority of that other Member State in the course of the investigation.

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Appointment of statutory auditors or audit firms	Art. 37.2	Member States may allow alternative systems or modalities for the appointment of the statutory auditor or audit firm, provided that those systems or modalities are designed to ensure the independence of the statutory auditor or audit firm from the executive members of the administrative body or from the managerial body of the audited entity.	Art. 37. 2 <i>(unmodified MS option)</i>	Member States may allow alternative systems or modalities for the appointment of the statutory auditor or audit firm, provided that those systems or modalities are designed to ensure the independence of the statutory auditor or audit firm from the executive members of the administrative body or from the managerial body of the audited entity.
Audit Committee	n/a	n/a	Art. 39.1 <i>(new MS option)</i>	A majority of the members of the audit committee shall be independent of the audited entity. The chairman of the audit committee shall be appointed by its members or by the supervisory body of the audited entity and shall be independent of the audited entity. Member States may require the chairman of the audit committee to be elected annually by the general meeting of shareholders of the audited entity.
	Art. 41.1	In public-interest entities which meet the criteria of Article 2(1), point (f) <i>[small and medium-sized enterprises are companies, which are meeting at least two of the following criteria: average number of employees under 250; total balance sheet below EUR 43mi; and annual turnover under EUR 50 mil.]</i> of Directive 2003/71/EC <i>[Prospectus Directive]</i> , Member States may permit the functions assigned to the audit committee to be performed by the administrative or supervisory body as a whole, provided at least that when the chairman of such a body is an executive member, he or she is not the chairman of the audit committee.	Art.39.2 <i>(amended MS option)</i>	By way of derogation from paragraph 1 <i>[“...each public-interest entity shall have an audit committee...”]</i> , Member States may decide that in the case of public-interest entities which meet the criteria set out in points (f) <i>[small and medium-sized enterprises are companies, which are meeting at least two of the following criteria: average number of employees under 250; total balance sheet below EUR 43mil; and annual turnover under EUR 50 mil.]</i> and (t) <i>[company with reduced market capitalisation is a listed company with average market capitalisation of less than EUR 100 mil]</i> of Article 2(1) of Directive 2003/71/EC <i>[Directive on prospectus to be published when securities are offered]</i> of the European Parliament and of the Council, the functions assigned to the audit committee may be performed by the administrative or supervisory body as a whole, provided that where the chairman of such a body is an executive member, he or she shall not act as chairman whilst such body is performing the functions of the audit committee. Where an audit committee forms part of the administrative body or of the supervisory body of the audited entity in accordance with paragraph 1 <i>[“The audit committee shall be either a stand-alone committee of a committee of the administrative body or supervisory body of the audited entity”]</i> , Member States may permit or require the administrative body or the supervisory body, as appropriate, to perform the functions of the audit committee for the purpose of the obligations set out in this Directive and in the Regulation <i>[on Statutory Audits of Public Interest Entities]</i> .

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Audit Committee	Art. 41.6	<p>Member States may exempt from the obligation to have an audit committee:</p> <p>(a) any public-interest entity which is a subsidiary undertaking within the meaning of Article 1 of Directive 83/349/EEC if the entity complies with the requirements in paragraphs 1 to 4 of this Article at group level;</p> <p>(b) any public-interest entity which is a collective investment undertaking as defined in Article 1(2) of Directive 85/611/EEC. Member States may also exempt public-interest entities the sole object of which is the collective investment of capital provided by the public, which operate on the principle of risk spreading and which do not seek to take legal or management control over any of the issuers of its underlying investments, provided that those collective investment undertakings are authorised and subject to supervision by competent authorities and that they have a depositary exercising functions equivalent to those under Directive 85/611/EEC;</p> <p>(c) any public-interest entity the sole business of which is to act as issuer of asset-backed securities as defined in Article 2(5) of Commission Regulation (EC) No 809/ 2004 (2). In such instances, the Member State shall require the entity to explain to the public the reasons for which it considers it not appropriate to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee;</p> <p>(d) any credit institution within the meaning of Article 1(1) of Directive 2000/12/EC whose shares are not admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC and which has, in a continuous or repeated manner, issued only debt securities, provided that the total nominal amount of all such debt securities remains below EUR 100 000 000 and that it has not published a prospectus under Directive 2003/71/EC.