

Paul Smith
Corporate Frameworks, Accountability and Governance Team
Department of Business, Innovation and Skills
1 Victoria Street
London
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9 December 2015

Dear Mr Smith,

Auditor Regulation – Consultation on the technical legislative implementation of the EU Audit Directive and Regulation

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European **Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Financial Reporting and Corporate Governance Expert Group has examined your proposals and advised on this response. A list of members of the Expert Group is at Appendix A.

Response

We welcome the opportunity to respond to this consultation. We note that we are also responding to the FRC consultation on “Enhancing confidence in audit: Proposed revisions to the Ethical Standards, Auditing Standards, UK Corporate Governance Code and Guidance on Audit Committees.

We generally welcome the approach taken by BIS and the fact that the Government has not taken up the option to define additional PIEs for the purpose of the application of the Regulation and the provisions of the Directive applying to audits of PIEs. We welcome that BIS has addressed the concerns that we had expressed in response to the BIS and FRC consultations earlier this year (March 2015), and explicitly mentions that companies traded on AIM will not be PIEs.

We have commented below on the questions most likely to affect our membership.

Responses to specific questions

Q1 Do you agree with the approach the draft implementing regulations take given the Government’s conclusions as set out in these chapters? Why?

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BIS

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Yes, we generally agree with the approach the draft implementing regulations take given the Government's conclusions.

Q3 Given the analysis of costs and benefits in the Impact Assessment in general, do you have any comments on how our estimates or underlying assumptions might be improved? Please explain your answer.

As a general concern, we believe that the impact assessment does not provide enough detail on what the costs would be for smaller companies in connection to the new rules or what the costs would be for the non-PIEs to familiarise themselves with the audit committee. We believe that further analysis should be conducted by BIS in this regard.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'T. Ward', with a stylized flourish at the end.

Tim Ward

Chief Executive

Quoted Companies Alliance Financial Reporting Expert Group

Matthew Stallabrass (Chairman)	Crowe Clark Whitehill LLP
Anna Draper	BDO LLP
Amy Shephard	Deloitte LLP
Shalini Kashyap	EY
Neil Armstrong	Frontier Developments PLC
Gary Jones	Grant Thornton UK LLP
Anthony Carey	Mazars LLP
Nigel Smethers	One Media iP Group PLC
Joseph Archer	PKF Littlejohn LLP
Jonathan Lowe	RSM
Andrew Westbrook	
Donna Caira	Saffery Champness
Matthew Howells	Smith & Williamson LLP
Jack Easton	UHY Hacker Young
Ian Davies	Vislink PLC
Edward Beale	Western Selection Plc

Quoted Companies Alliance Corporate Governance Expert Group

Edward Craft (Chairman)	Wedlake Bell LLP
Colin Jones (Deputy Chairman)	UHY Hacker Young
Nathan Leclercq	Aviva Investors
David Isherwood	BDO LLP
Kalina Lazarova	BMO Global Asset Management (EMEA)
Nick Graves	Burges Salmon
Nick Janmohamed	Charles Russell Speechlys LLP
David Fuller	CLS Holdings PLC
Nicholas Stretch	CMS Cameron McKenna LLP
Louis Cooper	Crowe Clark Whitehill LLP
Nick Gibbon	DAC Beachcroft LLP
Tracy Gordon	Deloitte LLP
Natalie Bell	EY
Andrew Hobbs	
Melanie Wadsworth	Faegre Baker Daniels LLP
Rob Burdett	FIT Remuneration Consultants
Richie Clark	Fox Williams LLP
Michael Brown	Henderson Global Investors
Bruce Duguid	Hermes Equity Ownership Services
Julie Stanbrook	Hogan Lovells International LLP
Bernard Wall	
Darshan Patel	Hybridan LLP
Niall Pearson	
James Hodges	Hydrodec Group PLC
Peter Swabey	ICSA
Jayne Meacham	Jordans Limited
Carmen Stevens	
Eric Dodd	KBC Advanced Technologies PLC
Darius Lewington	LexisNexis
Jane Mayfield	
Anthony Carey	Mazars LLP
Mebs Dossa	McguireWoods
Peter Fitzwilliam	The Mission Marketing Group PLC
Cliff Weight	MM & K Limited
Caroline Newsholme	Nabarro LLP
Jo Chattle	Norton Rose Fulbright LLP
Julie Keefe	
Amanda Cantwell	Practical Law Company Limited
Kate Elsdon	PricewaterhouseCoopers LLP
Dalia Joseph	Stifel
Marc Marrero	
Philip Patterson	TMF Corporate Secretarial Services Ltd
Priyanka Vijay Anand	
Kevin Kissane	Vernalis PLC
Edward Beale	Western Selection Plc
Alexandra Hockenhull	Xchanging PLC