



Financial Reporting Council

The Audit Enforcement Procedure

July 2026

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Part 1

Interpretation/Glossary

1. In these Rules:

Accelerated Procedure	means the enforcement procedure carried out by Executive Counsel on the direction of the Board under Rule 8(c) and in accordance with Part 5.
Accountancy Scheme	means the scheme of the Financial Reporting Council for the accountancy profession with such amendment or amendments as may time to time be made thereto.
Actuarial Scheme	means the scheme of the Financial Reporting Council for the actuarial profession with such amendment or amendments as may from time to time be made thereto.
Adverse Finding	means a finding by a Tribunal that a Respondent has breached a Relevant Requirement.
AEP	means this or any previous version of this Audit Enforcement Procedure as the context requires.
Allegation	means the document which is provided to the Tribunal under Rule 59 setting out the particulars of Executive Counsel's case that the Respondent has breached Relevant Requirements.
Appeal Tribunal	means the tribunal appointed to consider an appeal in accordance with Rule 144.
Audit Reporting Requirements	has the meaning set out in Regulation 2, SATCAR 2016.
Board	means the board of directors of the FRC established and appointed under the FRC's Articles of Association. Where the Board has delegated any of its functions and decisions to the Conduct Committee any references to the Board shall mean the Conduct Committee.
Case Management Directions	means directions either agreed between the Parties under Rule 63 or given by the Chair under Rule 67.
Case Management Hearing	means a Hearing held by the Chair to give Case Management Directions under Rule 66.
Chair	means the Chair of the Tribunal or Appeal Tribunal as the context requires.

Conduct Committee	means the Conduct Committee as established by the Board under the FRC's Articles of Association.
Constructive Engagement	means any of the forms of engagement set out in the guidance issued by the Board. The commencement and/or outcome of such forms of engagement shall not be published by the FRC.
Convener	means any person appointed by the FRC to exercise administrative functions, and who shall be responsible for: (a) providing administrative support to a Tribunal and an Appeal Tribunal; (b) the appointment of Tribunals and Appeal Tribunals under this AEP; and (c) for the appointment of a person for the purposes of Rules 41, 131 and 141.
Costs	means costs, expenses and disbursements.
Decision Notice	means, as the context requires, a Proposed Decision Notice, Final Decision Notice, Proposed Settlement Decision Notice or Final Settlement Decision Notice.
Designated Officer	means an officer of the FRC (other than Executive Counsel or a member of the Board) who is charged with the exercise of any of the functions under Part 2 of this AEP and/or any person or persons to whom the Board or the Designated Officer delegates responsibility. The Designated Officer shall not be a practising auditor or an individual who has, during the previous three years, carried out statutory audits; held voting rights in an audit firm; been a member of the administrative, management or supervisory body of an audit firm; or been a partner, employee of, or otherwise contracted by, an audit firm.
EAP Factual Account	means the factual account prepared by a Respondent under the Early Admissions Process.
Early Admissions Process	means the process carried out by Executive Counsel under Part 3.
Enforcement Action	means any steps taken preparatory or pursuant to the issuance of a Decision Notice following a decision made by Executive Counsel under Rule 36 or Rule 54.
Executive Counsel	means a legally qualified officer of the FRC appointed to that office by the Board or the FRC's People Committee and/or any legally qualified person or persons to whom the Board or Executive Counsel delegates responsibility.
Final Decision Notice	means the notice issued by Executive Counsel, Tribunal or Appeal Tribunal as applicable setting out the relevant decision maker's conclusive findings.

Final Settlement Decision Notice	means the notice served by Executive Counsel pursuant to Rule 133 setting out the conclusive findings, Sanction and amount payable in respect of Executive Counsel's Costs.
Formal Complaint	is as defined in the Accountancy Scheme or the Actuarial Scheme (as applicable).
FRC	means the Financial Reporting Council Limited, a company limited by guarantee incorporated in England and Wales and the designated competent authority pursuant to SATCAR 2016.
Hearing	means an oral hearing before a Tribunal, Appeal Tribunal, Joint Tribunal or Joint Appeal Tribunal and includes hearings conducted in whole or in part via telephone or electronic communication.
Independent Reviewer	means either a person appointed under Rule 41 or Rule 131. That person shall be a lawyer (a current or former member of the judiciary, a barrister, an advocate or a solicitor), and shall not (save in relation to consideration of any other Proposed Settlement Decision Notice) have participated in any prior stage of the case, and shall not participate in any subsequent stage of the case.
Interim Order	means an order which imposes restrictions on the Respondent pending the outcome of the FRC's investigation, Accelerated Procedure, Enforcement Action or any appeal under this AEP. An Interim Order may impose (a) a requirement for the Respondent to cease the alleged breach of a Relevant Requirement; (b) a suspension of the Respondent from carrying out Statutory Audits, signing audit reports or from exercising functions in a Statutory Audit Firm or in a Public Interest Entity; or (c) any other requirement in relation to the exercise of Statutory Audit work.
Interim Order Hearing	means a Hearing to determine whether an Interim Order should be made under Rule 106, and a Hearing to review an Interim Order under Rule 116 or Rule 122 or a Hearing to determine an application for amendment or revocation of an Interim Order.
Interim Order Review Hearing	means a Hearing to review an Interim Order.
Investigation Report	means the report prepared by or on behalf of Executive Counsel pursuant to Rule 33.
Joint Appeal Tribunal	means a tribunal appointed under Rule 178.
Joint Tribunal	means a tribunal appointed under Rule 174.
Liability Hearing	means a Hearing to determine the matters raised in an Allegation.

Notice of Accelerated Procedure	means written notification in accordance with Rule 10(d) that the Board has directed Executive Counsel to seek to resolve the matter in accordance with the Accelerated Procedure.
Notice of Appeal	means the document lodged pursuant to Rule 138 seeking leave to appeal and setting out the grounds of appeal.
Notice of CE	means written notification in accordance with Rule 10(b) that the Board has directed the Designated Officer to seek to resolve the matters raised through Constructive Engagement.
Notice of Closure	means written notification given under Rule 169 or Rule 170 that an investigation or Enforcement Action against a Respondent has been closed.
Notice of Delegation	means written notification in accordance with Rule 10(f) that the Board has decided to direct that the matter is delegated for investigation to a Recognised Supervisory Body.
Notice of Hearing	means written notification in accordance with Rule 70.
Notice of Investigation	means written notification in accordance with Rule 10(e) that the Board has referred a matter to Executive Counsel for investigation under Rule 9(b), and the scope of the investigation.
Notice of NFA	means written notification in accordance with Rule 10(a) that the Board has decided that no further action is to be taken under the AEP in relation to a matter.
Notice of PCE	means written notification in accordance with Rule 10(c) that the Board has directed the Designated Officer to seek to resolve the matters raised through Published Constructive Engagement.
Notice of Referral to the Tribunal	means a written notification in accordance with Rule 48 requesting the appointment of a Tribunal.
Notice of Revocation	means a written notification given under Rule 126(a) that an Interim Order has been revoked.
Party	means the Respondent or Executive Counsel, as the context requires.
Proposed Decision Notice	means the notice issued by Executive Counsel under Rule 38 setting out the proposed findings, Sanction and amount payable in respect of Executive Counsel's Costs under Rule 39(c).
Proposed Settlement Decision Notice	means the notice issued by Executive Counsel pursuant to Rule 128, setting out the proposed findings, Sanction and amount payable in respect of Executive Counsel's Costs, which reflects terms agreed with the Respondent.

Public Interest Entity	has the meaning set out in Regulation 2, SATCAR 2016.
Publication Policy	means the FRC's publication policy from time to time in force and issued by the Board.
Published Constructive Engagement	means any of the forms of engagement defined as such and set out in the guidance issued by the Board. The commencement and/or outcome of such forms of engagement may be published by the FRC in accordance with the guidance issued by the Board.
Recognised Supervisory Body	means a supervisory body, within the meaning of section 1217(1) of the Companies Act 2006, recognised in accordance with Schedule 10 of that Act (as amended) and for the purposes of Rule 9(c) of Part 2 of this AEP the body to which an investigation under this AEP may be delegated pursuant to Regulation 3(2) of SATCAR 2016.
Register	means the register of persons approved as eligible for appointment as Statutory Auditors.
Relevant Requirement	has the meaning set out in Regulation 5(11) SATCAR 2016 or, in cases concerning the exercise of Third Country Audit Functions by persons eligible for appointment as a Statutory Auditor, Regulation 11(5)(b) of SATCAR 2016.
Relevant Information	means information collated or obtained by the FRC in respect of a matter at the time that the matter is being considered by the Board for the purposes of the Board making a determination pursuant to Rule 8.
Respondent	means a Statutory Auditor or Statutory Audit Firm in respect of whom (as the case may be): (i) an investigation has been commenced under this AEP; (ii) the Accelerated Procedure has been commenced; or (iii) a referral has been made by the Designated Officer under Rule 5(a).
Rule	means a rule set out in this AEP.
Sanction	means a sanction under Rule 157.
Sanction and Costs Hearing	means a Hearing to determine what, if any, Sanction should be imposed on a Respondent and also to determine what Costs, if any, should be paid following an Adverse Finding.
SATCAR 2016	means the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/649).
Statutory Audit	means an audit of annual financial statements or consolidated financial statements required by the Companies Act 2006.