</p>	Art. 39.3 <i>(amended MS option)</i>	<p>By way of derogation from paragraph 1 [<i>“...each public-interest entity shall have an audit committee...”</i>], Member States may decide that the following public-interest entities are not required to have an audit committee:</p> <p>(a) any public-interest entity which is a subsidiary undertaking within the meaning of point 10 of Article 2 of Directive 2013/34/EU [<i>The Accounting Directive – “undertaking controlled by a parent”</i>] if that entity fulfils the requirements set out in paragraphs 1, 2 and 5 of this Article [<i>composition, competence and independence of audit committee</i>], Article 11 (1), Article 11(2) [<i>“Additional report to the audit committee”</i>] and Article 16(5) [<i>“Appointment of statutory auditors or audit firms”</i>] of the Regulation [<i>on Statutory Audits of Public Interest Entities</i>] at group level;</p> <p>(b) any public-interest entity which is an undertaking for collective investment in transferable securities (UCITS) as defined in Article 1(2) of Directive 2009/65/EC of the Parliament and of the Council [<i>UCITS Directive</i>] or an alternative investment fund (AIF) as defined in Article 4(1)(a) of Directive 2011/61/EU of the Parliament and of the Council [<i>AIF Managers Directive</i>];</p> <p>(c) any public-interest entity the sole business of which is to act as an issuer of asset backed securities as defined in point 5 of Article 2 [<i>Asset backed securities are securities representing an interest in assets or secured by assets...</i>] of Commission Regulation (EC) No 809/2004;</p> <p>(d) any credit institution within the meaning of point 1 of Article 3(1) of Directive 2013/36/EU [<i>Credit Institutions Directive</i>] whose shares are not admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC [<i>Markets in Financial Instruments Directive</i>] and which has, in a continuous or repeated manner, issued only debt securities admitted to trading in a regulated market, provided that the total nominal amount of all such debt securities remains below EUR 100 000 000 and that it has not published a prospectus under Directive 2003/71/EC.</p> <p>The public-interest entities referred to in point (c) shall explain to the public the reasons why they consider that it is not appropriate for them to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee.</p>

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Audit Committee	Art. 41.5	Member States may allow or decide that the provisions laid down in paragraphs 1 to 4 <i>[requirements place upon the audit committee]</i> shall not apply to any public-interest entity that has a body performing equivalent functions to an audit committee, established and functioning according to provisions in place in the Member State in which the entity to be audited is registered. In such a case the entity shall disclose which body carries out these functions and how it is composed.	Art.39.4 <i>(amended MS option)</i>	By way of derogation from paragraph 1 <i>[“...each public-interest entity shall have an audit committee...”]</i> , Member States may require or allow a public-interest entity not to have an audit committee provided that it has a body or bodies performing equivalent functions to an audit committee, established and functioning in accordance with provisions in place in the Member State in which the entity to be audited is registered. In such a case the entity shall disclose which body carries out those functions and how that body is composed.
Audit Committee	n/a	n/a	Art. 39.5 <i>(new MS option)</i>	Where all members of the audit committee are members of the administrative or supervisory body of the audited entity, the Member State may provide that the audit committee is to be exempt from the independence requirements laid down in the fourth subparagraph of paragraph 1 <i>[...a majority of the members and the Chairman shall be independent of the audited entity, the Chairman shall be appointed by the members of the committee or a supervisory body]</i> .
Approval of auditors from third countries	Art. 44.1	Subject to reciprocity, the competent authorities of a Member State may approve a third-country auditor as statutory auditor if that person has furnished proof that he or she complies with requirements equivalent to those laid down in Articles 4 and 6 to 13 <i>[Good repute, educational qualification, professional competence, theoretical knowledge, exemptions, practical training, long-term practical experience and theoretical instruction, continuing education]</i> .	Art. 44.1 <i>(unmodified CA option)</i>	Subject to reciprocity, the competent authorities of a Member State may approve a third-country auditor as statutory auditor if that person has furnished proof that he or she complies with requirements equivalent to those laid down in Articles 4 and 6 to 13 <i>[Good repute, educational qualification, professional competence, theoretical knowledge, exemptions, practical training, long-term practical experience and theoretical instruction, continuing education]</i> .

