ROYAL DECREE 2/2021, OF 12 JANUARY, APPROVING THE IMPLEMENTING REGULATION OF LAW 22/2015, OF 20 JULY, ON AUDITING.

I

The purpose of this Royal Decree is to comply with the provision contained in the eighth final provision of Law 22/2015, of 20 July, on Auditing, which authorises the Government to, at the proposal of the former Ministry of the Economy and Competitiveness (now the Ministry of Economic Affairs and Digital Transformation), issue the necessary standards for the development of the provisions of the aforementioned Law.

This Law aims to regulate the accounts auditing activity, which is characterised by the public relevance it plays by providing a service to the revised entity and affecting and interesting not only it, but also the third parties who maintain or may maintain relationships with it, taking into account that all of them, the audited entity and third parties, can know the quality of the economic-financial information audited on which the audit opinion issued relates. On the basis of this relevance or function of public interest, the conditions, requirements and formalities that must be fulfilled by those who carry out such activity are regulated, and the monitoring of this activity is subject to a public oversight system, whose responsibility is attributed to the Accounting and Auditing Institute (known by its Spanish abbreviation, ICAC).

The aforementioned Law adapted the Spanish internal legislation to the changes incorporated by Directive 2014/56/EU, of the European Parliament and of the Council, of 16 April 2014, amending Directive 2006/43/EC, of the European Parliament and of the Council, of 17 May 2006, regarding the legal auditing of annual accounts and consolidated accounts, in what is not adjusted thereto. Along with this Directive, Regulation 537/2014/EU, of the European Parliament and of the Council, of 16 April 2014, on the specific requirements for the legal auditing of public interest entities was approved, although options were incorporated to be exercised by the Member States, which were also specified in the aforementioned Law. This regulation brought substantial changes to the existing regulation, derived from the need, evidenced in the European Union, to recover the trust of users in the economic-financial information that is audited, especially that of public interest entities, and reinforce the quality of audits, strengthening their independence.

To this end, the new legal framework firstly seeks to increase transparency in auditors' actions, clarifying the role played by the audit and its scope and limitations, in order to reduce the so-called expectations gap between what a user of an audit expects and what it actually is. The main change incorporated is the new audit report model, along with greater communication and information obligations required of those who audit public interest entities, improving the information that must be provided to the audited entity, investors and other interested parties. Secondly, it seeks to strengthen the independence of auditors in exercising their activity, a basic and fundamental pillar in which the trust placed in the audit report resides, incorporating more restrictive requirements, enhancing the attitude of professional scepticism and the special attention that must be paid to avoid conflicts of interest or the presence of certain interests. Higher requirements are also demanded for those who audit public interest entities, through a list of different prohibited audit services that cannot be provided to those entities, their parent company and their subsidiaries; certain standards that limit the fees they can receive for services other than the permitted audit services or in relation to a certain public interest entity, the obligation of external rotation, and certain obligations regarding the Audit Committees of these

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entities. Thirdly, the new regulation aims to stimulate the audit market through a set of measures that aim to resolve the problems detected in relation to the market structure and the growth difficulties of auditors. And fourthly, in order to avoid a fragmentation in the audit market in the scope of the European Union, the new regulations seek a greater degree of harmonisation, also in the standards that monitor the activity, demanding greater transparency and independence of the supervisory activity and introducing the risk criterion as a rector into the quality control reviews that must be performed by this authority.

With Law 22/2015, of 20 July, Royal Legislative Decree 1/2011, of 1 July, was repealed, which approved the consolidated text of the Law on Auditing. The aforementioned consolidated text was in turn developed through the Regulation approved by Royal Decree 1517/2011, of 31 October.

The amendment made by Law 22/2015, of 20 July, entails the obligation to adapt the regulations that develop the consolidated text to current legislation. With this background information, it is necessary to approve a new regulation, which, following the systematic and content of Law 22/2015, of 20 July, develops this and repeals the previous regulation. Therefore, and in accordance with the applicable regulations, prior to writing this draft, a prior public consultation process was opened in order to learn the opinion of possible interested parties in the reform on the objectives and scope that would serve as a base for drafting the regulation. The comments received, all from the audit sector, are in favour of undertaking the reform mainly in order to clarify doubts about the scope of some issues, whilst still showing some effects of the recently approved legal reform.

With regard to the adaptation of this regulation to the principles of good regulation contained in article 129 of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations, this regulation constitutes the essential development of Law 22/2015, of 20 July.

The adaptation to the principles of necessity and effectiveness is justified by the reason of general interest whose protection is the objective of this standard: the trust that third parties place in audited financial statements. To proceed with the development of the precepts included in the current Law 22/2015, of 20 July, necessary for improving their applicability, the use in the first instance of the regulatory power of the Government is considered suitable so that, by means of a royal decree, this regulation is approved. From the perspective of efficiency, in terms of achieving the objective pursued, a regulation approved by royal decree is also the legal instrument considered suitable that allows the consistent application of Law 22/2015, of 20 July, to be guaranteed in the best way and with legal certainty.

The adaptation to the principle of proportionality is justified because this regulation contains the essential regulation to meet the need to apply Law 22/2015, of 20 July, and there is no possibility of adopting other measures that are less restrictive of rights or that impose less obligations on the recipients, than those that are necessary to ensure the quality of the audits in order to guarantee the attainment of the public interest pursued. In this regard, provisions are also incorporated to ensure a proportionate application of the provisions contained in Law 22/2015, of 20 July, and in this regulation, to the complexity of the audit works to be performed, determined in turn by the nature and characteristics of the work to be carried out.

The adaptation to the principle of legal certainty is justified because the standard contributes to reinforcing this principle, on the one hand, because it is coherent and consistent with the rest of the legal system and, on the other hand, because it favours its certainty and clarity by providing more precise criteria on the provisions established in Law 22/2015, of 20 July.

The adaptation to the principle of transparency is justified and has materialised through the intense participation offered to potential recipients in the development of the standard and to interested third parties, including access to the documents of the development process. Moreover, adaptation to the principle of transparency is also produced by the fact that the standard clearly defines its objectives, reflected in its preamble and in the accompanying report.

Finally, the adaptation to the principle of efficiency is justified by verifying that this regulatory initiative does not impose, in order to satisfy the stated public interest, unnecessary or accessory administrative burdens.

In order to develop the implementing regulation of the aforementioned Law 22/2015, of 20 July, the following considerations have been taken into account:

Firstly, only those provisions that involve the development of the content of the articles of Law 22/2015, of 20 July, have been included in the articles of this regulation, incorporating the necessary amendments to adapt to the provisions contained in this Law and generally maintaining the previous regulation so long as it is not contrary to this Law or its amendment is not deemed convenient, thus advising the practice.

Secondly, certain amendments have been made to some aspects not amended in Law 22/2015, of 20 July, which have been deemed necessary for reasons of technical improvement advised by the practice, as well as others to keep coherence and consistency with the terminology and treatment used, either in Law 22/2015, of 20 July, or in the auditing standards adapted for application in Spain, published by the ICAC Resolutions dated 15 October 2013 and 23 December 2016.

The new regulation intends to provide, to the regulatory body that must be applied by those who exercise the accounts auditing activity, with the appropriate legal certainty that allows the provisions of this body to be applied in such a way that the purpose of public interest entrusted to this activity is satisfied.

II

This regulation follows the same systematic and order of matters as that contained in Law 22/2015, of 20 July, which is developed, with the exception that those legal precepts not requiring regulatory development are not included, and is structured into a preliminary heading and five headings that are divided into chapters and sections, and, in some cases, subsections.

The preliminary heading includes three chapters. Chapter I "*Scope of application*" defines the purpose and scope of application of the regulation, firstly clarifying the inclusion, into the scope of application of Law 22/2015, of 20 July, of the verification by auditors of the accounts drawn up by entities to which their applicable regulations require the keeping of accounts but do not establish a regulatory financial information framework to be applied when these accounts are drawn up in accordance with a framework that is applicable. This is taking into account the nature of the audited entity, as well as the verification by the auditors of accounts drawn up by entities whose applicable regulations require them to submit audited accounts, when these accounts have been prepared in accordance with a regulatory financial information framework that is applicable taking into account the nature of the audited entity. Secondly, it clarifies the exclusion, from the scope of application of Law 22/2015, of 20 July, of the review works that do not have this nature, without producing relevant developments in relation to the current framework. Included among these excluded works are those performed on annual accounts, financial statements or accounting documents when they have not been prepared in accordance with the principles and

standards contained in the regulatory financial information framework expressly established for their preparation by legal or regulatory provisions, unless the above premises are met.

Chapter II "*Regulations governing the accounts auditing activity*" regulates the regulatory accounts auditing framework and the preparation of technical standards on auditing, ethics and quality control. In the same way as to date, the ethical principles are defined that must be promoted and observed in exercising the activity and that must be developed in the corresponding ethical standards that are approved, and it is also established that the internal quality control standards will establish the principles and requirements to be followed by the auditors in the implementation and maintenance of the quality control systems.

In order to provide it with greater transparency, the basic content and procedural regime for preparing these standards is regulated, and the main amendments introduced are those referring, on the one hand, to the publication of the provisional standards for the processing of public information also on the website of the Accounting and Auditing Institute, as well as on the Official Gazette of this Institute and on the "Official State Gazette". And on the other hand, the publication of the definitive standards on the website of the Accounting and Auditing Institute is regulated. With regard to the subsidiary preparation by the Accounting and Auditing Institute, the article is amended to reduce from six to two months the deadline that public law corporations representing accounts auditors have to meet the requirement made by the Accounting and Auditing Institute for the preparation or adaptation of a standard, to equate it to the publication deadline of the standard for the processing of public information.

Chapter III "*Definitions*" has included the development of some definitions contained in Law 22/2015, of 20 July.

The definition of public interest entities is maintained, which was adopted through Royal Decree 877/2015, of 2 October, which amended the definition contained in the regulation developing the consolidated text of the Law on Auditing. It is clarified that public interest entities will be considered as those listed on the regulated market of any Member State and are subject to the oversight and control regime attributed to the National Securities Market Commission, in accordance with the content of article 2.13 of Directive 2006/43, of the European Parliament and of the Council, dated 17 May 2006, on statutory audits of annual accounts and consolidated accounts, in the wording given by Directive 2014/56/EU.

With regard to the definition of family members, the separated spouse is excluded from the concept of family members when the effective separation has occurred and is registered in the civil registry. Moreover, it specifies who the family members are with close ties to the person affected by the cause of incompatibility, as defined in article 3.13 of Law 22/2015, of 20 July, on Auditing, considering as such those who meet the conditions of coexistence within the concept of family members defined by the aforementioned Law 22/2015, taking into account the purpose and spirit of this Law that these are a smaller group within the concept of family members, thus facilitating its best interpretation and effective application.