Statutory Auditor	means a natural person who is eligible for appointment as a statutory auditor or was eligible at the time of the relevant conduct (and for these purposes includes such a person who is or was appointed to perform Third Country Audit Functions).
Statutory Audit Firm	means a legal person or any other entity, regardless of its legal form, that is eligible to be appointed as a statutory auditor, or was so eligible at the time of the relevant conduct (and for these purposes includes such a person or any other entity that is or was appointed to perform Third Country Audit Functions).
Third Country Audit Function	has the meaning set out in Regulation 11(8) of SATCAR 2016.
Tribunal	means a tribunal appointed under Rule 57.
Tribunal Panel	means the combined Tribunal and Appeal Panel constituted in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board, and from which a person to be appointed under Rules 41, 89(b), 90(b)(i), 91(b)(i), 131 and 141 and a Tribunal, Joint Tribunal, Appeal Tribunal or Joint Appeal Tribunal, may be appointed.

In this AEP, words denoting the singular may include the plural; and any reference to a statute includes that statute as amended from time to time; any statute re-enacting or replacing it; and any statutory instruments, regulations or rules made under that statute or any statute re-enacting or replacing it.

Delegation

2. The Board may delegate any of its functions and decisions as set out in this AEP to the Conduct Committee.

Part 2 – Initial Stages

Initial Actions

3. On receipt of information about a Statutory Auditor or Statutory Audit Firm, the Designated Officer may open an enquiry.
- 3A. Unless the Designated Officer opens an enquiry, no further action is taken in respect of the matter under the AEP.
- 3B. If an enquiry is opened, the Designated Officer shall determine whether there is a question as to whether the Statutory Auditor or Statutory Audit Firm has breached a Relevant Requirement, and in order to do so the Designated Officer may:
 - (a) give notice in writing to require any Statutory Auditor or Statutory Audit Firm to provide information and/or to create documents which relate to the Statutory Audit of, or the performance of Third Country Audit Functions in respect of, the annual accounts or the consolidated accounts of any audited person;
 - (b) request any specialist advice;
 - (c) request or receive from any other person any information which may be material to an investigation; and
 - (d) in relation to the Statutory Audit of a Public Interest Entity, give notice in writing to any person specified below requiring that person to provide information and documents:
 - (i) any person involved in the activities of a Statutory Auditor (including any person to whom a Statutory Auditor has outsourced such activities);
 - (ii) any Public Interest Entity;
 - (iii) any subsidiary or parent of a Public Interest Entity or any other subsidiary of a company of which a Public Interest Entity is a subsidiary; and
 - (iv) any person otherwise having a connection to a Statutory Auditor carrying out the Statutory Audit of the annual accounts or consolidated accounts of a Public Interest Entity.
4. Subject to reconsideration in accordance with Rule 11, where the Designated Officer determines that the information about a Statutory Auditor or Statutory Audit Firm does not raise a question as to whether either has breached a Relevant Requirement, the FRC shall take no further action under the AEP.
5. Where the Designated Officer determines that the information about a Statutory Auditor or Statutory Audit Firm raises a question as to whether either has breached a Relevant Requirement, the Designated Officer:

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- (a) may at any time refer the matter to Executive Counsel to consider making an application for an Interim Order to be made by a Tribunal; and
 - (b) shall determine whether to:
 - (i) refer the matter to the Board; or
 - (ii) subject to reconsideration in accordance with Rule 11, take no further action under the AEP.
6. Where a matter is referred to it under Rule 5(b)(i), the Board shall determine whether there are reasonable grounds to suspect that the Statutory Auditor and/or Statutory Audit Firm may have breached a Relevant Requirement.
7. Subject to reconsideration in accordance with Rule 11, where the Board determines pursuant to Rule 6 that there are not reasonable grounds to suspect that a Statutory Auditor or a Statutory Audit Firm may have breached a Relevant Requirement, the Board shall determine that no further action under the AEP is to be taken in respect of the matter.
8. Where a matter is referred to the Board under Rule 5(b)(i) and the Board determines that there are reasonable grounds to suspect that a Statutory Auditor or Statutory Audit Firm may have breached a Relevant Requirement, the Board shall then, having regard to the public interest, decide whether:
- (a) to direct the Designated Officer to attempt to resolve the matter through Constructive Engagement with the Statutory Auditor and/or Statutory Audit Firm; or
 - (b) to direct the Designated Officer to attempt to resolve the matter through Published Constructive Engagement with the Statutory Auditor and/or Statutory Audit Firm; or
 - (c) in circumstances where it considers that the Relevant Information may provide a sufficient basis for Executive Counsel to determine whether the Statutory Auditor and/or Statutory Audit Firm has breached a Relevant Requirement and, if so, should be liable to Enforcement Action, to direct Executive Counsel to consider the matter in accordance with the Accelerated Procedure; or
 - (d) to refer the matter for investigation; or
 - (e) to determine that no further action under the AEP is to be taken in respect of that Statutory Auditor and/or Statutory Audit Firm.

Decisions made pursuant to Rule 8(a), (b), (c) and (e) are subject to Rules 11 to 20 (Reconsideration) below (as relevant).

9. Where the Board decides to refer a matter for investigation in accordance with Rule 8(d) it shall:
- (a) determine the scope of the investigation; and

either

- (b) refer the matter for investigation by Executive Counsel under Part 4 of the AEP; or
- (c) direct that the investigation should be delegated to the appropriate Recognised Supervisory Body. Where the Board delegates an investigation to a Recognised Supervisory Body, the Recognised Supervisory Body may, on behalf of the FRC, exercise the powers set out in Rule 31.

10. Where the Board decides:

- (a) pursuant to Rule 7 or 8(e) that no further action is to be taken in relation to the matter under the AEP, the Board shall send a Notice of NFA to each affected Statutory Auditor and Statutory Audit Firm;
- (b) pursuant to Rule 8(a), to direct the Designated Officer to attempt to resolve the matter through Constructive Engagement, the Board shall send a Notice of CE to the Designated Officer and to each affected Statutory Auditor and Statutory Audit Firm;
- (c) pursuant to Rule 8(b), to direct the Designated Officer to attempt to resolve the matter through Published Constructive Engagement, the Board shall send a Notice of PCE to the Designated Officer and to each affected Statutory Auditor and Statutory Audit Firm;
- (d) pursuant to Rule 8(c), to direct Executive Counsel to consider the matter in accordance with the Accelerated Procedure, the Board shall send Executive Counsel and each Respondent, a Notice of Accelerated Procedure (which will be copied to each Respondent's Recognised Supervisory Body);
- (e) pursuant to Rule 9(b), to refer the matter for investigation by Executive Counsel, the Board shall send Executive Counsel and each Respondent a Notice of Investigation (which will be copied to each Respondent's Recognised Supervisory Body); or
- (f) pursuant to Rule 9(c), to direct that the investigation should be delegated to an appropriate Recognised Supervisory Body, the Board shall send a Notice of Delegation to the relevant Recognised Supervisory Body, each Respondent and Executive Counsel (with each such notice being copied to any other relevant Recognised Supervisory Body).

Reconsideration

11. Subject to Rule 12, the Board may reconsider any decision made in respect of Rule 4 (Designated Officer determines question of breach not raised and so no further action), Rule 5(b)(ii) (Designated Officer determines question of breach raised but to take no further action under the AEP), Rule 7 (Board decides there are not reasonable grounds to suspect a breach and so no further action), Rule 8(a) (Constructive Engagement), Rule 8(b) (Published Constructive Engagement) or Rule 8(e) (Board decides there are reasonable grounds to

suspect a breach but there should be no further action) where it appears that:

(a) either:

- (i) the decision was materially flawed, for any reason, in whole or in part; or
- (ii) significant and relevant new evidence which could not have been adduced previously has been received within three years of the decision under reconsideration; and

(b) it is necessary in the public interest or to prevent injustice to reconsider the decision.

