



# **Rules of procedure of the Committee of European Auditing Oversight Bodies**

## *Rule 1* **Scope**

These rules apply to the Committee of European Auditing Oversight Bodies (CEAOB) established by Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities<sup>1</sup> ('the Regulation'). The rules are adopted in accordance with Article 30(18) of the Regulation by the CEAOB members with voting rights.

## *Rule 2* **Definitions**

The definitions and terms used in the Regulation and Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts<sup>2</sup> ('the Directive'), shall apply accordingly.

## *Rule 3* **Mission and tasks**

1. The CEAOB is the framework for cooperation between competent authorities on audit oversight in the European Union, without prejudice to the organisation of national auditing oversight.
2. The CEAOB shall contribute to effective cooperation between competent authorities with a view to maximising the effectiveness of the EU legal framework on audit, in particular that of the Regulation and the Directive.
3. In particular, the CEAOB shall:
  - a) facilitate the exchange of information, expertise and best practices for the implementation of the Regulation and of the Directive;

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<sup>1</sup> Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77).

<sup>2</sup> Directive 2006/43/EC of the European parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87), as amended by Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 (OJ L 158, 27.5.2014, p. 196–226).

- b) provide expert advice to the Commission as well as to the competent authorities, at their request, on issues related to the implementation of the Regulation and of the Directive;
- c) contribute to the technical assessment of public oversight systems of third countries and to the international cooperation between Member States and third countries in this area, as referred to in Articles 46(2) and 47(3) of the Directive;
- d) contribute to the technical examination of international auditing standards, including the processes for their elaboration, with a view to their adoption at Union level;
- e) contribute to the improvement of cooperation mechanisms for the oversight of public interest entities' statutory auditors, audit firms or the networks they belong to;
- f) carry out other coordinating tasks in the cases provided for in the Regulation or in the Directive, including:
  - i. contributing to cooperation and convergence with regard to educational qualifications for statutory auditors, particularly those carrying out statutory audits of public-interest entities, pursuant to Article 6 of the Directive;
  - ii. seeking convergence of the requirements of adaptation periods and aptitude tests, pursuant to Article 14 of the Directive;
  - iii. pursuant to Article 30f(1) of the Directive, collecting and annually publishing aggregated information on all administrative measures and sanctions imposed by competent authorities in accordance with Chapter VII of the Directive;
  - iv. collecting information, as referred to in Article 2(5) of the Regulation, on exceptional situations in which Member States do not apply the Regulation, or certain provisions thereof;
  - v. pursuant to Article 12(2) of the Regulation and jointly with the European Systemic Risk Board, organising regular meetings with the statutory auditors and the audit firms or networks carrying out statutory audits of all global systemically important financial institutions authorised within the Union;
  - vi. facilitating monitoring of the quality and competition of the market for providing statutory audit services to public-interest entities in accordance with Article 27 of the Regulation, and cooperating in this regard with the European Competition Network, as necessary;
  - vii. coordinating quality assurance reviews or investigations with cross-border effects following a joint request from the competent authorities of the Member States concerned, pursuant to Article 31(7) of the Regulation;
  - viii. establishing colleges of competent authorities with regard to specific networks following a request from the competent authorities of the relevant Member States, pursuant to Article 32(3) of the Regulation; and

- ix. preparing guidelines on the content of cooperation agreements and exchange of information with the competent authorities of third countries, in accordance with Article 36(4) of the Regulation; and
  - g) discuss any other matters relevant to audit quality within the scope of the Directive and the Regulation.
4. For the purpose of carrying out its tasks, the CEAOB may adopt non-binding guidelines or opinions.
  5. The CEAOB shall adopt an annual work programme, including work plans for its sub-groups, as set out in Rule 5, paragraph (5).
  6. The CEAOB shall adopt an annual report on its activities, as set out in Rule 5, paragraph (6).

*Rule 4*  
**Members**

1. The members of the CEAOB are the following individuals:
  - a) one representative from each Member State, who shall be high level representatives from the competent authorities referred to in Article 32(1) of the Directive; and
  - b) one member appointed by the European Securities and Markets Authority (ESMA).
2. A member may be substituted by a separate representative of the same authority on a case-by-case basis, provided that the Secretariat is informed accordingly.