With regard to the definition of network, which generally has not changed in Law 22/2015, of 20 July, it has been taken into account how this concept has been transposed within the European Union, in order to avoid possible differences between national regulations and those of neighbouring countries. With the wording given, it is clarified that the cooperation agreement, included in Directive 2006/43/EC, of the European Parliament and of the Council, of 17 May 2006, on the statutory audit of annual accounts and consolidated accounts, in the wording given by Directive 2014/56/EU, and Law 22/2015, of 20 July, may or may not adopt written form, and that this cooperation agreement may be reached through any of the circumstances set forth in Law 22/2015, of 20 July, that is, sharing relevant costs or profits and significant professional resources,

the design or implementation of internal quality control policies and procedures, the existence of a common business strategy or the use of a common trade name. It has been clarified that the occurrence of one of these circumstances determines the existence of the cooperation agreement and, therefore, the existence of the network. In accordance with this criterion, in principle it would not be a network, but the mere acceptance and joint performance of an audit by two auditors if the other circumstances do not occur.

Finally, this chapter continues defining the concept of entities related to the audited entity and entities related by a control relationship, by reference to the trade and accounting regulations that, due to their requirement in the concept of the relation, provide greater legal certainty when defining the relation with the audited entity.

III

Heading I "*On the auditing of accounts*" includes two chapters.

Chapter I develops the types of accounts auditing and includes five sections.

Section 1 regulates the auditing of annual accounts, including an article dedicated to the audit report that, based on the content of the report included in Law 22/2015, of 20 July, only contains the description of the responsibility of the entity's governing body in the drawing up of the financial statements to be audited and of the internal control system of the audited entity, the description of the purpose of the audit and the way it is developed, as well as a reference to the name, address and number in the Official Register of Auditors of the main auditor or auditors responsible and the audited company, for a better identification of those responsible for the report. Likewise, with regard to the auditor's actions in terms of the management report, regulated in article 5.1.f) of Law 22/2015, of 20 July, on the one hand, it is specified that when this management report accompanies the annual accounts, either due to legal obligation or voluntarily, the auditor must always act in accordance with the provisions of this article in Law 22/2015, of 20 July. And, on the other hand, the exception is established in the application of article 5.1.f) mentioned for certain cases, in accordance with Directive 2014/95/EU, of the European Parliament and of the Council, of 22 October 2014, amending Directive 2013/34/EU, with regard to the disclosure of non-financial information and information on diversity by certain large companies and groups, and in accordance with Law 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Law on Capital Companies approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing, in matters of non-financial information and diversity, the accounts auditor must only verify that the statement of non-financial information has been provided, which may be mandatory both for public interest entities and for those not considered as such. In this regard, the regulations clarify the auditor's actions with regard to this information that forms part of the management report, but to which the provisions for the management report established in article 5.1.f) of Law 22/2015, of 20 July do not apply, as the auditor must only verify the existence of this information, and their actions in the event of its inexistence.

It is maintained, as in the wording of the regulation that is now repealed, that documentary evidence must be recorded on the date of delivery of the report and its receipt by the audited entity when there is a difference between one date and another.

With regard to the obligation to issue the report, as was stated in the regulation that is now repealed, it contains the obligation that, in cases in which the foreseen circumstances occur that prevent the issuance of the report or determine the resignation from the contract, the auditor will draw up a document detailing all concurrent circumstances and send it to the audited entity within a period no later than fifteen calendar days from when the auditor became aware of the situation.

In the case of a mandatory audit, this document will be sent not only to the Accounting and Auditing Institute and to the Commercial Registry, as was regulated up to now, but also to the Court in the event of the judicial appointment of the auditor. For these purposes, a distinction is made within the communication period between fifteen calendar days, for communication between the auditor and the audited entity, given that it is a communication between individuals, and ten business days, for communications between the auditor and the judicial body, Commercial Registry and Accounting and Auditing Institute, given that, in these cases, it derives from a relationship between a company and public bodies.

It is put into context in the content of this article that a mandatory audit is understood as one in which an auditor is appointed because the entity is obliged to audit its accounts, as well as when the auditor is appointed by the Commercial Registry or by the Court.

In the event of a voluntary audit, if the auditor's appointment has been registered in the Commercial Registry, only the latter will be notified of the causes of the inability to issue the corresponding report. This guarantees that, in cases in which the auditor is registered in the Commercial Registry, the latter may be aware, where appropriate, of the impossibility why the auditor cannot conduct the contracted audit, given that if the annual accounts were submitted to filing without the corresponding audit report, the filing of these accounts would not be accepted, in accordance with article 279 of the consolidated text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July.

With regard to the audit contract, for cases in which the auditor is appointed by the Commercial Registrar or by the corresponding legal body set forth in articles 265 and 266 of the consolidated text of the Law on Capital Companies, the effects of the possibility contemplated in article 267 of this consolidated text are specified, which allows the auditor to request that the payment of their fees are guaranteed in order to avoid situations in which the appointed auditor has no security that they will receive these fees, which could affect their independence in carrying out the audit works. It also specifies that this guarantee must be provided by the entity within a period of ten calendar days from the notification of the request by the auditor and anticipating the consequences that, in the event that said guarantee is not provided, the auditor may resign from the work or continue with the audit contract.

In terms of this appointment, the first final provision awards a period of ten working days to accept the audit contract so that the auditor can assess, before accepting the work, their ability to develop it, as well as comply with the condition of necessary independence and with the other requirements established in the regulations governing the accounts auditing activity. Therefore, this obligation is required for all works.

Section 2 regulates the audit of other financial statements or accounting documents, with no relevant amendments.

Section 3 refers to the obligation to request information from the audited entity and their obligation to supply it, maintaining the need to accredit the information requirements by the auditor and the responses obtained from the audited entity to these information requirements.

Section 4 refers to the audit of consolidated accounts. It specifies the documentation that the group auditor must have regarding the review and assessment of the work performed by the auditors of the entities forming part of the consolidated group and that must reflect, among others, the risks that the auditor has considered for planning the work to be performed, the specific issues and aspects reviewed, the work performed by other auditors, as well as the reason why this work is considered adequate and sufficient by the auditor of the consolidated accounts. This means that the incorporated obligations respond to the greater scope of the regulation existing in Law

22/2015, of 20 July, by incorporating the minimum mandate contained in Directive 2014/56/EU, regarding the content of international auditing standards, adapted for application in Spain, as a consequence of the assumption of full responsibility.

This section also includes a new article for establishing by regulation the term and form of communication to the Accounting and Auditing Institute of the impossibility to review the work of other auditors, through a document detailing the circumstances preventing this review.

Section 5 refers to the joint audit, which in its single article establishes the guiding principles to be followed by the auditors when they are appointed jointly to conduct an audit of annual accounts, incorporating, as new requirements, the actions taken in the event of a discrepancy in terms of the technical opinion to be issued, noting that each auditor will present their opinion in a different paragraph of the audit report and outline the reasons for the discrepancy, and that the appointed auditors cannot belong to the same network and must communicate between themselves on the circumstances affecting their independence. Joint responsibility in terms of the duty to safeguard and preserve the work papers is also regulated without any new requirement. This is intended to provide a regulatory framework for these actions that aims to encourage Regulation 537/2014/EU, of 16 April 2014, on specific requirements regarding statutory audits of public interest entities.

Chapter II develops access to the exercising of the audit activity and includes two sections.

Section 1 refers to the Official Register of Auditors, which contains the sections on natural persons, audit firms, being able to obtain information on whether they audit public interest entities, and auditors and audit firms and other entities from third-party countries.

Within the section on natural persons, the voluntary situation of “non-practising auditor providing services on behalf of others” is removed, maintaining only, on the one hand, the situation of “practising auditor” that includes individual auditors and auditors appointed by audit firms for the signing of audit reports, removing the modality of “partner of the audit firm”, and, on the other hand, the situation of “non-practising auditor”.

The registration process of auditors authorised in other Member States or third-party countries as practising auditors is regulated, establishing the obligation that they accredit, in addition to the conditions established in Law 22/2015, of 20 July, the constitution of the guarantee, and for those who are authorised in third-party countries, they are required to accredit, in addition to the above, the concurrence of the condition of reciprocity and, as a new requirement, in the case of accounts auditors and audit firms and other entities from third-party countries, that they are registered so that the audit report issued, with respect to certain entities residing in third-party countries whose securities are listed in official domestic markets, is valid in Spain. It is established that the accounts auditor provides the Accounting and Auditing Institute with a single authorised e-mail address for their communications.

Section 2 regulates the requirements needed to obtain authorisation for exercising the accounts auditing activity.

It is worth highlighting, as a new requirement, on the one hand, the possibility that the theoretical training courses may be organised by higher education centres accredited by the Spanish National Agency for Quality Assessment and Accreditation or equivalent organisation of the autonomous area and recognised by the Accounting and Auditing Institute, like the faculty of these centres to organise the continued training was recognised, and on the other hand, that the practical training time that can be taken before the termination of the theoretical teaching programme is allowed to be increased, calculated in years and not hours. And finally, the

composition of the qualifying board of the aptitude test for access to the Official Register of Auditors is amended, taking into account the need to ensure a greater diversity of its representatives, considering the subjects under examination.

IV

Heading II "*On the exercising of the audit activity*" consists of six chapters. Chapter I "*Continued training*" develops the obligation of auditors to perform continued training activities, the purpose of which is to maintain an appropriate level of demand in relation to updating their knowledge, within a financial and commercial environment that is constantly changing and becoming progressively more complex. The performance of continued training activities by auditors must be aimed at maintaining and updating their knowledge of aspects of the matters referred to in article 9.2.c) of Law 22/2015, of 20 July, at a sufficiently high level, to guarantee proper compliance with the regulations governing the audit activity in the performance of accepted audit works. The regulatory development establishes the form and conditions in which the minimum continued training requirement must be considered fulfilled, calculated in number of hours, which must be followed and accredited by registered practising and non-practising auditors who are actively collaborating with an accounts auditor, through the performance of a series of activities. The centres that can organise and teach these training activities are also established, facilitating entry to new centres and to groups of auditors, defining the groupings of companies and groups of auditors, their accreditation and justification and the submission of annual information in this regard to the Accounting and Auditing Institute. The regulation is in line with that required in the repealed regulation, incorporating the improvements that are recommended from experience accumulated.