12. Other than in respect of Rule 11(a)(ii), a reconsideration pursuant to Rule 11 must take place no later than six months beginning from the date of the relevant decision.
13. Where, following a direction under Rule 8(a) (Constructive Engagement) or 8(b) (Published Constructive Engagement), the Designated Officer is unable to resolve the matter to their satisfaction, the Designated Officer shall return the matter to the Board for reconsideration.
14. Following a direction under Rule 8(c) (Accelerated Procedure), and at any time before a Notice of Referral to the Tribunal is issued, Executive Counsel may decide to return a matter to the Board for reconsideration if:
 - (a) Executive Counsel determines that the Relevant Information and any additional information obtained pursuant to Rule 50 does not provide a sufficient basis on which to make a decision under Rule 54; or
 - (b) Executive Counsel considers that it would be more suitable for the matter to be dealt with by means other than the Accelerated Procedure.
15. The Board:
 - (a) may reconsider any decision made in respect of Rule 8(a) (Constructive Engagement) or (b) (Published Constructive Engagement) where it has been returned to the Board pursuant to Rule 13; and
 - (b) may only reconsider any decision made in respect of Rule 8(c) (Accelerated Procedure) where it has been returned to the Board under Rule 14.
16. The Board may direct the Designated Officer to use the powers listed in Rule 3B to assist the Board in deciding whether to reconsider a decision or in reconsidering a decision.
17. Where the Board decides to reconsider a decision pursuant to Rule 11, it shall provide each Statutory Auditor and/or Statutory Audit Firm as appropriate with any new relevant evidence or information and invite each Statutory Auditor and/or Statutory Audit Firm as appropriate to submit written representations regarding the reconsideration.
18. Where the Board reconsiders a decision it:

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- (a) must take into account any representations made by each Statutory Auditor and/or Statutory Audit Firm as appropriate pursuant to Rule 17; and
 - (b) may:
 - (i) decide the original decision should stand;
 - (ii) substitute for all or part of the original decision any decision which could have been made under or in connection with the Rule in question; or
 - (iii) where the Designated Officer was the decision maker, remit the matter back to the Designated Officer for a fresh decision where the matter shall follow the same procedure under this AEP applicable to the Designated Officer.
19. Where the Board reconsiders a decision pursuant to Rule 11, the Board shall notify each Statutory Auditor and/or Statutory Audit Firm as appropriate in writing, as soon as is reasonably practicable, of its decision and the reasons for that decision.
20. Where the Board reconsiders a decision pursuant to Rule 15 and decides either to substitute a decision in accordance with Rule 18(b)(ii), or to remit the matter back to the Designated Officer in accordance with Rule 18(b)(iii), the Board shall notify the Respondent, the relevant Statutory Auditor and/or Statutory Audit Firm as appropriate in writing, as soon as is reasonably practicable, of its decision and the reasons for that decision.

Part 3 – Early Admissions Process

21. Within 28 days of receipt of the Notice of Investigation (or such longer period as may be agreed by Executive Counsel), the Respondent may notify Executive Counsel of their interest in participating in the Early Admissions Process.
22. Executive Counsel shall determine whether the Early Admissions Process is appropriate. Executive Counsel shall provide confirmation of whether they agree to the Respondent's participation in the Early Admissions Process within 28 days of receipt of the Respondent's indication of interest under Rule 21 (or such other period as the Parties may agree).
23. The use of the Early Admissions Process will not be permitted where criminal conduct is suspected.
24. Where Executive Counsel agrees to the Respondent's participation in the Early Admissions Process, Executive Counsel and the Respondent shall agree the arrangements relevant to the matter, including:
 - (a) the scope of the EAP Factual Account to be prepared by the Respondent in respect of the matter under investigation;
 - (b) the deadline for providing the EAP Factual Account (which will ordinarily be no longer than six months);
 - (c) the process for attestation by or on behalf of the Respondent to the robustness of the enquiries and the completeness of the account; and
 - (d) any supporting documents Executive Counsel requires to be provided by the Respondent.
25. Once agreement has been reached as to the arrangements under Rule 24, Executive Counsel shall require production of the EAP Factual Account (and all supporting materials and evidence).
26. At any time before receipt of the Respondent's EAP Factual Account, Executive Counsel may terminate the Early Admissions Process.
27. Upon receipt of the Respondent's EAP Factual Account, Executive Counsel may make further enquiries to satisfy themselves of the accuracy and completeness of the information provided, including requiring the Respondent to provide any further information they consider necessary.
28. Having reviewed the EAP Factual Account, Executive Counsel shall either:
 - (a) enter into settlement discussions with the Respondent under Rule 127 on the basis of the EAP Factual Account;

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- (b) continue to investigate the matter; or
 - (c) decide that the Respondent should no longer be liable for Enforcement Action under Rule 167.

Part 4 – Investigation

Amending the Scope of an Investigation

29. If, in the course of an investigation, Executive Counsel considers that facts or circumstances which appear to warrant investigation are outside the scope of the investigation set out in the Notice of Investigation, or Executive Counsel considers that a Statutory Auditor or Statutory Audit Firm should be added as a Respondent to the investigation, then Executive Counsel shall report those matters to the Board.
30. The Board may direct that the scope of, and parties to, the investigation are to be amended. Upon making such amendment, the Board:
- (a) where the scope of the investigation has been amended, shall notify in writing the Respondent, the Respondent's Recognised Supervisory Body and Executive Counsel of the new scope; and
 - (b) where any Respondent has been added to an investigation;
 - (i) shall notify in writing Executive Counsel, that Respondent and that Respondent's Recognised Supervisory Body; and
 - (ii) shall notify in writing any other Respondents unless the Board considers that to do so would not be in the public interest.

Investigation Powers

31. In order to investigate and determine whether to issue a Proposed Decision Notice, Executive Counsel may at any stage of the investigation prior to the issue of a Proposed Decision Notice:
- (a) give notice in writing to require any Statutory Auditor or Statutory Audit Firm to provide information and/or to create documents which relate to the Statutory Audit of, or the performance of Third Country Audit Functions in respect of, the annual accounts or the consolidated accounts of any audited person;
 - (b) request any specialist advice;
 - (c) request experts to carry out verifications or investigations;
 - (d) require any Statutory Auditor or Statutory Audit Firm to co-operate with investigations, including attending for interview; and
 - (e) request or receive from any other person any information which may be material to an investigation.
32. In the course of an investigation in relation to the Statutory Audit of a Public Interest Entity Executive Counsel may:

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- (a) enter premises at any reasonable time to carry out on-site inspections of Statutory Audit work or Statutory Audit Firms, subject to:
 - (i) providing notice in writing to the occupier of such premises which sets out:
 - (A) why entry is necessary;
 - (B) the name of the audited person;
 - (C) the accounting years in question;
 - (D) the risk of committing a statutory offence contrary to paragraph 5 of Schedule 2 to SATCAR 2016; and
 - (ii) allowing at least two working days between the date of receipt of the notice and the date of entry; and/or
 - (b) give notice in writing to any person specified below requiring that person to provide information relating to the Statutory Audit of the annual accounts or the consolidated accounts of any Public Interest Entity including by requiring any natural person specified below to appear before Executive Counsel at a specified place to answer questions at interview:
 - (i) any person involved in the activities of a Statutory Auditor (including any person to whom a Statutory Auditor has outsourced such activities);
 - (ii) any Public Interest Entity;
 - (iii) any subsidiary or parent of a Public Interest Entity or any other subsidiary of a company of which a Public Interest Entity is a subsidiary; and
 - (iv) any person otherwise having a connection to a Statutory Auditor carrying out the Statutory Audit of the annual accounts or consolidated accounts of a Public Interest Entity.

Investigation Report

33. Unless otherwise agreed with the Respondent, following completion of the investigation, Executive Counsel shall prepare and provide to the Respondent an Investigation Report. The Investigation Report shall:
- (a) state the scope of the investigation referred by the Board to Executive Counsel;
 - (b) summarise the nature of the evidence and documents obtained in the course of the investigation;
 - (c) specify those Relevant Requirements which the Respondent appears to have breached; and

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- (d) append or supply copies of all documentary or digital evidence that is referred to in the Investigation Report.
- 34. On receipt of the Investigation Report, the Respondent shall have 56 days or such other period as may be agreed by Executive Counsel to make written representations.
 - 35. Executive Counsel may take into account a failure to make such representations when determining whether a Respondent should be liable for Enforcement Action.