*Rule 5*  
**Chair and Vice-Chair**

1. Without prejudice to Rule 4, paragraph (1), point (a), the Chair of the CEAOB shall be elected by a two-thirds majority of the members with voting rights from a list of applicants representing the competent authorities referred to in Article 32(1) of the Directive. He or she shall serve for a four-year term. Exceptionally, the Chair may be removed by a two-thirds majority of the members with voting rights. The Chair may not serve consecutive terms in the same position, but may be re-elected after a cooling-off period of four years.
2. The Vice-Chair shall be appointed or removed by the European Commission.
3. If the Chair is absent, the Vice-Chair shall take over and perform the Chair's tasks.
4. In the event that the Chair resigns or is removed before the end of his or her term of office, the Vice-Chair shall act as Chair until the next meeting of the CEAOB, which shall elect a Chair for the remainder of the term.

5. At the latest at the last plenary meeting of the calendar year, the Chair shall present draft general objectives and an annual work programme for the CEAOB for the next calendar year, including a work plan for each sub-group.
6. At the latest at the first plenary meeting of the calendar year, the Chair shall present a draft annual report on the CEAOB's activities in the previous calendar year.

*Rule 6*  
**Observers**

1. The CEAOB may invite observers to participate in its deliberations or those of its sub-groups, partially or in their entirety, subject to compliance with Rule 16 and paragraphs 2 to 5 below.
2. The European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) shall be invited to attend as observers.
3. At the request of at least three members or on his/her own initiative, and where it is deemed useful and/or necessary, the Chair may invite experts on particular agenda items, including practitioners, to participate as observers.
4. European Economic Area (EEA) countries' competent authorities in the field of audit oversight may be invited to participate as observers, subject to the approval of the CEAOB members.
5. Non-EU and non-EEA countries' competent authorities may be invited, on a case-by-case basis, to participate as observers, subject to the approval of the members. Their participation may be limited to a certain time period.

*Rule 7*  
**Good cooperation**

1. The CEAOB shall work on a collaborative basis. Members are encouraged to participate actively.
2. The work of the CEAOB shall be organised in a way that facilitates the active involvement and participation of all its members.
3. In order to facilitate the coordination and the efficiency of the work of the CEAOB, the Chair may convene a consultative group bringing together up to six members, reflecting a balance of size and geographies. The consultative group shall not have decision-making powers.
4. The Secretariat shall perform its tasks, as set out in Rule 14, in a way that promotes effective continuity of the CEAOB's mission and tasks, with the support and cooperation of the members, the Chair and the Vice-Chair.

*Rule 8*

**Plenary meetings**

1. The CEAOB shall hold plenary meetings at least three times a year. The Chair shall propose meeting dates to the members and the Vice-Chair taking into account the work programme and following consultation with the Secretariat.
2. The plenary meetings shall be conducted by the Chair.
3. Additional plenary meetings can take place following the request by the Chair, the Vice-Chair or any member of the CEAOB. An additional plenary meeting will only be convened provided that specific circumstances duly justify it and that its objective cannot be pursued by other means such as conference calls, video conferences or written procedures.
4. Without prejudice to Rule 19, paragraph (1), plenary meetings shall normally be held in Brussels.

*Rule 9*

**Agenda for plenary meetings**

1. All agenda items for plenary meetings shall be within the scope of the CEAOB's mission and tasks, as set out in Rule 3.
2. The Chair is responsible for the agenda. Members are encouraged to make suggestions to the Chair for agenda items in advance of meetings. The Chair shall ask the Secretariat to draw up a provisional agenda for each plenary meeting, indicating the topics to be covered, with due regard to any written contributions from members.
3. Subject to the agreement of the Chair, the Secretariat shall circulate the provisional agenda and, taking into account Rule 16, any supporting documents to the members, the Chair, the Vice-Chair, the EBA, the EIOPA and, where appropriate, other observers, at least 15 calendar days before the meeting. In exceptional and duly justified cases, the Secretariat may do so after that date.
4. The agenda shall be approved by the CEAOB at the beginning of each plenary meeting.