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Registration and oversight of third-country auditors and audit entities	Art. 45.5	<p>A Member State may register a third-country audit entity only if:</p> <p>(a) it meets requirements which are equivalent to those laid down in Article 3(3) <i>[only natural [natural persons must satisfy following requirements to be approved as statutory auditor: good repute, education, professional competence, theoretical knowledge, practical training];</i></p> <p>(b) the majority of the members of the administrative or management body of the third-country audit entity meet requirements which are equivalent to those laid down in Articles 4 to 10 <i>[good repute, educational qualification, professional competence, theoretical knowledge, practical training];</i></p> <p>(c) the third-country auditor carrying out the audit on behalf of the third-country audit entity meets requirements which are equivalent to those laid down in Articles 4 to 10 <i>[see above];</i></p> <p>(d) the audits of the annual or consolidated accounts referred to in paragraph 1 <i>[financial statements of undertaking outside the Union, whose transferable securities are admitted to the trading on a regulated market of MS]</i> are carried out in accordance with international auditing standards as referred to in Article 26 <i>[international standards adopted by the Commission]</i>, as well as the requirements laid down in Articles 22, 24 and 25 <i>[Independence and objectivity requirements, audit fees properties]</i>, or with equivalent standards and requirements;</p> <p>(e) it publishes on its website an annual transparency report which includes the information referred to in Article 40 <i>“Transparency report”</i> or it complies with equivalent disclosure requirements.</p>	Art 45.5 <i>(amended MS option)</i>	<p>A Member State may register a third-country audit entity only if:</p> <p>(b) the majority of the members of the administrative or management body of the third-country audit entity meet requirements which are equivalent to those laid down in Articles 4 to 10 <i>[good repute, educational qualification, professional competence, theoretical knowledge, practical training];</i></p> <p>(c) the third-country auditor carrying out the audit on behalf of the third-country audit entity meets requirements which are equivalent to those laid down in Articles 4 to 10 <i>[see above];</i></p> <p>(d) the audits of the annual or consolidated financial statements referred to in paragraph 1 <i>[financial statements of undertakings outside the Union whose transferable securities are admitted to the trading on a regulated market of MS]</i> are carried out in accordance with international auditing standards as referred to in Article 26 <i>[International auditing standards adopted by the Commission]</i>, as well as the requirements laid down in Articles 22, 22b and 25 <i>[Independence and objectivity requirements, assessment of threats to independence, audit fees properties]</i>, or with equivalent standards and requirements;</p> <p>(e) it publishes on its website an annual transparency report which includes the information referred to in Article 13 of the Regulation <i>[on Statutory Audits of Public Interest Entities] [a description of the legal structure and ownership of the audit firm, corporate governance structure, internal quality control system, date of the last quality assurance review, a list of audited public-interest entities during the preceding financial year, s statement concerning the auditor’s independence, a statement on the policy followed and information concerning the basis for partners’ remuneration; where relevant description of the network and its legal and structure arrangements, countries of operation and turnover per member]</i> or it complies with equivalent disclosure requirements.</p>

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Registration and oversight of third-country auditors and audit entities	n/a	n/a	Art 45.5a <i>(new MS option)</i>	A Member State may register a third-country auditor, only if he or she meets the requirements set out in points (c) <i>[good repute, educational qualification, professional competence, theoretical knowledge, practical training]</i> , (d) <i>[the audits carried out in accordance with international auditing standards or with equivalent standards and requirements]</i> and (e) <i>[transparency report issued in accordance with the audit Regulation]</i> of paragraph 5 of this Article.