Liability for Enforcement Action – Executive Counsel

- 36. After consideration of any representations received from the Respondent under Rule 34, and having received any information sought under Rules 31 or 32, as applicable, Executive Counsel will decide:
 - (a) if they consider that the Respondent has breached any Relevant Requirements; and
 - (b) if so, whether the Respondent should be liable for Enforcement Action.
- 37. If Executive Counsel decides that the Respondent should not be liable for Enforcement Action, Executive Counsel shall issue a Notice of Closure pursuant to Rule 167.

Proposed Decision Notice – Executive Counsel

- 38. If Executive Counsel decides that the Respondent should be liable for Enforcement Action, Executive Counsel shall issue a Proposed Decision Notice to the Respondent.
- 39. A Proposed Decision Notice must include:
 - (a) the alleged breaches of Relevant Requirement(s), with reasons;
 - (b) the proposed Sanction, with reasons;
 - (c) a proposed amount payable in respect of Executive Counsel's Costs; and
 - (d) an invitation to the Respondent to provide written agreement to all or part of the Proposed Decision Notice within 28 days or such other period as Executive Counsel may agree is reasonable in all the circumstances.

Final Decision Notice – the Independent Reviewer

- 40. Where the Respondent agrees to a Proposed Decision Notice to the satisfaction of Executive Counsel, within 14 days of such agreement Executive Counsel shall deliver the Proposed Decision Notice to the Convener.
- 41. The Convener shall as soon as practicable appoint an Independent Reviewer from the Tribunal Panel to consider the Proposed Decision Notice.

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42. Within 14 days of receipt of a Proposed Decision Notice or such longer time period as the Parties may agree, the Independent Reviewer shall determine whether it is appropriate to issue the Proposed Decision Notice as a Final Decision Notice and shall either:
- (a) approve the issuance of a Final Decision Notice by Executive Counsel; or
 - (b) decline to approve the issuance of a Final Decision Notice by Executive Counsel and provide the Parties with reasons in writing as to why it is not appropriate to approve the issuance of a Final Decision Notice; and
 - (c) in either case, the Independent Reviewer shall notify Executive Counsel accordingly.
43. Subject to Rule 45, Executive Counsel shall serve a Final Decision Notice on the Respondent within 14 days of receipt of a notification pursuant to Rule 42(c) approving the issue of a Final Decision Notice under Rule 42(a).
44. Before the Independent Reviewer may decline to approve the issuance of the Final Decision Notice, that person must:
- (a) notify Executive Counsel and the Respondent in writing of the reasons why that person is not minded to approve the issuance of the Final Decision Notice;
 - (b) invite written representations from Executive Counsel and the Respondent on the appropriateness of issuing the Final Decision Notice;
 - (c) direct that any such representations be served on that person and any other Party within such time as that person directs; and
 - (d) consider any such representations.
45. If the Independent Reviewer declines to approve the issue of a Final Decision Notice under Rule 42, Executive Counsel may:
- (a) issue a revised Proposed Decision Notice in accordance with Rule 38; or
 - (b) refer for determination by the Tribunal in accordance with Rule 47.

Referral to the Tribunal by Executive Counsel

46. The conditions for referral are:
- (a) the Respondent has failed to respond to the Proposed Decision Notice issued pursuant to Rule 38 within the period specified in the Proposed Decision Notice;
 - (b) the Respondent has responded but has not provided written agreement to the Proposed Decision Notice issued pursuant to Rule 38 to Executive Counsel's satisfaction;

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- (c) the Independent Reviewer has declined to approve the issue of a Final Decision Notice pursuant to Rule 42(b), and Executive Counsel does not intend to issue a revised Proposed Decision Notice in accordance with Rule 45(a); or
 - (d) the Independent Reviewer has declined to approve the issuance of a Final Settlement Decision Notice under Rule 135 and Executive Counsel does not intend to issue a revised Proposed Settlement Decision Notice.
47. Executive Counsel shall refer a matter for determination by the Tribunal and request the appointment of a Tribunal where one or more of the conditions for referral in Rule 46 are met.
48. Executive Counsel shall refer a matter for determination by the Tribunal pursuant to Rule 47 by serving a Notice of Referral to the Tribunal on:
- (a) the Convener; and
 - (b) the Respondent.

Part 5 – Accelerated Procedure

49. Where the Board has sent a Notice of Accelerated Procedure in accordance with Rule 10(d), Executive Counsel shall determine whether the Relevant Information provides a sufficient basis on which to make a decision under Rule 54.
50. For the purposes of making a determination under Rule 49, Executive Counsel may use the powers set out in Rules 31 and 32(b).
51. Where Executive Counsel determines that the Relevant Information and any additional information obtained pursuant to Rule 50 provides a sufficient basis on which to make a decision under Rule 54, Executive Counsel shall enter into settlement discussions with the Respondent.
52. The process set out in Rules 128 to 136 of Part 8 of this AEP apply to settlement discussions under the Accelerated Procedure.
53. Where Executive Counsel is not minded to agree terms of settlement with the Respondent, Executive Counsel shall make a decision under Rule 54.

Liability for Enforcement Action

54. After considering the Relevant Information and any additional information obtained pursuant to Rule 50, Executive Counsel will decide:
 - (a) if they consider that the Respondent has breached any Relevant Requirements; and
 - (b) if so, whether the Respondent should be liable for Enforcement Action.
55. If Executive Counsel decides that the Respondent should not be liable for Enforcement Action, Executive Counsel shall issue a Notice of Closure pursuant to Rule 167.
56. [Not used]

Part 6 – The Tribunal

57. The Convener shall appoint a Tribunal from the Tribunal Panel within 14 days of the matter being referred pursuant to Rule 47 and notify the Parties of that appointment. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
58. A Tribunal shall exercise its functions in accordance with this AEP and the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
59. Within 56 days of receipt of notification of the appointment of the Tribunal, or such other period of time as may be agreed between the Parties, Executive Counsel shall serve on the Respondent and the Tribunal an Allegation, together with any factual evidence on which Executive Counsel relies.
60. The Chair or the Tribunal may, upon application of a Party, amend the Allegation provided that the amendment can be made without injustice. When considering whether to make an amendment to an Allegation, the Chair or the Tribunal must invite and consider any representations from the Parties.
61. Proposed Decision Notices issued pursuant to Rule 38 shall be treated as without prejudice save in relation to Costs and, unless the Parties agree otherwise, may not be provided to, or referred to before the Tribunal until the Tribunal has determined whether breaches of Relevant Requirements have occurred.

Case Management Hearings and Directions

62. Where a matter has been referred to the Tribunal to determine pursuant to Rule 47, Rules 63 to 69 apply. In addition, the Tribunal shall provide the Parties with directions as to whether any Interim Order should continue until the Sanctions and Costs Hearing is held.
63. Within 21 days following service of the Allegation, or such other period of time as may be agreed between the Parties or directed by the Tribunal, the Parties shall:
 - (a) seek to agree proposed Case Management Directions; and
 - (b) if proposed Case Management Directions are agreed, provide them to the Chair to consider and issue directions, as the Chair considers appropriate.
64. Where the Parties do not agree proposed Case Management Directions within the period of time required by Rule 63, the Chair must call a Case Management Hearing in order to provide Case Management Directions.
65. Each Party shall provide the Tribunal with a copy of that Party's proposed Case Management Directions, together with a short, written explanation of that Party's position in relation to any Case Management Direction which is not agreed, at least 14 days prior to a Case Management Hearing.

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66. Case Management Directions may be provided at a Case Management Hearing, or by correspondence, telephone or other electronic communication as the Chair deems fit.
67. Case Management Directions may, at any time, be given by the Chair:
- (a) upon the request of a Party; or
 - (b) at the Chair's own volition.
68. The Chair may rule on any question of law or admissibility of evidence and any such decisions are binding on the Tribunal conducting the proceedings.
69. Following the issuance of Case Management Directions, save as otherwise agreed between the Parties, the Tribunal must hold a Liability Hearing to determine the matters raised in the Allegation.