*Rule 10*

**Minutes and summary of conclusions of plenary meetings**

1. No later than 20 calendar days after a plenary meeting, the Secretariat shall draft minutes reporting the main points discussed and a summary of operational conclusions. A list of participants shall be annexed to the minutes.
2. Once the draft minutes and summary have been reviewed by the Chair, the Secretariat shall circulate them to the members, the Vice-Chair, the EBA, the EIOPA and, where appropriate, other observers for review and comment, taking into account Rule 16.
3. Subject to the agreement of the Chair, in consultation with the Vice-Chair, the Secretariat shall circulate the final version of the minutes and of the summary to the

members, the Vice-Chair, the EBA, the EIOPA and, where appropriate, other observers, taking into account Rule 16.

4. The minutes and summary shall be approved at the following plenary meeting.

#### *Rule 11*

#### **Decision-making arrangements and voting rights**

1. The Chair shall aim to seek consensus on all topics addressed by the CEAOB.
2. Without prejudice to Rule 12, paragraph (1), decisions shall be taken by vote during plenary meetings.
3. Without prejudice to Rule 5, paragraph (1), decisions shall be taken by simple majority of the members with voting rights.
4. Each of the members referred to in Rule 4 paragraph (1) point (a) has one vote. The member appointed by ESMA shall not have voting rights.
5. The Chair and the Vice-Chair shall not have voting rights.
6. Observers shall not have voting rights.

#### *Rule 12*

#### **Written procedure**

1. Subject to the agreement of the Chair, votes may be carried out by written procedure.
2. The written procedure shall be conducted by the Chair, who shall draw up a draft decision and ask the Secretariat to circulate it to the members, the Chair, the Vice-Chair, the EBA, the EIOPA and, where appropriate, other observers, taking into account Rule 16.
3. Where appropriate, the draft decision shall be open for consultation for a stated period during which written contributions from members will be taken into account. Provided a revised draft is needed following the received contributions, the Chair shall draw it up within five working days of the end of that period.
4. After termination of the consultation period, the final draft will be circulated for decision. Each member with voting rights shall indicate, by the deadline, whether they are in favour or against, or wish to abstain.
5. The Secretariat shall inform the members, the Chair, the Vice-Chair, the EBA, the EIOPA and, where appropriate, other observers of the outcome of the written procedure, taking into account Rule 16.
6. If a simple majority of the members with voting rights asks for the written procedure to be terminated without a conclusion having been reached, the matter shall be discussed at the next plenary meeting.

*Rule 13*  
**Sub-groups**

1. The CEAOB may establish sub-groups on a permanent or *ad hoc* basis to examine specific issues within the scope of its mission and tasks, as set out in Rule 3. It may also decide to disband permanent or *ad hoc* sub-groups.
2. Sub-groups may hold their discussions in meetings, via conference calls or in video conferences. They shall operate according to their own terms of reference, which shall be in line with these rules of procedure and subject to the CEAOB's approval. They shall report regularly to the CEAOB.
3. Sub-groups shall be chaired by a representative of one of the competent authorities, appointed by the members with voting rights, except for the sub-group referred to in point (c) of Article 30(7) of the Regulation, which shall be chaired by the member appointed by ESMA. Rule 4, paragraph (2) applies, taking into account that specific expertise may be required to chair a particular sub-group.
4. The chair of each sub-group shall:
  - a) submit a draft work plan for the sub-group to the Chair of the CEAOB on an annual basis for subsequent adoption under Rule 3, paragraph (5);
  - b) be responsible for the organisation of its meetings;
  - c) chair the meetings, conference calls or video conferences;
  - d) coordinate the work of the sub-group and report to the CEAOB; and
  - e) ensure that the Chair and the Vice-Chair of the CEAOB have access to the agenda, minutes and any other document relating to the sub-group's work.
5. The Chair and the Vice-Chair of the CEAOB may attend any sub-group meetings, join conference calls or video conferences, and contribute as appropriate.
6. Members may appoint a representative of their respective authorities to participate in sub-groups, according to their level of expertise. Rule 4, paragraph (2) applies.
7. The CEAOB has the following permanent sub-groups:
  - a) sub-group on International Equivalence and Adequacy facilitating the tasks referred to in point (c) of Article 30(7) of the Regulation;
  - b) sub-group on international auditing standards, facilitating the task referred to in point (d) of Article 30(7) of the Regulation.
  - c) sub-group on Enforcement facilitating the exchange of information, expertise and best practices in the area of investigation and sanction as referred to in Article 23 of the Regulation and Article 30 of the Directive;
  - d) sub-group on Inspections facilitating the exchange of information, expertise and best practices in the area of quality assurance procedures in accordance with Article 26 of the Regulation and Article 29 of the Directive;