Chapter II "*Independence*", consisting of five sections, regulates the independence system to which the accounts auditors are subjected when exercising this activity, a fundamental support on which trust is placed in the accounts audit report. In order to safeguard the duty of independence that obliges the auditor to refrain from acting when their objectivity regarding the economic-financial information to be audited could be compromised, Law 22/2015, of 20 July, configures a mixed system based on two pillars. The first, in the so-called threats and safeguarding system that is articulated as a self-diagnosis system in which the auditor must establish the procedures necessary to identify situations, relations or services, including those defined as causes of incompatibility, that may cause threats to independence, assess them and, where appropriate, apply safeguarding measures. And the second, in the list of a set of specific circumstances, situations or relations in which it is considered that, in the event of their occurrence, the auditors do not have independence with regard to a certain entity, and the only possible solution or safeguard is not performing the audit work. Thus, they are collected together with the causes of incompatibility, limitations in relation to fees, the duration of the engagements and subsequent prohibitions. These situations are a manifestation of the principle of being and seem to be independent for the one chosen by the community regulations insofar as it is an unobservable attitude that cannot be measured, and in the sense of specifying the situations that should be avoided to the extent that it could be concluded that the due objectivity would not be observed should they occur.

Section 1 "*General principle of independence*" specifies and clarifies certain aspects established in Law 22/2015, of 20 July, regarding the general principle of independence, highlighting as new requirements the clarifications that are made regarding the prohibition to participate in management or decision-making of the audited entity, whose margins are subject to a double delimitation, positive and negative; and the existence of conflicts of interest, which must be avoided by the staff involved in conducting the audit work or that may result from situations that may lead to threats to independence. In line with the repealed regulation, the process to identify and assess threats to the auditor's independence, the application of the

safeguards that, where appropriate, are required to eliminate or reduce them to a sufficiently low level that does not compromise their independence, and the documentation of all actions taken in this regard are all regulated, a process that is integrated into its internal control system. In particular, and as has been the case up to now, it is noted that threats do not derive solely from the constitutive circumstances of incompatibility, but may come from situations, relations or services other than those, both relating to the audited entity and to entities related thereto, such as persons related to the auditor or who are part of the network. These threats must be assessed individually and together with other threats, considering the nature of the threat, the importance for the auditor and, where appropriate, the significance of the entity related to the audited entity under the defined terms.

Section 2 "*Incompatibilities*" specifies certain aspects of the causes of incompatibility established in Law 22/2015, of 20 July, for reasons of legal certainty, in order to facilitate a better understanding and practical application of these circumstances by accounts auditors. This section includes three subsections. The first of them contains the causes of incompatibility derived from personal situations. With regard to the previous regime, it should be noted that it is developed to clarify and specify certain circumstances derived from non-permitted personal situations incorporated into Law 22/2015, of 20 July, by community mandate, such as the holding of direct significant interest (considering as such certain business relations, loans, guarantees and exchanges of key staff of significant value), the possession of financial instruments and performing transactions with these instruments, clarifying when they are significant in nature, and the receipt of or request for gifts and favours.

The second subsection contains the causes of incompatibility derived from services provided, incorporating the changes required by the new requirements of Law 22/2015, of 20 July, as is the case with valuation services.

The third subsection determines and specifies when it will be considered that a situation or a service, for those cases set forth in Law 22/2015, of 20 July, has a significant impact that affects the auditor's independence. For this, any of the two circumstances established as a reference must occur: one, for exceeding the relative importance figure set by the auditor when conducting the specific work, and another new one, which is added with respect to the repealed regulation, for exceeding one of the parameters (the most representative) referring to figures related to the size of the audited entity.

Section 3 "*Particularities of the extension standards*" develops different aspects of extending the independence system set forth in Law 22/2015, of 20 July, with the same purpose indicated in the previous sections of providing the framework with legal certainty and facilitating a better understanding and practical application of this system. These extension standards imply the auditor's lack of independence, when non-permitted situations or services occur in certain persons related to the auditor due to kinship or professional services, as well as in those belonging to the same network and in relation to the audited entity or its related entities. These standards do not operate with an absolute nature as exceptions or more restrictive requirements are incorporated depending on the degree of participation in the audit work, the nature of the relationship with the audited entity, the degree of familiarity and the relevance of the financial instruments that are owned or of the transactions performed. Thus, the clarifications incorporated in order to delimit and specify the following stand out as amendments with regard to the previous system:

- With regard to incompatibilities derived from financial instruments, on the one hand, when the possession of financial instruments of the audited entity and its related entities generates incompatibility, taking into account the circumstances and particularities set forth in Law 22/2015, of 20 July. And, on the other hand, and in coherence with the foregoing, it is established that in

cases in which the possession of these financial instruments is not prohibited or generates a situation of incompatibility, the carrying out of transactions with these instruments does not generate it either. Likewise, the cases are specified in which it is possible to consider whether these financial instruments or the volume of operations is significant or very significant for the purposes of the provisions of Law 22/2015, of 20 July.

- When an entity related to the audited entity is going to be considered to be of a significant nature, for the purposes of Law 22/2015, of 20 July, in those cases in which the absence of this nature is considered as an enervating or non-generating circumstance of incompatibility.

- With regard to the persons or entities related directly to the auditor, the persons who participate or have the capacity to influence the final result of the audit work or responsibility to supervise or manage the work; the persons with whom the auditors responsible for the audit report are understood to be related; the persons involved in the audit activities, including in this latter group the person who is assigned to and performs the function of monitoring the auditor's internal control system.

- When it is going to be considered that the relationships with possible effects or influence on the result of the work due to the structure and size of the audit firm or its network implies a situation of incompatibility, in those cases in which this is foreseen in Law 22/2015, of 20 July.

- The persons in the network to which the auditor belongs, who may generate situations of incompatibility.

- And certain aspects related to the elimination of financial instruments that occurred after accepting the work to be carried out, as well as with regard to the carrying out of transactions with these instruments in this period.

Section 4 "*Contracting and extension*" specifies specific aspects of the extension and termination of the audit contract and the obligations to send information in this regard to the Accounting and Auditing Institute. Regarding prohibitions subsequent to carrying out the audit work, certain aspects are specified, as a new requirement, in order to ensure their effective application, clarifying what is understood by direct or indirect significant financial interest, who has, for these purposes, supervisory or management responsibility in carrying out the work, when there are reciprocal influences between the person resigning and the signing auditor that determines the application of the prohibition regime, and how it affects the fact that the subjects affected by the prohibition of article 23 of Law 22/2015, of 20 July, disassociate themselves from the auditor before completing the audit work.

Section 5 "*Fees*", on the one hand, establishes as a new requirement, and to guarantee the quality of audits, that fees must be set based on the estimated audit effort for carrying out the work. This estimate must be made based on the means, resources, qualification and specialisation required in each work, according to the complexity of the tasks to perform. The foregoing responds to the principle contained in Law 22/2015, of 20 July, of having sufficient and adequate resources to be able to accept and carry out the corresponding audit work. If these resources and means are not obtained, they would not be in conditions to be able to fulfil the entrusted public interest function, due to not providing reliability to the audited information. It also establishes that these fees cannot be amended in the financial year or successive financial years unless the conditions that served as the basis for this are amended, and this is justified.

The calculation rules are detailed to determine the existence of financial and economic dependence, real or apparent, which is not permitted due to reaching a certain level of concentration in an entity in relation to total income. The particularities of application are specified

in the case of newly accessed auditors and certain measures to avoid the so-called “cascade” effect that occurs when the required concentration percentage is exceeded as a result of certain circumstances beyond the auditor's control, with the purpose of eliminating obstacles to the expansion of smaller auditors and favouring their recovery, in line with one of the objectives set in Law 22/2015, of 20 July.

Chapter III “*Financial guarantee*”, with a single article that presents the updating of the guaranteed amount as a change with regard to the now repealed regulation.

Chapter IV deals with “*Internal organisation*”. The regulation undertaken here takes into account the very relevant change incorporated by mandate of the European regulations in Law 22/2015, of 20 July, by requiring the auditor to have a solid organisation based on solid and effective administrative and accounting procedures, effective risk management procedures that affect the audit activity, mechanisms that ensure the control of computer systems, and an internal control system. That is, Law 22/2015, of 20 July, imposes additional requirements to those that already existed in the internal quality control standard, and that need to be developed and specified for greater legal certainty. Thus, the basic principles, policies, and criteria that every accounts auditor must establish are established in order to guarantee that their activity is carried out in accordance with the applicable regulations, respecting in any case the autonomy in the auditor's business organisation to choose the specific procedures to be applied by the auditor, which will be those that in their opinion are proportionate and appropriate to their structure and size.

The conditions that the internal quality control system implemented by auditors must have are also regulated, for which they must be based on the internal quality control standard, with respect to which additional requirements are incorporated in order to comply with certain requirements set forth in Law 22/2015, of 20 July, and not contemplated with the same mandatory ranking in the aforementioned standard.

With regard to these criteria, the principles of adequacy and proportionality to the size of the accounts auditor and the complexity of the work to be carried out are specified, and the communication and documentation policies may be more simplified and less formal.

The incorporated regulation is aimed at preventing and, where appropriate, detecting risks of non-compliance in relation to the audit activity, including those necessary to safeguard independence.

Finally, certain aspects of the organisation of each audit work are detailed with greater precision, including, among others, those related to the minimum content of the documentation of each work and the appropriate policies and procedures for generating, in the event of a necessary amendment of the compiled file, a supplementary file that documents who makes the change, the date, and the reasons for this change. It is also established that the documentation must be compiled in electronic format.

Chapter V “*Duties of custody and secrecy*” regulates specific aspects of the duty of conservation and custody in line with that established in this respect in the repealed regulation, specifying those who reach the duty of secrecy set forth in article 31 of Law 22/2015, of 20 July, including all persons who have participated or collaborated in the development of the auditor’s audit activity, regardless of whether they form part of their internal organisation. It is established that auditors must adopt the measures necessary to protect the documentation and files, having computer systems with adequate controls to reduce the possibilities of the deterioration or loss of information, as well as guarantee that unauthorised accesses do not occur.

Chapter VI of heading II “*On the audit of public interest entities*” contains four sections.

Section 1 “*Scope of application*” contains the application of this chapter to the accounts auditors who carry out audit works on annual accounts, financial statements or accounting documents corresponding to public interest entities.

Section 2 “*Reports*” specifies certain aspects referring to the additional reports to be issued by auditors of public interest entities. Thus, regarding to the additional report to the Audit Committee, it is clarified that this is only mandatory for audit works on annual accounts; certain aspects of the content of the transparency report are specified, regarding the details of services and fees to be provided; and, regarding to the report that, where appropriate, must be sent to the national supervisory authorities, the maximum deadline for its submission is specified.