Notice of Hearing

70. The Tribunal shall serve a Notice of Hearing on the Parties:
- (a) in respect of Case Management Hearings, and save as otherwise agreed with the Parties, no less than 21 days before the date arranged for the Hearing; and
 - (b) in respect of all other Hearings:
 - (i) no less than 21 days before the date arranged for the Hearing; or
 - (ii) if Executive Counsel has provided a statement pursuant to Rule 107(d) that an application for an Interim Order should be heard as a matter of urgency, 7 days before the date arranged for the Interim Order Hearing; or
 - (iii) where the Tribunal considers that it is appropriate for an application for an Interim Order to be determined without notice to the Respondent, the Tribunal may not serve a Notice of Hearing on the Respondent but must serve one on Executive Counsel.
71. Where the Tribunal is to hold any Hearing, the Notice of Hearing shall:
- (a) state the date, time and venue;
 - (b) warn that the Tribunal may proceed with the Hearing in the absence of any Party; and
 - (c) for Interim Order applications on notice, invite the Respondent to provide written representations regarding the application at least 14 days before the Interim Order Hearing or, if Rule 70(b)(ii) applies, at least 3 days before the Interim Order Hearing.
72. The Tribunal may vary the time periods set out in Rules 70 and 71 with the agreement of the Parties.

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73. A Notice of Hearing may be served on a Party:
- (a) by ordinary post to the Party's personal address;
 - (b) by electronic mail to an email address that the Party has provided to either of the Tribunal, Convener, a Recognised Supervisory Body or the Financial Reporting Council; and
 - (c) where the Party is legally represented, by electronic mail to an electronic mail address of the legal representative.

Evidence

74. The Tribunal may take into account any relevant evidence, whether or not such evidence would be admissible in a court. The Tribunal shall at all times apply the rules of natural justice.
75. The Tribunal has a discretion to allow a Party to:
- (a) adduce written evidence which has not previously been disclosed; or
 - (b) call a witness in respect of whom a witness statement has not been served.
76. Production of an original or certified copy of a certificate purporting to be under the hand of a competent officer of a court in the United Kingdom or overseas that a person has been convicted of a criminal offence shall be conclusive evidence of the offence committed. Production of an original or certified copy of a certificate signed by an officer of a regulatory body shall be conclusive evidence of that regulator's determination.
77. Without prejudice to Rule 74, a finding or court-approved statement of fact:
- (a) in any report of an inspector appointed under the Companies Act 1985;
 - (b) in any civil or criminal proceedings before a Court of competent jurisdiction in or outside the United Kingdom;
 - (c) in any proceedings before, or report by, any regulatory, professional, supervisory or disciplinary body in or outside the United Kingdom;
 - (d) in any proceedings before, or report by, any body replacing, additional to or pre-dating a body identified in sub-paragraph 77(c) above and performing the same or broadly similar functions, and whose regulatory arrangements are of a similar standing; or
 - (e) in any report or proceedings which, in the opinion of the relevant Tribunal, corresponds or correspond to any report or proceedings referred to in sub-paragraphs (a) to (c) above, shall, for the purposes of this AEP, be prima facie evidence of the facts found.

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78. Rules 75 to 77 are without prejudice to the generality of Rule 74 and nothing in Rule 77 shall affect the evidential status of any report or other document not referred to in Rule 77.
79. The Tribunal may, upon the application of any Party or of its own volition, direct that the identities of witnesses or other persons referred to in the proceedings or any other aspect of the Tribunal's proceedings shall not be disclosed in public, by the use of anonymisation or otherwise, where the Tribunal considers that such a direction is necessary in the interests of justice, or is otherwise in the public interest taking account of the interests of a witness or any other person.
80. Witnesses:
- (a) may be examined by the Party calling them;
 - (b) may be cross-examined;
 - (c) may be re-examined by the Party calling them;
 - (d) may be questioned by the Tribunal; and
 - (e) may be re-examined by the Party calling them on matters arising out of the Tribunal's questions.
81. The Tribunal may, upon the application of any Party or of its own volition, require a witness to be excluded from the Hearing until they have given evidence.
82. The Chair or Tribunal, after receiving representations from the Parties, may adopt such measures as are considered necessary to receive evidence from a witness.

Burden and Standard of Proof

83. The standard of proof when deciding disputed facts at any Hearing shall be the civil standard.
84. The burden of proving any disputed facts in relation to the Allegation rests on Executive Counsel.

Postponements and Adjournments

85. The Chair may, of the Chair's own volition or upon the application of a Party, postpone a Hearing.
86. The Tribunal may, of its own volition or upon the application of a Party, adjourn the proceedings at any stage.
87. In considering whether to postpone or adjourn a Hearing, the Chair or Tribunal shall have regard to all relevant factors including any representations from the Parties in particular, as to fairness, the public interest and Costs.

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88. Subject to Rules 89, 90 and 91, the validity of proceedings shall not be undermined where a member of the Tribunal who conducted a Liability Hearing is not present at a subsequent Sanction and Costs Hearing.
89. In the event that a member of the Tribunal who conducted a Liability Hearing is unable to participate in a subsequent Sanction and Costs Hearing:
- (a) where that member is not the Chair, the Sanction and Costs Hearing shall proceed without that member; and
 - (b) where that member is the Chair, the Convener shall appoint a replacement from the Tribunal Panel subject to the requirements of the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
90. In the event that a member of the Tribunal is unable to continue to participate in a Liability Hearing:
- (a) where the member is neither the Chair nor an individual with audit experience, the Hearing shall proceed without that member; and
 - (b) where the member is either the Chair or an individual with audit experience;
 - (i) subject to the agreement of the Parties, the Convener shall appoint a replacement from the Tribunal Panel subject to the requirements of the Tribunal and Appeal Panel Terms of Appointment issued by the Board; or
 - (ii) the case shall be re-heard in full by a new Tribunal.
91. In the event that a member of the Tribunal is unable to continue to participate in a Sanction and Costs Hearing:
- (a) where the member is not the Chair the Hearing shall proceed without that member; and
 - (b) where the member is the Chair;
 - (i) subject to the agreement of the Parties, the Convener shall appoint a replacement from the Tribunal Panel subject to the requirements of the Tribunal and Appeal Panel Terms of Appointment issued by the Board; or
 - (ii) the case shall be re-heard in full by a new Tribunal.
92. Where a case is to be re-heard pursuant to either Rule 90(b)(ii) or Rule 91(b)(ii), the Convener shall appoint a new Tribunal at the earliest opportunity and notify the Parties of that appointment.

Proceeding in Absence

93. Where the Respondent fails to attend a Hearing, the Chair or Tribunal may continue in the Respondent's absence if:
- (a) it is satisfied that notification of the Hearing was properly given; and
 - (b) it is fair in all the circumstances to do so.

Attendance of the Public

94. Case Management Hearings and Interim Order Hearings shall be held in private. Liability Hearings and Sanction and Costs Hearings shall be held in public subject to Rule 95.
95. The Tribunal may, upon the application of any Party or of its own volition, direct that all or part of the Hearing shall be held in private where the Tribunal considers that publicity could prejudice the interests of justice, or that a private Hearing may otherwise be in the public interest.
96. The Tribunal may exclude from the Hearing any person whose conduct has disrupted or is likely to disrupt proceedings.

Representation

97. At any Hearing, the Respondent may represent themselves or be represented by:
- (a) a solicitor or counsel; or
 - (b) another person at the discretion of the Tribunal provided that the person is not a witness in the case, a member of the FRC's governance structure or an employee of the FRC.

The Procedure at a Liability Hearing

98. Unless the Tribunal determines otherwise, the order of proceedings at a Liability Hearing is:
- (a) the Tribunal shall consider any preliminary legal arguments;
 - (b) the Respondent shall indicate whether any admissions are made, and if so, the Tribunal shall announce that such admitted matters have been found proved;
 - (c) Executive Counsel shall open the case and call factual evidence in support;
 - (d) the Respondent may open the Respondent's case and call factual evidence in support;
 - (e) Executive Counsel may call any expert evidence, for which the Tribunal has given permission, in support;

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- (f) the Respondent may call any expert evidence, for which the Tribunal has given permission, in support;
 - (g) Executive Counsel shall present closing submissions;
 - (h) the Respondent shall present closing submissions;
 - (i) Executive Counsel shall present closing submissions in reply.