- e) sub-group on Market Monitoring facilitating the tasks referred to in Article 27 of the Regulation.

*Rule 14*  
**Secretariat**

The Secretariat shall provide support for the CEAOB's activities, in particular by:

- a) keeping up-to-date records of the name, organisation, position and contact details of each member, the Chair, the Vice-Chair, the EBA and EIOPA representatives, and other observers. Members shall notify the Secretariat of any changes to this information;
- b) supporting the consultative group in facilitating the coordination and the efficiency of the work of the CEAOB;
- c) communicating the date of each plenary meeting in advance and inviting members, the Chair, the Vice-Chair, the EBA, the EIOPA and other observers where decided so according to Rule 6;
- d) drawing up an attendance list for each plenary meeting, specifying the organisations to which the participants belong;
- e) keeping up-to-date records of all permanent and *ad hoc* sub-groups, including the names and contact details of the chair, the members, and the observers;
- f) supporting the Chair in the preparation and conduct of any written procedure;
- g) supporting the Chair in the preparation of the annual work programme, including work plans for the sub-groups, and the CEAOB annual report; and
- h) ensuring that the CEAOB maintains a publicly available website and publishing on the website all documents approved for publication.

*Rule 15*  
**Colleges of competent authorities**

1. Colleges of competent authorities may be established according to Article 32 of the Regulation. Colleges are not part of the CEAOB and only competent authorities on audit oversight should be entitled to participate in meetings of colleges.
2. The CEAOB shall invite college facilitators to report as appropriate, in particular within the context of the sub-group on Inspections.

*Rule 16*  
**Exchange of confidential information and protection of personal data**

1. Information exchanged in the framework of the CEAOB shall be treated as confidential in accordance with the requirements of the Directive and the Regulation.
2. Article 35 of the Regulation applies to any processing of personal data.



3. The CEAOB shall adopt a procedure to protect confidential information exchanged between competent authorities within the Committee, as set out in Article 36 of the Directive.

*Rule 17*

**Communication and transparency**

1. The Chair or, in his or her absence, the Vice-Chair shall communicate the CEAOB's views or positions only with the approval of the members.
2. Notwithstanding that the CEAOB's discussions shall not be public, in order to promote the transparency of its work, the CEAOB shall publish on its website its annual work programme, the summary of the conclusions of each plenary meeting, its annual report and the guidelines and opinions it has adopted.
3. The CEAOB may consult relevant stakeholders about important elements of its work programme.

*Rule 18*

**Language arrangements**

1. The linguistic regime should ensure the efficiency of the work of the CEAOB.
2. Interpretation into one or more official EU languages may be provided at plenary meetings upon a request from a member and subject to the agreement of both the Chair and the Vice-Chair.
3. CEAOB publications shall be in English, but translations into other official EU languages may be published where they are made available by members.

*Rule 19*

**Resources and funding**

1. The Secretariat of the CEAOB shall be provided by the European Commission.
2. On a voluntary basis and in coordination with the Chair and the Vice-Chair, members may provide in-kind contributions, including administrative or other support, such as hosting plenary or sub-group meetings. Such support shall entail no obligation for the provider, nor any obligation for the CEAOB or other members to compensate the provider.
3. The expenses of the CEAOB, on the basis of its annual work programme, shall be included in the estimates of the European Commission, in accordance with the Regulation on the financial rules applicable to the general budget of the Union.<sup>3</sup>

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<sup>3</sup> Regulation (EU, Euratom) No 547/2014 of the European Parliament and of the Council of 15 May 2014 amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union (OJ L 163, 29.5.2014).