Section 3 “*Independence*” specifies certain aspects of the particularities of the independence system established for these types of auditors in Law 22/2015, of 20 July. Thus, more restrictive requirements are imposed, mainly referring to the significant nature of the causes of incompatibility, and it contains the obligations and actions that, as a minimum, must be carried out by accounts auditors of public interest entities with regard to the Audit Committee of each of these entities. This is so it can comply with that established in Regulation 537/2014/EU, of 16 April, and article 529.m of the consolidated text of the Law on Capital Companies, and thus contribute to increasing the added value of the audit and to assisting the better functioning of the functions attributed to this Committee, and consequently to higher quality economic-financial information.

Moreover, and with regard to contracting, it contains the actions to be followed by the accounts auditor of public interest entities when they participate in an audit appointment selection process that is regulated in article 16 of Regulation 537/2014/EU, of 16 April; it specifies the process and terms of extension of the auditor's contract in different cases of joint contracting; and the terms of the communication obligations are set in the event of the termination and revocation of the auditor appointment.

This chapter dedicates its final article to fees and transparency, establishing that the rules set forth in this regard in article 64 are used to calculate the applicable concentration limits. Likewise, the exceptional authorisation process set forth in Law 22/2015, of 20 July, is regulated, allowing the following financial year to be audited despite incurring in a concentration of small and medium-sized audit firms, defining these firms.

Section 4 “*Internal and work organisation regarding audits of public interest entities*” legally develops the provision contained for these purposes in article 45 of Law 22/2015, of 20 July. In this way, the resources and conditions that accounts auditors of public interest entities must have as a minimum in their organisational structure are established, in addition to those established in article 42 of Law 22/2015, of 20 July.

V

Heading III “*Public Oversight*” is structured into two chapters, and chapter I “*Supervisory function*” is in turn divided into six sections. Section 1 “*Collegiate bodies of the Accounting and Auditing Institute*” regulates the composition of the collegiate bodies of the Accounting and Auditing Institute.

Section 2 “*Supervisory powers*” defines the supervisory powers, authorising the Accounting and Auditing Institute to request information from any person related to an audit work carried out.

With regard to the recurring obligation, in October of each year, of auditors to report information to the Accounting and Auditing Institute, in addition to the information contained in Law 22/2015, of 20 July, the submission of certain information is requested so that the Accounting and Auditing Institute can verify compliance with the limitations regarding the fees established in Law 22/2015, of 20 July, and in Regulation 537/2014/EU, of 16 April, on the specific requirements for the legal audit of public interest entities, as well as other information necessary for the proper exercising of its supervisory function. Moreover, and so that the Accounting and Auditing Institute can prepare the list referred to in article 16 of the aforementioned community regulation, auditors of public interest entities are asked to send information regarding the amount of fees earned from the audit activity in February of each financial year. Finally, so that the aforementioned Institute can prepare the reports on the evolution of the audit market referred to in the fourth and fifth additional provisions of Law 22/2015, of 20 July, the aforementioned supervisory authority is empowered to determine by resolution the information to request from auditors of public interest entities, as well as the deadline for submission.

Section 3 "*Common provisions for control actions*" defines the control actions, including herein not only the investigations and inspections, but also the verification actions. With regard to the repealed regulation, the terms quality control and technical control are definitively abandoned, and replaced by inspections and investigations, respectively. The purpose of these actions is determined, as well as their nature, which corresponds to the information or preliminary actions of article 55 of Law 39/2015, of 1 October, the scope of these control activities and different aspects of their performance and the control action plan is defined according to the principle of transparency and considering risk criteria for the selection of inspections and investigations.

Sections 4 and 5 regulate the purpose, scope and completion of the investigation and inspection actions without presenting substantial changes with respect to the repealed regulation.

The selection for carrying out the inspections will be made considering risk criteria and the minimum frequency required. Furthermore, for auditors of public interest entities whose scope is defined by article 26 of EU Regulation 537/2014, of 16 April, it will be possible to verify whether these auditors meet the requirements established in article 0 related to the organisational structure that these types of auditors must have.

Finally, the content of the inspection report and its advertising regime for the case of auditors of public interest entities is regulated, in order to provide greater transparency to the supervisory activity, in accordance with article 28 of EU Regulation 537/2014, of 16 April.

Chapter II "*Public Oversight Regime*", applicable both to auditors, firms and other audit entities authorised in Member States of the European Union and third-party countries, regulates the public oversight regime applicable to these auditors. The first section "*Control actions and exemptions*" defines the field of control actions in the case of the provision of cross-border services in the European Union, depending on the address of the audited entity, with the inspection corresponding to the authority of the address of the audited entity and the investigation into the country where the auditor was originally registered.

The amendments incorporated in relation to the current regime consist of anticipating, as it is done in Law 22/2015, of 20 July, in section 2 "*Coordination with competent authorities from Member States of the European Union*", that the exchange of information is no longer only between the different competent authorities, but also with European supervisory authorities.

Section 3 regulates the "*Coordination with competent authorities from third-party countries*", with practically no differences compared to the previous regime.

VI

Heading IV "*Regime for breaches and sanctions"* includes three sections.

Chapter I regulates the sanctioning proceedings. With regard to the report, the communication to the complainant of the initiation of the sanctioning proceedings is abolished, accepting the general rule and possibility set forth in article 64.1, paragraph two, of Law 39/2015, of 1 October.

With regard to the limitation period of the sanctioning proceedings, and to the cases for extending this term, the communication to interested parties of the initiation and completion of the suspensive effect of the actions contained in article 22 of Law 39/2015, of 1 October, is foreseen.

In terms of the initiation agreement, as a consequence of the approval of Law 39/2015, of 1 October, the exceptional possibility, when at the time of issuing the initiation agreement there are not enough elements for the initial qualification of the justifying facts, that the determination of the aforementioned qualification and of the corresponding sanctions will be carried out by means of a Statement of Objections within a maximum period of one month from the date of the initiation agreement, which will be notified to the interested parties, is incorporated as a new requirement. Finally, a period of fifteen working days is specified to submit allegations to the Initiation Agreement and to the Draft Resolution, and if a Statement of Objections is issued, it specifies that the period for the allegations will be counted from when this Statement is sent.

Also as a new requirement, and as a consequence of the approval of Law 39/2015, of 1 October, it is regulated that in the event that the circumstances set forth in article 89.1 of the aforementioned Law occur and the examiner decides to terminate the procedure with the filing of the actions, the interested parties will also be notified for the purposes of submitting allegations, including the possibility that the Chairperson of the Accounting and Auditing Institute may review this Resolution and, where appropriate, issue a new one.

Chapter II regulates the summary procedure that was included in the implementing regulation of the consolidated text of the Law on Auditing, approved by Royal Decree 1517/2011, of 31 October, through the first final provision of Royal Decree 602/2016, of 2 December, which amends the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, the General Accounting Plan of Small and Medium-Sized Firms approved by Royal Decree 1515/2007, of 16 November, the Rules for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of 17 September, and the Rules for the Adaptation of the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of 24 October, with no new requirements.

Chapter III regulates the violations and sanctions. In terms of violations, elements are incorporated that set out or specify offending behaviours, within the limits of Law 22/2015, of 20 July. As new requirements regarding to the current regulation, it is indicated that, in relation to the violation derived from the refusal or resistance to the control or disciplinary action, those actions that, by action or omission, are aimed at repeatedly hindering the effectiveness of the notifications made by the Accounting and Auditing Institute in the exercising of its control or disciplinary powers.

Circumstances are developed in which it is considered that the additional report for the Audit Committee has substantially incorrect or incomplete content, when the incorrect or incomplete information prevents its understanding or the proper exercising of functions by the Audit Committee. Circumstances are also developed in which it is considered that the information sent to the Accounting and Auditing Institute is substantially incorrect or incomplete when this prevents

the proper exercise of the supervisory powers, as well as circumstances in which it is considered that the transparency report contains substantially incorrect or incomplete content when the incorrect or omitted information could prevent the proper understanding of the auditor's situation.

It is clarified that the violation derived from a breach of the auditing standards in relation to an audit report is understood to have been committed when the provisions of Law 22/2015, of 20 July are breached, which refer to the requirement to have sufficient and appropriate resources to be able to accept and carry out the audit work that are suited to the complexity of the audit works to be carried out according to the size and nature of the entity to be audited. If not, they would not be able to apply and comply with the provisions required in order to issue a technical opinion on the reliability of the audited economic-financial information, with the consequent damage to the public interest function entrusted to the audit, and so long as the second offending element occurs, that is, that a significant effect could occur in an audit work and, consequently, in its report.

With regard to the violation derived from a breach of the obligation to communicate, to the supervisory authorities of the audited entity, certain circumstances regarding this entity of which the auditor was aware during the conducting of the audit, the period for this communication is reduced to three working days, to guarantee the effectiveness of these communications.

In terms of sanctions, with regard to the appraisal criteria, the classification is established into the three grades into which the sanctions to be imposed must be divided, containing the sanction for very serious violations committed by an audit firm that was not part of the wording until now, to complete the casuistry. The mitigating or aggravating nature of the appraisal criteria for sanctions set forth in Law 22/2015, of 20 July, is also specified.

It is clarified that the additional sanction prohibiting auditing the accounts of the audited entity in the three financial years following that in which the sanction becomes final in administrative proceedings, in the event of the imposition of sanctions for serious or very serious violations related to an audit work, is understood as applicable not only to the audit of annual accounts but also to the audit of other financial statements or accounting documents.

VII

Heading V "*On public law corporations representing auditors*", like the repealing regulation, contains the set requirements that must be met and the functions that must be performed.

Finally, the first to fifth additional provisions of the regulation almost literally incorporate aspects already contained in the repealed regulation, although their content is updated in aspects where this is necessary. These provisions aim to develop the provisions of the first additional provision of Law 22/2015, of 20 July, regarding the obligation to submit annual accounts to audit, and of the seventh additional provision of the aforementioned Law 22/2015, of 20 July, regarding the coordination between public bodies or institutions and auditors, and the possibility that these institutions may ask auditors to prepare a supplementary report to that of the audit of annual accounts. At the same time, in order to obtain, from the aforementioned public bodies and institutions, greater and better information on the situation and functioning of the entities subject to their supervision, thus increasing efficiency in the development of their inspection and control functions, aspects are developed that are related to the obligations of auditors set forth in the aforementioned first final provision of Law 22/2015, of 20 July.

The sixth and seventh additional provisions provide continuity to the works that the Accounting and Auditing Institute has been developing in the establishment of uniform criteria for interpreting the applicable financial information regulations and the regulations governing the

audit activity. They also maintain and update the competence of the editing, publication and distribution of the Official Gazette of the Accounting and Auditing Institute, an instrument of recognised prestige and effectiveness in the audit sector in Spain.

The eighth additional provision maintains the exemption of having an Audit Committee aimed at undertaking of collective investment and pension funds, which was already incorporated by Royal Decree 877/2015, of 2 October, the activity of which is not deemed appropriate enough to establish this institution due to its characteristics.