Tribunal Decision

- 99. Subject to Rule 93, the Tribunal may not determine that the Respondent has breached a Relevant Requirement unless there has been a Liability Hearing at which the Parties have had the opportunity to lead evidence and make representations.
- 100. Following a Liability Hearing, the Tribunal shall provide the Parties and the Board with:
 - (a) a Final Decision Notice on liability, which shall include:
 - (i) the Tribunal's findings as to whether the Respondent has breached a Relevant Requirement; and
 - (ii) written reasons for those findings; and
 - (b) in the event of any Adverse Finding, directions in relation to a Sanction and Costs Hearing, including whether any Interim Order should continue until the Sanction and Costs Hearing is held.
- 101. A Sanction and Costs Hearing pursuant to Rule 100(b) will be arranged by the Convener at the earliest opportunity.
- 102. The Tribunal shall receive any evidence and hear any submissions from the Parties in relation to both Sanction and Costs.
- 103. Following the Sanction and Costs Hearing, the Tribunal shall provide the Parties and the Board with a Final Decision Notice on Sanction and Costs, which shall include:
 - (a) the Tribunal's decision on Sanction and Costs; and
 - (b) written reasons for that decision.

Part 7 – Interim Orders

104. An Interim Order can be made by the Tribunal:
- (a) upon the application of Executive Counsel on behalf of the Designated Officer pursuant to Rule 5(a);
 - (b) upon the application of Executive Counsel; or
 - (c) by the Tribunal of its own volition.
105. An Interim Order can be made by the Tribunal at any stage before issuing a Final Decision Notice on Sanction and Costs.
106. An Interim Order may only be made:
- (a) following a Hearing to determine whether the Interim Order should be made; or
 - (b) with the agreement of the Parties.

Applications for an Interim Order

107. An application for an Interim Order made by Executive Counsel shall include:
- (a) written reasons as to why it is necessary to make an Interim Order;
 - (b) a statement as to whether the application is made without notice to the Respondent;
 - (c) if applicable, written reasons as to why the application should be heard without notice to the Respondent;
 - (d) a statement as to whether the application should be heard as a matter of urgency;
 - (e) if applicable, written reasons as to why the application should be heard as a matter of urgency;
 - (f) a draft of the Interim Order proposed; and
 - (g) any evidence or documents which Executive Counsel considers to be relevant to the Tribunal's consideration of whether to make an Interim Order.
108. Executive Counsel shall serve an application for an Interim Order made by Executive Counsel on:
- (a) the Convener; and
 - (b) the Respondent; save that an application made by Executive Counsel for an Interim Order to be heard without notice to the Respondent need not be served on the Respondent.

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109. Upon receipt of an application for an Interim Order, the Convener:
- (a) if the application is made in respect of a matter which has not been referred to the Tribunal, shall as soon as possible appoint a Tribunal from the Tribunal Panel to determine the application; or
 - (b) if the application is made in respect of a matter which has been referred to the Tribunal, shall refer the application to the Chair of that Tribunal.
110. The Tribunal shall:
- (a) determine whether it is appropriate for the application for an Interim Order to be heard at an Interim Order Hearing without notice to the Respondent; and
 - (i) if it is, arrange a date for an Interim Order Hearing without notice to determine the application for an Interim Order; or
 - (ii) if the Tribunal determines that an Interim Order Hearing should be held on notice, serve a Notice of Hearing on the parties in accordance with Rules 70 to 73; and serve the application on the Respondent, if not already served, and
 - (b) in all cases, take into account the following non-exhaustive factors in determining whether an Interim Order Hearing should be held with or without notice:
 - (i) any risk to the public;
 - (ii) the public interest;
 - (iii) the seriousness of the alleged breaches of the Relevant Requirements;
 - (iv) the need for urgency in the particular matter;
 - (v) any risk of acts or omissions which might undermine or prejudice the purpose or effect of any Interim Order or other measures or proceedings under this AEP; and
 - (vi) the risk of unfair prejudice and injustice to the Respondent.
111. An Interim Order Hearing, with or without notice to the Respondent must be held as soon as possible.

Interim Order Hearing

112. Interim Order Hearings will be held in private.
113. Having considered any representations made by the Parties at an Interim Order Hearing, the Tribunal may make an Interim Order if the Tribunal is satisfied that:

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- (a) at an Interim Order Hearing with notice:
 - (i) there are reasonable grounds to consider that the Respondent may have breached a Relevant Requirement; and
 - (ii) it is necessary for the protection of the public or is in the public interest for an Interim Order to be made.
 - (b) at an Interim Order Hearing without notice:
 - (i) there are reasonable grounds to consider that the Respondent may have breached a Relevant Requirement; andeither
 - (ii) there are reasonable grounds to consider that there is a risk of acts or omissions which might undermine or prejudice the purpose or effect of any Interim Order or other measures or proceedings under this AEP; or
 - (iii) it is necessary for the protection of the public.

114. When an Interim Order has been made, the Tribunal shall:

- (a) specify the duration of the Interim Order;
- (b) arrange an Interim Order Review Hearing on notice to the Parties to review the matter;
- (c) make any necessary directions in respect of that Interim Order Review Hearing;
- (d) serve on the Parties as soon as possible:
 - (i) a copy of the Interim Order; and
 - (ii) written reasons for the decision to make the Interim Order; and
- (e) provide a copy of the Interim Order to the relevant Recognised Supervisory Body.

115. Unless otherwise stated, an Interim Order shall have effect from the time that it is served on the Parties until a further Interim Order Hearing or Liability Hearing is held at which the Interim Order may be continued or revoked.

Review

116. An Interim Order Review Hearing to review an Interim Order shall take place:
- (a) when the Interim Order has been made at an Interim Order Hearing arranged without notice to the Respondent, no later than 3 days from the date of the Interim Order; or
 - (b) in all other cases, no later than 28 days before the date of the expiry of the Interim Order.
117. At an Interim Order Review Hearing:
- (a) the Tribunal shall consider any representations made by the Parties; and
 - (b) the Tribunal may make a further Interim Order if it is satisfied that:
 - (i) there are reasonable grounds to consider that the Respondent may have breached a Relevant Requirement; and
 - (ii) it is necessary for the protection of the public or is in the public interest or is in the interests of the Respondent for an Interim Order to be made.

Amendment and revocation

118. Either Party may apply to the Tribunal that imposed the Interim Order to amend or revoke that order, or to appeal it under Rule 137.
119. An application to amend or revoke an Interim Order shall include:
- (a) written reasons as to why the grounds in Rule 113 no longer apply; and
 - (b) any evidence or documents which are relevant to the Tribunal's consideration of whether to amend or revoke an Interim Order.
120. A Party shall serve an application to amend or revoke an Interim Order on:
- (a) the Convener; and
 - (b) the other Party.
121. Upon receipt of an application to amend or revoke an Interim Order, the Convener shall:
- (a) if the application is made in respect of a matter which has not been referred to the Tribunal, refer the application to the Chair of the Tribunal appointed pursuant to Rule 109(a); or
 - (b) if the application is made in respect of a matter which has been referred to the Tribunal, shall refer the application to the Chair of that Tribunal.

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122. The Tribunal shall arrange a date for an Interim Order Hearing with notice to the parties to determine the application, which shall be held as soon as practicable.

Amendment

123. The Tribunal may amend an Interim Order:
- (a) with the agreement of the Parties; and
 - (b) if it is satisfied that the terms of the amended order will protect the public and/or is in the public interest.
124. When an Interim Order has been amended, the Tribunal shall:
- (a) specify the duration of the amended Interim Order;
 - (b) arrange an Interim Order Review Hearing to review the matter;
 - (c) make any necessary directions in respect of that Interim Order Review Hearing; and
 - (d) serve on the Parties as soon as possible:
 - (i) a copy of the amended Interim Order; and
 - (ii) written reasons for the decision to make an Interim Order.

Revocation

125. The Tribunal may revoke an Interim Order if it is satisfied, having regard to all the circumstances:
- (a) that the order is no longer necessary to protect the public; and
 - (b) it is not in the public interest for the order to continue.
126. An Interim Order shall be revoked by:
- (a) a Notice of Revocation giving written reasons; or
 - (b) a Final Decision Notice relating to liability, Sanction and Costs following expiry of the appeal period or the conclusion of any appeal.