Registration and oversight of third-country auditors and audit entities	Art. 45.6	In order to ensure uniform application of paragraph 5(d) <i>[...the audits are carried out in accordance with international auditing standards or with equivalent standards and requirements]</i> , the equivalence referred to therein shall be assessed by the Commission in cooperation with Member States and shall be decided upon by the Commission in accordance with the regulatory procedure referred to in Article 48(2) <i>[Examination Procedures based on Regulation 182/2011 on control of the Commission's exercise of implementing powers by MS]</i> . Member States may assess the equivalence referred to in paragraph 5(d) <i>[see above]</i> of this Article as long as the Commission has not taken such a decision.	Art. 45.6 <i>(amended MS option)</i>	In order to ensure the uniform conditions of application of point (d) of paragraph 5 <i>[...audits carried out in accordance with international auditing standards or with equivalent standards and requirements]</i> of this Article, the Commission shall be empowered to decide upon the equivalence referred to therein by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 48(2) <i>[Examination Procedures based on Regulation 182/2011 on control of the Commission's exercise of implementing powers by MS]</i> . Member States may assess the equivalence referred to in point (d) of paragraph 5 <i>[see above]</i> of this Article as long as the Commission has not taken any such decision.
Derogation in the case of equivalence	Art. 46.1	Member States may disapply or modify the requirements in Article 45(1) and (3) <i>[Registration of third-country auditors of undertakings outside the Union whose transferable securities are admitted for trading on a regulated market of the Union and inclusion in system of oversight, quality assurance system and system of investigation and penalties]</i> on the basis of reciprocity only if the third country auditors or audit entities are subject to systems of public oversight, quality assurance and investigations and penalties in the third country that meet requirements equivalent to those of Articles 29, 30 and 32 <i>[Quality assurance system, System of investigations and penalties and Principles of public oversight]</i> .	Art. 46.1 <i>(unmodified MS option)</i>	Member States may disapply or modify the requirements in Article 45(1) and (3) <i>[Registration of third-country auditors of undertakings outside the Union whose transferable securities are admitted for trading on a regulated market of the Union and inclusion in system of oversight, quality assurance system and system of investigation and penalties]</i> on the basis of reciprocity only if the third country auditors or audit entities are subject to systems of public oversight, quality assurance and investigations and penalties in the third country that meet requirements equivalent to those of Articles 29, 30 and 32 <i>[Quality assurance system, system of investigations and penalties and principles of public oversight]</i> .

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Derogation in the case of equivalence	Art. 46.2	In order to ensure uniform application of paragraph 1 <i>[see option available in Article 46.1 above]</i> , the equivalence referred to therein shall be assessed by the Commission in cooperation with Member States and shall be decided upon by the Commission in accordance with the regulatory procedure referred to in Article 48(2) <i>[Examination Procedures based on Regulation 182/2011 on control of the Commission’s exercise of implementing powers by MS]</i> . Member States may assess the equivalence referred to in paragraph 1 of this Article <i>[see above]</i> or rely on the assessments carried out by other Member States as long as the Commission has not taken such a decision. If the Commission decides that the requirement of equivalence referred to in paragraph 1 of this Article <i>[see above]</i> is not complied with, it may allow the auditors and audit entities concerned to continue their audit activities in accordance with the requirements of the relevant Member State during an appropriate transitional period.	Art. 46.2 <i>(new MS option)</i>	In order to ensure uniform conditions for the application of paragraph 1 of this Article <i>[see option available in Article 46.1 above]</i> , the Commission shall be empowered to decide upon the equivalence referred to therein by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 48(2) <i>[Examination Procedures based on Regulation 182/2011 on control of the Commission’s exercise of implementing powers by MS]</i> . Once the Commission has recognised the equivalence referred to in paragraph 1 of this Article <i>[see above]</i> , Member States may decide to rely on such equivalence partially or entirely and thus to disapply or modify the requirements in Article 45(1) and (3) <i>[Registration of third-country auditors of undertakings outside the Union whose transferable securities are admitted for trading on a regulated market of the Union and inclusion in system of oversight, quality assurance system and system of investigation and penalties]</i> partially or entirely. Member States may assess the equivalence referred to in paragraph 1 of this Article <i>[see above]</i> or rely on the assessments carried out by other Member States as long as the Commission has not taken any such decision. If the Commission decides that the requirement of equivalence referred to in paragraph 1 of this Article <i>[see above]</i> is not complied with, it may allow the third-country auditors and third-country audit entities concerned to continue their audit activities in accordance with the requirements of the relevant Member State during an appropriate transitional period.