The ninth additional provision, a new provision that aims to specify a situation that gives rise to the communication obligation between the National Commission on Markets and Competition (CNMC [Comisión Nacional de los Mercados y la Competencia]) and the Accounting and Auditing Institute, when it becomes aware of the existence of contractual or statutory clauses that could restrict or limit the auditor's appointment.

The tenth additional provision contains the collaboration between the Accounting and Auditing Institute and the General Directorate of Legal Certainty and Public Faith for the effective application of the provisions of the regulations governing the accounts auditing activity, and the commercial regulations, applicable to the appointment of the accounts auditor and setting of their fees. It particularly recognises the need to establish mechanisms for the access and exchange of information between the two for these purposes, such as access by the Accounting and Auditing Institute to the information in the beneficial ownership database. Regulatory authorisation is also given to the management delegation for the processing of sanctioning proceedings due to a breach of the obligation to file accounts.

The eleventh additional provision specifies the regulation of the penalty system applicable to a breach of the obligation to file the accounts into the Commercial Registry. The period is specified for processing the sanctioning proceedings and the criteria for imposing sanctions due to a breach of the obligation to file accounts.

The six transitory provisions aim to facilitate the application of this new regulation, especially in relation to the previous regimes and the new requirements.

Finally, three final provisions are included that refer to the period agreed to accept the appointment of the auditor by the Commercial Registry, the period for amending the quality control standards of accounts audits and the determination of corporations representing existing accounts auditors.

In compliance with the provisions of Law 50/1997, of 27 November, of the Government, the draft Royal Decree has been submitted to the mandatory consultation and hearing process by making it available to the affected sectors on the electronic headquarters of the former Ministry of the Economy and Business Affairs (now the Ministry of Economic Affairs and Digital Transformation). The text has received comments from the former Ministry of Science, Innovation and Universities (now the Ministry of Universities), Ministry of Finance, Ministry of Land Policy and Public Administration, Ministry of Justice, the National Commission on Markets and Competition and the Spanish Data Protection Agency.

By virtue, thereof, at the proposal of the Minister of Economic Affairs and Digital Transformation, with the prior approval of the Minister of Land Policy and Public Administration, in accordance with the State Council, and after deliberation by the Council of Ministers at its meeting on 12 January 2021,

I HEREBY DECREE:

Single article. *Approval of the Implementing Regulation of Law 22/2015, of 20 July.*

The Implementing Regulation of Law 22/2015, of 20 July, on Auditing is approved, whose text is included below.

Single repealing provision. *Regulatory repeal.*

Royal Decree 1517/2011, of 31 October, which approves the Implementing Regulation of the consolidated text of the Law on Auditing, approved by Royal Legislative Decree 1/2011, of 1 July, is hereby repealed.

Any provisions of equal or lower rank that oppose the provisions of this Royal Decree are repealed.

First final provision. *Jurisdictional authority.*

The provisions contained in this Royal Decree are issued under the provisions of article 149.1.6 of the Constitution, which attributes exclusive competence over the commercial legislation to the State.

Second final provision. *Entry into force.*

1. This Royal Decree will enter into force the day following its publication into the Official State Gazette.

2. The provisions of articles 0 and 0.2 on fees will be applicable to the new contracts that are signed or extended as of the date of entry into force of the Royal Decree approving this Regulation.

3. The provisions of Chapter IV of Heading II, in article 0.2 and article 0 of the Regulation, will enter into force on 1 July 2022 and will be applicable to the audit works on annual accounts corresponding to financial years ending after this date.

4. The provisions of article 65 of the Regulation, on the minimum quantity of the financial guarantee, will enter into force on 1 July 2021.

IMPLEMENTING REGULATION OF LAW 22/2015, OF 20 JULY, ON AUDITING

Preliminary heading.

Chapter I Scope of application.

Subsection 2. Causes of incompatibility derived from services provided.

Article 47. Accounting services or preparation of accounting records or financial statements.
Article 48. Valuation services.
Article 49. Internal audit services.
Article 50. Advocacy services.
Article 51. Design and implementation services of internal risk control or management procedures, or of the design or application of computer systems.

Subsection 3. Common standards.

Article 52. Relative importance and significant incidence.

Section 3. Particularities of the extension rules.

Article 53. Preparation of significant information.
Article 54. Incompatibilities derived from financial instruments.
Article 55. Significant nature of an entity linked by control relationship or significant influence in terms of relative importance.
Article 56. Persons or entities related directly to the auditor.
Article 57. Relations with possible effects or influence on the result of the work due to the structure and size of the audit firm or its network.
Article 58. Incompatibilities derived from situations that occur to other persons or entities belonging to the auditor's network.
Article 59. Conditions for disposing of the financial instrument.

Section 4. Contracting and extension.

Article 60. Extension and termination.
Article 61. Prohibitions after completing the audit work and during its performance.

Section 5. Fees.

Article 62. Fees.
Article 63. Financial and economic dependence.
Article 64. Causes of abstention from fees collected.

Chapter III Financial guarantee.

Article 65. Financial guarantee.

Chapter IV. Internal organisation.

Article 66. Internal organisation of accounts auditors.
Article 67. Internal quality control system.
Article 68. Simplified proportionality and requirements.
Article 69. Audit file and documentation of the work.
Article 70. Register of violations.
Article 71. Registration of audited entities.

Chapter V. Duties of custody and secrecy.

Article 72. Duty of conservation and custody.

Chapter II. Summary procedure.

Article 124. Summary procedure.

Chapter III. Breaches and sanctions.

Article 125. Refusal or resistance to the control or disciplinary action and failure to send documentation or information.
Article 126. Breach of the obligation to conduct an audit in certain cases.
Article 127. Failure to issue or deliver the additional report to the Audit Committee in due time or issue it with substantially incorrect or incomplete content.
Article 128. Carrying out of audit works without being registered as a practising auditor in the Official Register of Auditors.
Article 129. Breaches of auditing standards in relation to an audit report.
Article 130. Breach of the obligation to send information to the Accounting and Auditing Institute or the sending of substantially incorrect or incomplete information.
Article 131. Communications to supervisory authorities.
Article 132. Identification of the auditor in their works.
Article 133. Breach of the improvement requirements.
Article 134. Substantially incorrect or incomplete information in the transparency report.
Article 135. Criteria for the appraisal of sanctions.
Article 136. Additional sanction to a very serious sanction or serious consequence of an audit work to a certain entity.
Article 137. Special rules.
Article 138. Publicising of the sanction and its term.

Heading V. On public law corporations representing auditors.

Article 139. Public law corporations representing auditors.
Article 140. Functions.
Article 141. Access to documentation and verification actions by public law corporations representing auditors.

First additional provision. Audit of the annual accounts of entities due to their size.
Second additional provision. Audit of the annual accounts of entities receiving subsidies or aid from the budgets of public administrations or funds from the European Union.
Third additional provision. Audit of the annual accounts of entities that contract with the public sector.
Fourth additional provision. Appointment of auditors in entities subject to the obligation to audit their annual accounts, due to the circumstances set forth in the first, second and third additional provisions of this Regulation.
Fifth additional provision. Coordination mechanisms with public bodies or institutions with control or inspection powers.
Sixth additional provision. Formulation of queries.
Seventh additional provision. Official Gazette of the Accounting and Auditing Institute.
Eighth additional provision. Audit Committee of public interest entities.
Ninth additional provision. Limiting clauses in the selection of the auditor.
Tenth additional provision. Collaboration with the General Directorate of Legal Certainty and Public Faith.
Eleventh additional provision. Sanctioning proceedings due to a breach of the obligation to file accounts.
First transitory provision. Theoretical teaching programmes.
Second transitory provision. Practical training.

PRELIMINARY HEADING

CHAPTER I
Scope of application

Article 1. *Concept of an auditor.*

The mentions made in this regulation to the auditor will also be understood as made to the audit firms, as well as to the auditor or auditors of accounts appointed expressly as the main auditors responsible for carrying out the work and signing the audit report on behalf of the aforementioned firms.

Article 2. *Delimitation of the scope of application.*

1. The verification by auditors of the annual accounts or financial statements prepared by entities whose applicable regulations require the keeping of accounts and the preparation of accounts that reflect the true and fair view of their assets, earnings and financial situation, even when these regulations do not establish an applicable regulatory financial information framework, will be understood as an accounts audit as set forth in article 1.2 of Law 22/2015, of 20 July, when these accounts or financial statements have been prepared in accordance with a regulatory financial information framework that is applicable taking into account the nature of the audited entity.

2. Likewise, the verification by auditors of the annual accounts or financial statements prepared by entities whose applicable regulations require them to submit audited accounts or financial statements, even when these regulations do not establish an applicable regulatory financial information framework, will be understood as an accounts audit as set forth in article 1.2 of Law 22/2015, of 20 July, when these accounts or financial statements have been prepared in accordance with a regulatory financial information framework that is applicable taking into account the nature of the audited entity.

3. Works carried out on audit accounts, financial statements or accounting documents consisting of the specific verification of specific facts, on the issuance of certifications or on the review or application of procedures with a limited scope less than that required by the regulations governing the audit activity, in order to issue a technical opinion on the accounts audit, will not be considered as an audit as set forth in article 1.2 of Law 22/2015, of 20 July.

4. Review works carried out on annual accounts, financial statements or accounting documents when they have not been prepared in accordance with the principles and standards contained in the applicable regulatory financial information framework, expressly established for

preparation due to legal or regulatory provisions, will also not be considered as an audit as set forth in article 1.2 of Law 22/2015, of 20 July.

Works that, without meeting the characteristics and conditions inherent to a work of this nature, in accordance with that established in article 1.2 of Law 22/2015, of 20 July, are attributed by legal provisions to auditors registered in the Official Register of Auditors will not be considered as an udit either. These works will be subject to the provisions of the corresponding legal regulations that may apply.

5. The reports issued by auditors on works that are not considered to be audits in accordance with that established in article 1.2 of Law 22/2015, of 20 July, as well as the reports referred to in sections 3 and 4 of this article, cannot be identified as audit reports, nor may their wording or presentation cause confusion regarding their nature as audit works carried out in accordance with the regulations governing the audit activity defined in article 2 of Law 22/2015, of 20 July.

CHAPTER II
Regulations governing the audit activity

Section 1. Regulations governing the audit activity

Article 3. *Ethical standards.*

1. The responsibility and performance of auditors must be governed by the principle of public interest that the audit activity entails. In this regard, auditors, when exercising their activity, must take into consideration and act in any case subject to the following ethical principles: professional competence, due diligence, integrity and objectivity, without prejudice to that established regarding the duty of independence in sections 1 and 2 of Chapter III of Heading I and, where appropriate, of section 3 of Chapter IV of Heading I of Law 22/2015, of 20 July. For these purposes:

a) Professional competence requires auditors to maintain their theoretical and practical knowledge at the required level to ensure that audited entities and users of financial information receive an optimum service with confidence.