Part 8 – Settlement

127. At any time after issuance of a Notice of Investigation pursuant to Rule 10(e) but prior to the issue of a Final Decision Notice by the Tribunal, Executive Counsel, having regard to the public interest, may enter into settlement discussions with the Respondent.
128. Where, following settlement discussions, Executive Counsel is minded to agree terms of a settlement with the Respondent, Executive Counsel shall issue a Proposed Settlement Decision Notice to the Respondent.
129. A Proposed Settlement Decision Notice must include:
 - (a) the breaches of Relevant Requirement(s), with reasons;
 - (b) the proposed Sanction, with reasons;
 - (c) a proposed amount payable in respect of Executive Counsel's Costs; and
 - (d) an invitation to the Respondent to provide written agreement to the Proposed Settlement Decision Notice within 28 days or other such period as Executive Counsel decides is reasonable in all the circumstances.
130. Where the Respondent provides written agreement to the Proposed Settlement Decision Notice, within 14 days of such agreement Executive Counsel shall deliver the Proposed Settlement Decision Notice to the Convener.
131. The Convener shall as soon as practicable appoint an Independent Reviewer from the Tribunal Panel to consider the Proposed Settlement Decision Notice.
132. Within 14 days of receipt of a Proposed Settlement Decision Notice, or such longer time period as the Parties may agree, the Independent Reviewer shall determine whether it is appropriate to issue the Proposed Settlement Decision Notice as a Final Settlement Decision Notice and shall either:
 - (a) approve the issuance of a Final Settlement Decision Notice by Executive Counsel and notify Executive Counsel and the Board accordingly; or
 - (b) decline to approve the issuance of a Final Settlement Decision Notice by Executive Counsel and provide the Parties with reasons in writing as to why it is not appropriate to approve the issuance of a Final Settlement Decision Notice.
133. Executive Counsel shall serve a Final Settlement Decision Notice on the Respondent within 14 days of receipt of a notification pursuant to Rule 132(a).
134. Before the Independent Reviewer may decline to approve the issuance of a Final Settlement Decision Notice, that person must:

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- (a) notify in writing Executive Counsel and the Respondent of the reasons why that person is not minded to approve the issuance of the Final Settlement Decision Notice;
 - (b) invite written representations from Executive Counsel and the Respondent on the appropriateness of issuing the Final Settlement Decision Notice;
 - (c) direct that any such representations be served on that person and any other Party within such time as that person directs; and
 - (d) consider any such representations.
135. If, having considered the parties' representations pursuant to Rule 134, the Independent Reviewer declines to approve the issuance of a Final Settlement Decision Notice, Executive Counsel may:
- (a) resume settlement discussions with the Respondent; or
 - (b) proceed with Enforcement Action or, in the case of the Accelerated Procedure, take a decision on liability to Enforcement Action under Rule 54.
136. The content of any settlement discussions between Executive Counsel and a Respondent shall not be admissible as evidence in any proceedings against the Respondent under this AEP.

Part 9 – Appeal

137. A Party may appeal to the Appeal Tribunal:
- (a) the decision to impose or refuse to impose an Interim Order; and
 - (b) a Final Decision Notice made by the Tribunal.
138. Any application to appeal made pursuant to Rule 137 must be made in writing to the Convener:
- (a) within 28 days of the issuing of the relevant Interim Order; or
 - (b) within 28 days of the issuing of the Final Decision Notice on Liability or Sanction, whichever is the later, by way of a Notice of Appeal.
139. The Notice of Appeal shall:
- (a) be in writing;
 - (b) identify the finding and/or order appealed against; and
 - (c) state the ground of appeal.
140. Neither the scope of the appeal nor the grounds so stated shall be amended or changed except with the leave of the Appeal Tribunal appointed to hear the appeal.
141. Upon receipt of a Notice of Appeal, the Convener shall notify the Board and as soon as practicable appoint a person from the Tribunal Panel to consider whether to give leave to appeal. That person shall be a current or former member of the judiciary or a King's (or Queen's) Counsel, and shall not sit on any subsequent Appeal Tribunal in connection with the case. The Convener shall provide the Board with details of the person appointed and notify each Party. The person so appointed shall within 14 days of receipt of a Notice of Appeal from the Convener consider whether to give permission to appeal and will grant permission if they are satisfied that:
- (a) there is an arguable case for appeal on one or more of the grounds set out in Rule 142 as applicable;
 - (b) the appeal was lodged in accordance with Rule 138 unless there are good reasons for giving leave to appeal out of time; and
 - (c) Rule 149 does not apply.
142. Any appeal under Rule 137 can only be made on the grounds that the Tribunal decision was:
- (a) wrong in law;

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- (b) unfair because of a serious procedural irregularity;
 - (c) irrational;
 - (d) made in the absence of significant and relevant new evidence which could not have been adduced previously;
 - (e) based on a material misstatement of fact; or
 - (f) manifestly unreasonable.
143. Following a decision to give leave or refuse leave to appeal under Rule 141, the person appointed shall notify the Convener and provide reasons in writing for that decision, and the Convener shall notify each Party of the decision and reasons.
144. If the person appointed under Rule 141 gives leave to appeal, the Convener shall, as soon as practicable, appoint an Appeal Tribunal from the Tribunal Panel to determine the appeal in accordance with the provisions of this AEP and notify the Parties concerned. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
145. An Appeal Tribunal shall exercise its functions in accordance with this AEP and the Tribunal and Appeal Panel Terms of Appointment issued by the Board.
146. Following the appointment of an Appeal Tribunal pursuant to Rule 144, that Appeal Tribunal shall either hold an Appeal Hearing to determine the matters for which leave to appeal has been granted, or shall determine those matters on paper without an oral Hearing, if it considers that it is fair in all the circumstances to do so.
147. If there is more than one appeal from a Tribunal or Joint Tribunal, all such appeals shall, unless the Appeal Tribunal otherwise decides, be heard together.
148. The Appeal Tribunal may:
- (a) revoke or vary the relevant Interim Order or Final Decision Notice;
 - (b) give such direction or take such other steps as the Tribunal could have given or taken; or
 - (c) make any other decision which the Tribunal could have made.
149. Where a Respondent has agreed to a Decision Notice in accordance with Rule 40 there is no right of appeal.
150. A Respondent may, either voluntarily or at the invitation of the Appeal Tribunal or Executive Counsel at any stage of the appeal make an admission in respect of any alleged particulars of fact or any alleged breaches of Relevant Requirements which the Appeal Tribunal may then take into account.

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151. The Appeal Tribunal may permit a Party to adduce evidence that was not before the Tribunal if the Appeal Tribunal is content that there is a good reason as to why that evidence was not before the Tribunal.
 152. Without prejudice to Rule 151, in coming to its decision the Appeal Tribunal may take into account any significant and relevant evidence, whether or not such evidence would be admissible in a court.
 153. An Appeal shall be by way of a review only and not by way of a rehearing, providing always that where an Appeal is made on the grounds set out in Rule 142(d), the Appeal Tribunal may receive any new evidence in writing and request that a witness attend an Appeal Hearing.
 154. The Appeal Tribunal shall issue a Final Decision Notice, which shall be signed by its Chair, setting out its decision and reasons and any related orders made pursuant to Rule 148 and send it to the Parties and the Board.
 155. At any time before a Final Decision Notice is issued by the Appeal Tribunal, the appellant Party may withdraw the appeal by notice in writing to the Convener.

Part 10 – Sanctions

156. Sanctions and Costs imposed under this AEP shall be determined and imposed in accordance with Regulation 5 of SATCAR 2016.
157. Executive Counsel and the Tribunal may impose the following Sanctions:
- (a) a notice requiring the Respondent to cease or abstain from repetition of the conduct giving rise to the breach of the Relevant Requirement(s);
 - (b) publish a statement (which may take the form of a reprimand or severe reprimand) to the effect that the Respondent has contravened a Relevant Requirement;
 - (c) order the Respondent to take action to mitigate the effect or prevent the recurrence of the breach of the Relevant Requirement(s);
 - (d) a prohibition banning the Respondent, either permanently or for a specified period, from carrying out Statutory Audits and/or signing audit reports;
 - (e) a declaration that the audit report does not satisfy the Audit Reporting Requirements;
 - (f) a declaration that the audit report does not satisfy the requirement in Regulation 4(1) of SATCAR 2016;
 - (g) where a declaration is made pursuant to sub-paragraph (e) or (f), order that the Respondent waives client fees payable, or repays client fees paid, to the Respondent in connection with the carrying out of the Statutory Audit;
 - (h) a temporary prohibition of up to three years' duration banning the Respondent from being a member of the management body of a firm that is eligible for appointment as a Statutory Auditor;
 - (i) a temporary prohibition of up to three years' duration banning the Respondent from acting as a director of or being otherwise concerned in the management of a Public Interest Entity;
 - (j) a financial penalty of such amount as is considered appropriate; and
 - (k) exclusion as a member of one or more Recognised Supervisory Bodies.
158. Any Sanction imposed on a Respondent shall have effect at expiry of the appeal period or the issuance by the Appeal Tribunal of its Final Decision Notice and may be entered on the Register by, or at the direction of, the FRC.