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Cooperation with competent authorities from third countries	Art. 47.1	Member States may allow the transfer to the competent authorities of a third country of audit working papers or other documents held by statutory auditors or audit firms approved by them, provided that: <ul style="list-style-type: none"> (a) those audit working papers or other documents relate to audits of companies which have issued securities in that third country or which form part of a group issuing statutory consolidated accounts in that third country; (b) the transfer takes place via the home competent authorities to the competent authorities of that third country and at their request; (c) the competent authorities of the third country concerned meet requirements which have been declared adequate in accordance with paragraph 3; (d) there are working arrangements on the basis of reciprocity agreed between the competent authorities concerned; (e) the transfer of personal data to the third country is in accordance with Chapter IV of Directive 95/46/EC [<i>Data Protection Directive – Transfer of personal data to third countries</i>]. 	Art. 47.1 <i>(amended MS option)</i>	Member States may allow the transfer to the competent authorities of a third country of audit working papers or other documents held by statutory auditors or audit firms approved by them, and of inspection or investigation reports relating to the audits in question provided that: <ul style="list-style-type: none"> (a) those audit working papers or other documents relate to audits of companies which have issued securities in that third country or which form part of a group issuing statutory consolidated financial statements in that third country; (b) the transfer takes place via the home competent authorities to the competent authorities of that third country and at their request; (c) the competent authorities of the third country concerned meet requirements which have been declared adequate in accordance with paragraph 3; (d) there are working arrangements on the basis of reciprocity agreed between the competent authorities concerned; (e) the transfer of personal data to the third country is in accordance with Chapter IV of Directive 95/46/EC [<i>Data Protection Directive – Transfer of personal data to third countries</i>].

Subject	Directive 2006/43/EC		Recast Directive 2014	
	Article	Member State / Competent Authority Option	Article	Member State / Competent Authority Option
Cooperation with competent authorities from third countries	Art. 47.4	In exceptional cases and by way of derogation from paragraph 1 <i>[see option available in Article 47.1 above]</i> , Member States may allow statutory auditors and audit firms approved by them to transfer audit working papers and other documents directly to the competent authorities of a third country, provided that: <ul style="list-style-type: none"> (a) investigations have been initiated by the competent authorities in that third country; (b) the transfer does not conflict with the obligations with which statutory auditors and audit firms are required to comply in relation to the transfer of audit working papers and other documents to their home competent authority; (c) there are working arrangements with the competent authorities of that third country that allow the competent authorities in the Member State reciprocal direct access to audit working papers and other documents of that third-country's audit entities; (d) the requesting competent authority of the third country informs in advance the home competent authority of the statutory auditor or audit firm of each direct request for information, indicating the reasons therefor; (e) the conditions referred to in paragraph 2 are respected <i>[there are reciprocal working arrangements to ensure justification of the request for audit working papers (WP), professional secrecy, limitations of use of audit WP by third-country CA, conditions of refusal of the request]</i>. 	Art. 47.4(e) <i>(amended MS option)</i>	In exceptional cases and by way of derogation from paragraph 1 <i>[see above in Article 47.1]</i> , Member States may allow statutory auditors and audit firms approved by them to transfer audit working papers and other documents directly to the competent authorities of a third country, provided that: <ul style="list-style-type: none"> (a) investigations have been initiated by the competent authorities in that third country; (b) the transfer does not conflict with the obligations with which statutory auditors and audit firms are required to comply in relation to the transfer of audit working papers and other documents to their home competent authority; (c) there are working arrangements with the competent authorities of that third country that allow the competent authorities in the Member State reciprocal direct access to audit working papers and other documents of that third-country's audit entities; (d) the requesting competent authority of the third country informs in advance the home competent authority of the statutory auditor or audit firm of each direct request for information, indicating the reasons therefor; (e) the conditions referred to in paragraph 2 are respected <i>[there are reciprocal working arrangements to ensure justification of the request for audit working papers (WP), professional secrecy, protection of commercial interests of the audited entity, limitations of use of audit WP by third-country CA, conditions of refusal of the request]</i>.
Minimum harmonisation	Art. 52	Member States requiring statutory audit may impose more stringent requirements, unless otherwise provided for by this Directive.	Art. 52 <i>(unmodified MS option)</i>	Member States requiring statutory audit may impose more stringent requirements, unless otherwise provided for by this Directive.