This acquired knowledge must be maintained over time, therefore, auditors must perform continued training and permanent updating activities.

b) Due diligence refers to the special duty of care and attention that auditors must pay when learning and applying the regulations governing the audit activity, so that the conclusions reached by them when carrying out the audit work are duly supported and justified.

c) Objectivity implies, for auditors, acting impartially and without conflicts of interest that could compromise their independence. Under no circumstance may auditors compromise their performance due to undue influences, favouritism or prejudice, nor have external interests that may affect the way of presenting and carrying out an audit work, or that may affect the formation of a fair trial.

d) The principle of integrity imposes on auditors the obligation to be honest when exercising their activity. Integrity also implies that auditors must act with rectitude and commitment in any circumstance that may lead to a conflict of interests.

2. Auditors must act in accordance with the standards regulating the audit activity, attending not only to the letter, but also to the spirit in which they are inspired.

Auditors will promote a work and corporate environment of integrity and respect for the ethical principles and standards that govern the audit activity.

Article 4. *Internal quality control standards of auditors.*

The internal quality control standards will aim to establish the principles and requirements to be followed by auditors in the implementation and maintenance of an internal quality control system that allows them to reasonably ensure that the audit activity is carried out in accordance with the requirements of Law 22/2015, of 20 July, in this regulation and in the auditing and ethical standards.

Section 2. Development of technical auditing, ethical and quality control standards

Article 5. *Public information.*

1. The processing of public information referred to in article 2.4 of Law 22/2015, of 20 July, will be carried out by sending it for publication in the "Official State Gazette" and by publishing the standards on the website and in the Official Gazette of the Accounting and Auditing Institute.

2. During the processing of public information, the text of the standard will be made available to whoever is interested in examining it, both at the Accounting and Auditing Institute, including its website, and in public law corporations representing auditors, being able to deduce the relevant allegations, which may be submitted electronically. The period of two months for public information may be extended depending on the significance and exceptional circumstances that may occur in a certain standard.

Article 6. *Publication and entry into force.*

1. Within a maximum period of three months from the conclusion of the processing of public information or, where appropriate, from the submission of the corresponding adaptation or review, the Accounting and Auditing Institute will proceed, by resolution, to make the corresponding publication on its website and in its Official Gazette for its entry into force. If it is considered necessary to make any amendment to the standard submitted to public information, it will notify the public law corporations representing auditors of the reasons why it will not be published, proposing the relevant amendments, if any, and requiring its review for these purposes.

2. Once the standards have been reviewed by the public law corporations representing auditors, according to the proposed amendments, the Accounting and Auditing Institute will proceed to make the publication referred to in the previous section.

3. The Accounting and Auditing Institute will also send the resolution for its publication in the "Official State Gazette".

Article 7. *Development by the Accounting and Auditing Institute.*

In the case referred to in article 2.4, paragraph two, of Law 22/2015, of 20 July, when two months have elapsed since the requirement of Accounting and Auditing Institute and the public law corporations representing auditors have not dealt with the review, this Institute will proceed

to prepare, adapt or review it, as applicable, informing them of this and complying with the public information and publication procedures.

CHAPTER III
Definitions

Article 8. *Definitions.*

1. Public interest entities.

For the purposes of the provisions of article 3.5 of Law 22/2015, of 20 July, the following will be considered as public interest entities:

a) Credit institutions, insurance companies, and entities issuing securities admitted to trading on official secondary securities markets subject to the supervisory and control regime attributed to the Bank of Spain, the General Directorate of Insurance and Pensions, autonomous bodies with organisational and supervisory powers over insurance companies and the National Securities Market Commission (CNMV [Comisión Nacional del Mercado de Valores]), respectively, as well as entities issuing securities on the alternative stock market belonging to the segment of expanding companies. For these purposes, an official secondary securities market will be understood as any regulated market of a Member State of the European Union, under the terms set forth in article 2.13 of Directive 2006/43/EC, of the European Parliament and of the Council, of 17 May 2006, on the statutory audit of annual accounts and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC of the Council and repealing Directive 84/253/EC of the Council.

b) Investment service companies and undertakings of collective investment that, during two consecutive financial years, at the closing date of each of them, have at least 5,000 customers, in the first case, or 5,000 members or shareholders, in the second case, and the management companies of these undertakings.

c) Pension funds that, during two consecutive financial years, at the closing date of each of them, have at least 10,000 members and the management companies of these funds.

d) Banking foundations, financial credit institutions, payment entities and electronic money institutions.

e) Entities other than those mentioned in the above paragraphs whose net turnover and average workforce during two consecutive years, at the closing date of each of them, is higher than €2,000,000,000 and 4,000 employees, respectively.

f) Groups of companies in which the parent company is one of the entities referred to in the previous letters.

The entities mentioned in letters b), c) and e) of the above paragraph will lose the consideration of public interest entities if they fail to meet, for two consecutive years, at the closing date of each of them, the requirements established in these letters.

The entities referred to in the letters of the above paragraph will have the status of public interest entities if they meet the requirements to be so at the close of the financial year of their incorporation, transformation or merger, and of the immediately subsequent financial year. However, in the event that one of the entities participating in the merger or the transforming entity is considered a public interest entity in the financial year prior to this operation, the resulting

entities will not lose this status if they meet the requirements contained in the aforementioned letters at the end of that first financial year.

2. Family members.

a) For the purposes of that established in articles 3.12 and 3.13 of Law 22/2015, of 20 July, those who are in a situation of effective separation from the key audit partner or the person affected by the cause of incompatibility and this situation is registered in the corresponding civil registry, in accordance with the civil law regulations, will not be considered spouses of these persons.

b) For the purposes of that established in article 3.13 of Law 22/2015, of 20 July, consanguineous relatives with close ties due to coexistence for at least one year in the home of the affected person will be understood as those persons who have a consanguinity link in the first direct degree or in the second collateral degree as set forth in article 3.12 of this Law.

For these same purposes, the person affected by the cause of incompatibility is understood to be the main auditor or auditors responsible for the audit work and any of the persons contemplated in articles 19.1 and 20.1 of the aforementioned Law, in accordance with the particularities established in these articles.

3. Auditor network.

For the purposes of the provisions of article 3.14 of Law 22/2015, of 20 July, it is understood that those persons or entities in which any of the following circumstances exist belong to the auditor network:

a) The existence of a relationship in accordance with the provisions of section 4 of this article.

b) A cooperation agreement, whatever the form of its implementation, including that not written, with a vocation of permanence when it is maintained for a period exceeding 12 months or when it is repeated on a recurring basis over time, through any of the following means:

1st. Sharing profits or costs, which are significant under the terms that, due to their relevance, could conclude the existence of a cooperation agreement. In any case, it will be understood that this circumstance has occurred when they exceed the percentages set forth in article 0.b) on the annual accounts of the auditor.

2nd. Common or arranged control or management.

3rd. The common design and implementation of internal quality control policies and procedures, including monitoring, carried out by a broader structure than that of the auditor.

4th. The use of a common trade name. A common trade name is considered to be used when it is included in whole or in part in the trade name of the auditor.

5th. A common business strategy. For these purposes, a common business strategy is understood as one that assumes that the decisions to be made in operating and financial management policies are made in a centralised, coordinated or complementary way, in order to achieve common strategic objectives, achieve an improvement in the operation of the business or greater synergies.

6th. Sharing a significant part of the professional resources when, due to their nature or relevance, the existence of a cooperation agreement could be concluded. For these purposes,

professional resources are understood, among others, as those referring to staff with training related to the economic-financial area, legal advice, business management consulting or any other similar, technical and advisory resources and information exchange systems.

The existence of a network will not be considered when the sole purpose of the cooperation is to jointly conduct an audit by two auditors, provided that none of the other circumstances occur.

4. Entities related to the audited entity.

In accordance with article 3.15 of Law 22/2015, of 20 July, those that are linked directly or indirectly through any of the following circumstances are entities related to the audited entity:

a) The existence of a control relationship, determined by the existence of a group when the control relationships set forth in article 42.1 of the Commercial Code occur, and in accordance with the rules and presumptions contained in articles 2 and 3 of the Standards for the Preparation of Consolidated Annual Accounts, approved through Royal Decree 1159/2010, of 17 September.

b) The existence of a decision-making unit, under the terms set forth in the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, in particular, the Standard for the preparation of annual accounts, number 13, paragraph 1, and section 24.5 of the content of the report on the standards for the preparation of annual accounts, as well as the standards governing their development.

a) The existence of a joint venture or significant influence on their management, in accordance with the provisions of article 47 of the Commercial Code, when the two requirements and presumptions established in articles 4 and 5 of the Standards for the Preparation of Consolidated Annual Accounts, approved through Royal Decree 1159/2010, of 17 September, are met.

5. Entities related to the audited entity by a control relationship.

In accordance with article 3.16 of Law 22/2015, of 20 July, entities related by a control relationship are considered as such when any of the following circumstances set forth in letter a) of the previous section occur.

HEADING I
On auditing

CHAPTER I
On the types of auditing

Section 1. Auditing of annual accounts

Article 9. *Auditors' report on annual accounts.*

1. The auditors' report on annual accounts must be issued by the auditors subject to the content, requirements, presentation model and formalities established in the regulations governing the audit activity.

2. The auditors' report on annual accounts is a commercial document that will contain, in addition to that required in article 5 of Law 22/2015, of 20 July, the following details:

a) Statement on the responsibility of the entity's administrative body in relation to the drawing up of the audited annual accounts and the entity's internal control system.

b) General description of the purpose of an audit and how it is carried out.

c) When the management report accompanies the annual accounts, either legally or voluntarily, the auditor will issue the opinion referred to in Law 22/2015, of 20 July.

d) Name, professional address and registration number in the Official Register of Auditors of the auditor or auditors signing the report.

In the event that the appointed auditor is an audit firm, in addition to the name and registration number in the Official Register of Auditors of the auditor signing the report, the firm's corporate name, corporate address and registration number in the Official Register of Auditors must also be indicated.

3. The date of the audit report cannot be prior to that on which the annual accounts were drawn up by the governing body.

In cases where the date of the audit report does not coincide with the date of its delivery to the audited entity, documentary evidence of this delivery must be provided and its date must be put on the accounts auditor's work papers.

4. In the auditors' report on annual accounts, no limitations on its use may be established.

Article 10. *Obligation to issue the auditors' report on annual accounts and the failure to issue this or resignation from the audit contract.*

1. The issuance of the report and its delivery to the audited entity must be made on the contractually planned dates, so that the accounts audit can fulfil the purpose for which it was contracted. For these purposes, it will be understood that the audit report fulfils this purpose when it can be known and valued by the audited entity and by third parties that may be related to it, and this in turn allows compliance with the legal and statutory requirements demanded of the audited entity in this regard.