Part 11 – Costs

159. Final Decision Notices under Rule 43 shall set out an amount payable in respect of Executive Counsel's Costs.
160. A Party may serve on the other Party and the Tribunal a schedule of Costs relating to or connected with a Hearing no less than two working days before the date of that Hearing.
161. After announcing the Tribunal's or Appeal Tribunal's decision the Chair may invite representations as to whether Costs should be awarded against either Party.
162. After hearing representations from the Parties, the Tribunal or Appeal Tribunal may order a Party to pay all or part of the Costs incurred by the other Party by a specified date.
163. The Tribunal or Appeal Tribunal may order the Respondent to pay all or part of the Tribunal's Costs in respect of the Hearing.
164. The Tribunal or Appeal Tribunal shall have regard to the following when assessing whether a Party should be liable for the Costs of the other Party, or for the Tribunal's Costs in respect of the Hearing:
 - (a) the Party's ability to pay;
 - (b) the Tribunal's decision on the facts and, if appropriate, the Sanction or the Appeal Tribunal's decision on the Appeal; and
 - (c) whether it is it fair and equitable in all the circumstances.
165. The Tribunal or Appeal Tribunal shall not award Costs to the Respondent unless it finds that it was unreasonable for Executive Counsel to have pursued all or a substantial part of the case.
166. Where the Tribunal or Appeal Tribunal orders a Party to pay the Costs of the other Party, the Chair may:
 - (a) summarily assess the Costs award; or
 - (b) request the Parties to agree the amount of the Costs award.

Part 12 – General

Notice of Closure

167. At any time before the Notice of Referral to the Tribunal is issued, Executive Counsel may decide that the Respondent should no longer be liable for Enforcement Action.
168. At any time before the Notice of Hearing is issued in respect of a Liability Hearing, the Tribunal may, upon an application from Executive Counsel, decide that the Respondent should no longer be liable for Enforcement Action.
169. Where Executive Counsel makes a decision under Rule 167, Executive Counsel shall notify the Respondent in question of the decision by sending a Notice of Closure, which shall be copied to:
- (a) the Respondent's Recognised Supervisory Body; and
 - (b) any other Respondent in respect of the same matter who has previously been notified by Executive Counsel of the investigation into the Respondent who is now the subject of the decision under Rule 167.
170. Where the Tribunal makes a decision under Rule 168, it shall notify the Respondent of the decision by sending a Notice of Closure which shall be copied to:
- (a) the Respondent's Recognised Supervisory Body; and
 - (b) any other Respondent in respect of the same matter who has previously been notified by Executive Counsel of the investigation into the Respondent who is now the subject of the decision under Rule 168; and
 - (c) Executive Counsel.
171. The Chair may, upon the application of a Party, cancel a Hearing.

Receipt of notices and communications

- 171A. Any written notice or other written communication sent pursuant to this AEP shall be sent by email or registered post, or delivered by hand and:
- (a) if sent by email shall:
 - (i) if it is sent before 5pm GMT, be deemed to have been received on the day it is sent; or
 - (ii) in any other case, shall be deemed to have been received on the following day; and
 - (b) if sent by registered post or delivered by hand, shall be deemed to have been received on the date of actual delivery.

Joinder of Allegations

172. The Tribunal may consider and determine an Allegation against two or more Respondents together where:
- (a) the Allegation against each Respondent concerned arises out of the same or related circumstances; and
 - (b) it is appropriate in all the circumstances to do so.
173. Each Respondent has the right to exercise any of the rights accorded to a Respondent in these Rules whether or not any other joined Respondent exercises that right.

Joint Tribunal

174. *Where Executive Counsel has served an Allegation pursuant to Rule 59 and (i) delivered a Formal Complaint under the Accountancy Scheme; or (ii) delivered a Formal Complaint under the Actuarial Scheme, and:*
- (a) *there is a common question of law or fact;*
 - (b) *some or all of the acts or omissions which form the subject matter of the Allegation and Formal Complaint(s) arise wholly or in part out of the same event or events or circumstances; or*
 - (c) *there is a compelling reason in the opinion of Executive Counsel why the Allegation and Formal Complaint(s) should be heard jointly,*
- Executive Counsel may instruct the Convener to appoint a Joint Tribunal under this AEP, the Accountancy Scheme and / or the Actuarial Scheme to hear the Allegation and Formal Complaint(s) together.*
175. *The Convener shall appoint the Joint Tribunal from the Tribunal Panel. Any such appointment shall be in accordance with the Tribunal and Appeal Panel Terms of Appointment issued by the Board.*
176. *Following the appointment of a Joint Tribunal:*
- (a) *a Party may make any representations to the Chair of the Joint Tribunal regarding that appointment within 14 days of receiving notification of the appointment; and*
 - (b) *the Chair of the Joint Tribunal may, upon reading or hearing the representations of one or more of the Parties, direct that the Allegation and the Formal Complaint(s) under joint consideration should be considered separately if:*
 - (i) *it is not desirable for the Allegation and Formal Complaint(s) to be heard together in the circumstances; and / or*
 - (ii) *a Joint Tribunal would be inconsistent with dealing with the matter justly and at proportionate cost.*

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177. *Where the Chair of the Joint Tribunal decides to hear the Allegation and Formal Complaint(s) separately, the Chair shall notify the Board of its decisions and the reasons for it. Where the Chair of the Joint Tribunal rejects a Party's application to hear the Allegation and the Formal Complaint(s) separately, the Chair shall give reasons.*
178. *Where there are two or more Notices of Appeal against Adverse Findings and/or orders made by the same Joint Tribunal by a Respondent under this AEP, a Member or Member Firm under the Accountancy Scheme and / or a Member within the meaning of the Actuarial Scheme, a Joint Appeal Tribunal under this AEP, the Accountancy Scheme and/or the Actuarial Scheme may be appointed to hear some or all of the appeal(s) together.*
179. *A Joint Tribunal shall, in accordance with guidance on Joint Tribunals issued by the Board, determine matters arising from:*
- (a) an Allegation in accordance with the relevant provisions of this AEP; and*
 - (b) a Formal Complaint in accordance with the relevant provisions of the Accountancy Scheme or the Actuarial Scheme.*
180. *A Joint Tribunal may:*
- (a) in respect of an Allegation, only make such orders as are provided for in this AEP; and*
 - (b) in respect of a Formal Complaint, only make such orders as are provided for in the Accountancy Scheme or the Actuarial Scheme.*
181. *The provisions of this AEP that apply to Tribunals and Appeal Tribunals shall apply to Joint Tribunals and Joint Appeal Tribunals, save as otherwise required by this Part].*

Publication

182. The Board shall issue and maintain a Publication Policy.
183. Final Decision Notices issued under this AEP shall be published in accordance with the Publication Policy.

Decision making

184. The Tribunal and the Appeal Tribunal shall decide matters by a majority vote.
185. No member of the Tribunal and the Appeal Tribunal may abstain from a vote.

Confidentiality

186. Any information, which is not in the public domain, and which is disclosed to any person by any representative of the FRC pursuant to this AEP, shall be kept confidential subject to Rule 187.

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187. Information which is not in the public domain, and which is disclosed to any person by any representative of the FRC pursuant to this AEP, may only be disclosed:
- (a) to that person's legal representatives;
 - (b) for the purposes of a Hearing;
 - (c) with the prior written consent of Executive Counsel;
 - (d) to the extent required by law; or
 - (e) to any other person to whom disclosure is necessary for the purposes of obtaining evidence, information or assistance in connection with the investigation or Enforcement Action subject to that person undertaking to keep the information confidential.

Guidance and Policies

188. The Board may from time to time issue guidance and policies in respect of the exercise of any of the functions or powers exercised pursuant to this AEP.

Transitional Provisions

189. Subject to Rule 190, this AEP comes into force on 1 July 2026.
190. The Joint Tribunal provisions of this AEP (including those referenced at Rule 174 to Rule 181 inclusive) shall not have effect on the date that this AEP comes into force.
191. All matters relating to the alleged breach of a Relevant Requirement (including those cases commenced under any previous version of the AEP) are to be conducted in accordance with the provisions of this AEP.
192. Rule 11 shall apply (subject to Rule 12) to any decision, taken by the Board prior to the date stated in Rule 189, under Rule 6(a) (Constructive Engagement) or Rule 6(c) (Board decides there should be no further action) of the June 2023 version of the AEP.



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