Notwithstanding the foregoing, if during the course of the work, the auditor detects the existence of circumstances, not attributable to them, that could affect the initially planned issue date of the report, the accounts auditor will detail, in a document that must be sent to whoever contracted the audit, the circumstances and their possible effects on the issuance of the audit report. This document must be documented in the work papers.

2. For the purposes of the provisions of article 5.2.b) of Law 22/2015, of 20 July, it will be considered absolutely impossible to carry out the audit work:

a) When the entity does not deliver, to the auditor, the drawn up annual accounts, subject to examination, after a written request was made for that purpose. In any case, it will be understood that this delivery has not occurred when more than one year has elapsed since the closing date of the financial year of the aforementioned annual accounts.

b) When, exceptionally, other circumstances not attributable to the auditor, and other than those of a technical nature, prevent the carrying out of the audit work in its substantial aspects. In particular, the aforementioned circumstances will not be considered to be present when the auditor cannot apply the audit procedures that are necessary to obtain audit evidence in relation

to the information in the annual accounts, in which case the audit report will be issued in accordance with the provisions of the auditing standards.

3. In the cases referred to in article 5.2 of Law 22/2015, of 20 July, the auditor will detail, in a document, all determining circumstances of the failure to issue the report or the resignation from the audit contract. This document must be sent to the audited entity, within a period no greater than fifteen calendar days from the date on which the auditor became aware of the determining circumstance, and except for the case set forth in the second part of section 2.a) above, always prior to the date on which the audit report must be issued in order to comply with the purpose for which it was contracted.

That established in the previous section will be understood without prejudice to the possibility of the auditor resigning from the audit contract.

Furthermore, when the audit is mandatory, this communication must be sent to the Accounting and Auditing Institute and to the Commercial Registry of the location of the corporate address corresponding to the audited entity, as well as, where appropriate, to the judicial body that appointed the accounts auditor for this work, within a period of ten working days from the date the document was sent to the audited entity.

4. It will be understood that an audit is mandatory when its performance is derived from that required in the first additional provision of Law 22/2015, of 20 July, as well as in cases in which the auditor is appointed by the Commercial Registrar or Court as referred to in article 40 of the Commercial Code and articles 265 and 266 of the consolidated text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July.

In cases of a voluntary appointment of an auditor when this is registered in the Mercantile Registry, this communication must be sent to the Mercantile Registry of the location of the corporate address corresponding to the audited entity, within a period of ten working days from the date indicated in the first paragraph of the previous section.

5. Once the actions referred to in this article have been carried out, in these cases, the auditor's obligations in terms of the audit work to carry out on the annual accounts for the financial year in which the circumstances set forth in section 2 of this article occurred may be understood as completed.

Article 11. *Annual accounts audit contract.*

1. Before accepting the appointment and signing the audit contract, the auditor must assess their ability to adequately and effectively carry out the audit work, as well as their conditions of independence, in accordance with the provisions of the regulations governing the accounts auditing activity.

2. Prior to starting the audit work, corresponding to the first financial year for which the auditor has been appointed, an audit contract must be signed between the audited entity and the accounts auditor, which will be commercial in nature.

The annual accounts audit contract must be drawn up in writing and will include, in accordance with the regulations governing the audit activity, at least, the identification of the annual accounts to be audited and the relevant aspects of the audit work to be carried out, including the contract period, fees, the purpose or reason why the audit work is carried out and the delivery time for the audit report.

No limitations may be established on the scope or development of the audit work, nor restrictions on the distribution or use of the audit report, nor stipulations contrary to what is established in the aforementioned regulations, including those intended to limit the auditor's liability for damages and losses that a breach of their obligations could cause or that is assumed by the audited entity.

3. At the time of signing the audit contract and, in any case, at the time of accepting the appointment made by the entity, the auditor must be registered as practising. If the audit contract is signed with a legal entity, they must be registered at that time as an audit firm in the Official Register of Auditors.

4. In cases in which the auditor is appointed by the Commercial registrar or judicial body, referred to in articles 265 and 266 of the consolidated text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July, auditors may request adequate surety or the provision of funds as a guarantee for the payment of their fees before starting to exercise their duties. This guarantee must be provided by the entity within a period of ten calendar days from notification of the auditor's request. If the guarantee is not provided within the established period, the auditor may resign from the contract, and must notify this to the Commercial registrar or judicial body who appointed them.

Section 2. Auditing of other financial statements or accounting documents

Article 12. *Auditing of other financial statements or accounting documents.*

1. For the purposes of the provisions of article 4.2 of Law 22/2015, of 20 July, other financial statements or accounting documents are understood as those prepared in accordance with the principles and standards contained in the applicable regulatory financial information framework, expressly established for preparation due to legal or regulatory provisions.

In particular, the statements or accounting documents forming the annual accounts that are prepared separately, or even prepared as a whole but that refer in this case to a period shorter than the financial year, are also included in this concept.

These statements or documents must be signed or assumed formally by those who have been attributed the powers for their formulation, subscription or issue, in the same way as that set forth in the commercial legislation for the drawing up of annual accounts. Where appropriate, the document stating the aforementioned formal assumption must accompany the corresponding financial statements or accounting documents.

2. The provisions of section 1 of this Chapter I for the works and audit report of annual accounts will apply, with the corresponding adaptation and in matters not expressly regulated in this section, to the works and audit reports on other financial statements or accounting documents.

Article 13. *Audit report on other financial statements or accounting documents.*

The audit report on other financial statements or accounting documents will contain the information adapted to the financial statement or accounting document subject to audit, as well as at least the following:

a) Reference to the fact that the financial statements or accounting documents subject to an audit have been signed or assumed formally by those who have been attributed the powers for

their subscription or issue, as well as reference to the regulatory financial information framework applied in the preparation of these statements or documents established by legal or regulatory provisions.

b) Technical opinion, with the content and scope established in the following article.

Article 14. *The auditor's technical opinion regarding the audit report on other financial statements or accounting documents.*

1. The form of the technical opinion referred to in letter b) of the previous article will depend on the type of regulatory financial information framework applicable, in accordance with the provisions of this article.

In the event that the regulatory financial information framework applicable is a true and fair view framework, the technical opinion will adopt the form set forth in article 5.1.e) of Law 22/2015, of 20 July, although referring to the information contained in the specific financial statement or accounting document audited.

When the regulatory financial information framework applicable is a compliance framework, the technical opinion must address whether the audited financial statements or accounting documents have been prepared, in all significant aspects, in accordance with the regulatory financial information framework expressly established for preparing these documents or statements.

2. A financial information framework will be considered to be a true and fair view when, in addition to requiring the application of certain accounting principles and standards, it explicitly foresees the possibility of including the supplementary information required to achieve this true and fair view and, in exceptional cases, to stop using the applicable accounting principles and standards that are incompatible with it.

In the event that the applicable regulatory financial information framework requires compliance with certain accounting principles and standards, without the possibility of applying the provisions referred to in the preceding paragraph, this framework will be considered a compliance framework.

Section 3. Impossibility to obtain the required information

Article 15. *Duty to request and supply information.*

For the purposes of that established in article 6 of Law 22/2015, of 20 July, in cases in which the accounts auditors have not been able to obtain the required information and this information is relevant for the development of the accounts audit work and to issue the report, they must provide documentary evidence in their work papers proving the information requirement, as well as, where appropriate, the responses given by the audited entity to this requirement.

Section 4. Auditing of consolidated accounts

Article 16*. Documentation of the assessment and review of the work carried out by auditors on the financial information of entities of the consolidated group.*

1. For the purposes of that established in article 7.4 of Law 22/2015, of 20 July, the auditor of the consolidated annual accounts must have the documentation relating to the assessment and review of the audit work carried out by other accounts auditors with regard to the verification of the financial information of the entities forming part of the consolidated group, and must reflect the evidence obtained to support their opinion on the audit of the consolidated accounts.

2. The review and breakdown of the documentation referred to in the previous section will be based on the characteristics and circumstances of the consolidated group and on the relative importance of each of its constituent entities, as well as the risks, for the audit of the consolidated accounts, identified in the financial information of these entities. Taking into account these criteria, the documentation related to the review of the work carried out must reflect:

a) The criteria and considerations taken into account for the identification and assessment of the risks of material misstatement for the purposes of the audit of the consolidated accounts, including those related to the business, transactions or operations, their processing, as well as the internal control of these entities.

b) The risks that the auditor of the consolidated accounts has considered, for the purposes of auditing the consolidated accounts, for planning the work to be carried out in relation to the financial information of these entities.

c) Nature, extent and timing of the tests both designed and performed by the auditor of the consolidated annual accounts in order to respond to the aforementioned risks identified in the financial information of these entities.

d) The specific reviewed aspects of the work carried out by the auditors of these entities on this financial information, which will include:

1. The nature of the tests performed and their timing;

2. The descriptive information of the populations, the criteria and methods used to determine and select the samples;

3. The results of these tests and, where appropriate, the investigation of the deviations and misstatements identified and its result, the extrapolation of the misstatements, additional procedures performed, and the assessment of the effect of deviations and misstatements on the audit; and

4. The specific issues discussed with the auditors of these entities and the conclusions reached on the foregoing aspects and issues.

Article 17. *Communication to the* Accounting and Auditing Institute *of the impossibility to review the audit work carried out by other auditors.*

For the purposes of the provisions of article 7.5 of Law 22/2015, of 20 July, when the auditor of the consolidated accounts cannot review the audit work carried out by other auditors, including those from the European Union and third-party countries, regarding to the financial information of the entities forming part of the consolidated group, they will detail all circumstances preventing this review in a document. This document must be sent to the Accounting and Auditing Institute within a period no greater than ten working days from the date on which the auditor becomes aware of the aforementioned situation.

Article 18. *Access to the documentation of auditors from third-party countries with whom there is no information exchange agreement.*

For the purposes of that established in article 7.7 of Law 22/2015, of 20 July, the auditor of the consolidated accounts will be responsible for applying the following procedures:

a) They will contact the auditor from the third-party country in writing to inform them that, in accordance with the legislation in force in Spain and the European Union regulations, there is an obligation to allow the Accounting and Auditing Institute to access the documentation on the work carried out by them in the framework of the audit of consolidated accounts.

b) They will request written confirmation as to whether there are legal or other impediments for sending the work documentation and, where appropriate, a detailed explanation of these impediments together with their legal justification. If there are impediments, they will assess the communication of this situation to the Accounting and Auditing Institute.

c) When there are legal or other impediments for sending the documentation on the work carried out by or audit firms and other audit entities registered and authorised in third-party countries, the auditor of the consolidated accounts must keep the documentation relating to the procedures applied in order to access this documentation and the aforementioned impediments. If the impediments are not legal, the accounts auditor of the consolidated accounts must document the evidence proving these impediments.

The existence of these impediments does not constitute a case of absolute impossibility to conduct the audit of consolidated accounts, as set forth in article 0.

Section 5. Joint performance of auditors

Article 19. *Joint performance of auditors.*

1. When several auditors are appointed to carry out an accounts audit work, there will only be one audit report and it will be issued under the responsibility of all of them, who will sign the report and be subject to the provisions of the regulations governing the audit activity.

In the event of a discrepancy regarding the technical opinion to be issued, each auditor will present their opinion in a different paragraph of the audit report and state the reasons for the discrepancy.

2. The jointly appointed auditors cannot belong to the same network, and all circumstances that could affect the necessary independence in relation to the audited entity required by the provisions of sections 1 and 2 of Chapter III of Heading I of Law 22/2015, of 20 July, and, where appropriate, of section 3 of Chapter IV of Heading I of this Law, must be communicated between them.

3. The relationships between the appointed auditors and the actions to be taken regarding to the audit work will be carried out in accordance with the specific auditing standard.

In the cases referred to in this article, the appointed auditors will be responsible for the safekeeping and conservation of all work papers corresponding to the audit work.

CHAPTER II
Access to the exercising of the accounts auditing activity

Section 1. Official Register of Auditors

Article 20. *Sections of the Register.*

The Official Register of Auditors will consist of the following independent sections:

a) Natural persons;

b) Audit firms; and

c) Aauditors, firms and other audit entities from third-party countries referred to in article 0.

The natural persons or firms that audit the annual accounts or financial statements of public interest entities will be indicated in sections a) and b) above.

For these purposes, the Accounting and Auditing Institute will establish, by resolution, the registration and deregistration application forms in the different sections, which will be completed and sent electronically.

Article 21. *Registration of natural persons into the Official Register of Auditors.*

In the natural persons section of the Official Register of Auditors, auditors will be registered with specification of the situation in which they find themselves, depending on their relationship with the accounts auditing activity, as one of the following:

a) Practising.

b) Non-practising.

Article 22. *Situations.*

1. Only auditors registered as practising can act as responsible parties and signatories of the accounts audit report defined in article 1 of Law 22/2015, of 20 July.

Practising auditors must register as such in one or more of the following modalities: individually or as an auditor expressly appointed by an audit firm to sign audit reports on behalf of this firm.

2. In order to register as practising, they must request this in writing to the Accounting and Auditing Institute, accompanying the request with the documentation proving compliance with the requirements set forth in articles 1 and 2 of Law 22/2015, of 20 July, as well as the required and constituted financial guarantee and, where appropriate, their continued training. They must also provide a single authorised e-mail address for communications with this Institute. When dealing with auditors expressly appointed by a firm to sign audit reports on its behalf, the audit firm will be responsible for sending this supporting documentation. The provisions of article 28 of Law 39/2015, of 1 October, will apply to the registration.

In the event that the requesting auditor is authorised as practising in another Member State of the European Union, the registration application must be accompanied by proof of the authorisation granted by the competent authority of the Member State of origin where they are registered, as well as proof of passing the aptitude test referred to in article 10.1 of Law 22/2015, of 20 July, and of the constitution of the required financial guarantee. They will provide a single authorised e-mail address for communications with the Accounting and Auditing Institute.

In the event that the requesting auditor is authorised as practising in a third-party country, the registration application must be accompanied by proof of the authorisation granted by the competent authority of the third-party country, proof of compliance with the requirements referred to in article 10.2 of Law 22/2015, of 20 July, particularly proof of the existence of reciprocity conditions, as well as proof of the constitution of the required financial guarantee. They will provide a single authorised e-mail address for communications with the Accounting and Auditing Institute.

3. In the event that the practising auditors do not duly maintain the financial guarantee, they will be automatically assigned as non-practising, without prejudice to the responsibility requirement that may apply as established in article 72 of Law 22/2015, of 20 July.

4. The auditors who, in complying with the requirements of sections 1 and 2 of article 9 of Law 22/2015, of 20 July, have chosen not to register in the situation described in section 2 above, may be registered as non-practising. Registering in this situation must be requested in writing to the Accounting and Auditing Institute and they must prove, where appropriate, their compliance with the requirements listed in the aforementioned article.

Auditors who are registered as practising can also change this situation by requesting a change of situation to the Accounting and Auditing Institute.

Article 23. *Registration of audit firms into the Official Register of Auditors.*

1. Firms whose corporate purpose includes the audit activity that are domiciled within the Spanish territory or in that of a Member State of the European Union, which provide the Accounting and Auditing Institute, together with their corresponding application, with the documentation proving compliance with the requirements established in article 11.1 of Law 22/2015, of 20 July, and which have provided the required financial guarantee, can register in the Official Register of Auditors. They will provide a single authorised e-mail address for communications with the Accounting and Auditing Institute.

2. Audit firms must inform the Accounting and Auditing Institute of the appointments of auditors to conduct audits and issue audit reports on their behalf, and their variations, and send the documentation proving their compliance with the requirements for each appointment. Those who have not been communicated to the Accounting and Auditing Institute will be understood as not appointed.

In any case, the start date of this appointment will be that on which the communication was made by the audit firm or the date of registration in the Official Register of Auditors in the event that it is a new audit firm, unless a later date is specified.

3. Audit firms must communicate the person or persons who represent the audit firms in their relations with the Accounting and Auditing Institute. The representation will be accredited in accordance with the provisions of articles 5 and 6 of Law 39/2015, of 1 October. In the event of

an amendment or revocation, this must be expressly communicated and accompanied by the identification of who assumes representation.

4. The communications made by the Accounting and Auditing Institute, when exercising its powers, to partners of auditors and to auditors expressly appointed to conduct audits and sign reports on behalf of the audit firm will be sent to the single authorised e-mail address provided by the latter that is recorded in the Official Register of Auditors, unless they expressly state another e-mail address.

Article 24. *Separate registration of certain accounts auditors, as well as firms and other audit entities from third-party countries.*

The auditors, firms, and other audit entities from third-party countries that issue audit reports on the annual accounts or consolidated annual accounts of an entity incorporated outside of the European Union, whose securities are listed for trading on a regulated market in Spain, in accordance with the provisions of articles 10.3 and 11.5 of Law 22/2015, of 20 July, will be listed in a separate section of the Official Register of Auditors.

To register in this situation, it must be requested in writing to the Accounting and Auditing Institute, proving, along with their application, compliance with the provisions of article 10.3 of Law 22/2015, of 20 July, as well as provide the required financial guarantee. They will provide a single authorised e-mail address for communications with the Accounting and Auditing Institute.

Article 25. *Lists of accounts auditors and audit firms.*

1. The Accounting and Auditing Institute will make public, on its website, an updated list of auditors and audit firms, specifying the information referred to in sections 3 and 4, respectively, of article 8 of Law 22/2015, of 20 July, regarding each of them.

2. The Accounting and Auditing Institute will make public, on its website, a separate updated list of auditors, firms and other audit entities from third-party countries, referred to in articles 10.3 and 11.5, respectively, of Law 22/2015, of 20 July, with the mention that they are not authorised to exercise the audit activity in Spain, and which will include, at least, information regarding the name or corporate name and address of each of them, without prejudice to what is set forth in the community regulations in this respect.

3. The Accounting and Auditing Institute will make available, to the Central Commercial Registry, the General Directorate of Legal Certainty and Public Faith and the Administrative Office of the Courts, the lists of auditors and audit firms for the purposes of that established in articles 355 and 356, respectively, of the Commercial Registry Regulations, approved by Royal Decree 1784/1996, of 19 July, and in article 40 of the Commercial Code.

These lists, which may be consulted by telematic means, will include the auditors registered as practising and audit firms that have expressly stated their willingness to be included in the aforementioned lists and that are in a situation allowing them to exercise the audit activity.

These lists will include the addresses of the open offices where the auditors effectively perform their activity.

Article 26. *Deregistration.*

1. Auditors will be temporarily or definitively deregistered, as the case may be, from the Official Register of Auditors in the following cases:

a) Due to death.

b) Due to a breach of any of the requirements established in articles 9 and 10 of Law 22/2015, of 20 July.

c) Due to voluntary resignation.

d) Due to sanction.

2. Audit firms will be deregistered from the Official Register of Auditors in the following cases:

a) Due to dissolution of the firm.

b) Due to a breach of any of the requirements established in sections 1 and 5 of article 11 of Law 22/2015, of 20 July, without prejudice to the provisions of article 12.2 of this Law.

c) Due to voluntary resignation.

d) Due to sanction.

e) Due to failing to provide the financial guarantee or due to the insufficiency of this guarantee, without prejudice to the provisions of article 12.2 of Law 22/2015, of 20 July.

3. In the event of a request for the voluntary deregistration from the Accounting and Auditing Institute, this will be addressed to the Chairperson of the Accounting and Auditing Institute.

4. The processing of the deregistration from the Official Register of Auditors may be subject to the simplified processing procedure contained in Chapter VI of Heading IV of Law 39/2015, of 1 October.

Notwithstanding the foregoing, in the event that the deregistration is caused by the death of the auditor or the dissolution of the audit firm, as well as due to sanction, the deregistration will be registered by agreement of the Chairperson of the Accounting and Auditing Institute.

Section 2. Authorisation for the exercising of auditing

Article 27. *Theoretical educational programmes.*

1. The theoretical educational programmes required in article 9.2.b) of Law 22/2015, of 20 July, will be organised and taught by Universities and public law corporations representing auditors. They may also be taught by higher education centres accredited by the National Agency for Quality Assessment and Accreditation or equivalent autonomous body and recognised by the Accounting and Auditing Institute.

2. By means of a resolution published in its gazette, the Accounting and Auditing Institute, after hearing the Audit Committee, will establish the characteristics and conditions that must be met by the aforementioned accredited higher education centres, including those necessary to guarantee the quality and suitability of the training to be given on the subject.

In any case, the aforementioned programmes must first be approved by the Accounting and Auditing Institute. For these purposes, this body, after hearing the Audit Committee, by means of a resolution published in its gazette, will establish the characteristics and conditions that must be met by the aforementioned programmes for their approval.

In a subsidiary manner, the Accounting and Auditing Institute will be responsible for organising and carrying out these programmes.

3. For the purposes of considering the requirement regarding to the monitoring of the theoretical educational programmes as met, the public officials or employees referred to in article 9.4 of Law 22/2015, of 20 July, must prove that they have passed the corresponding selective tests, as well as that the knowledge required for passing these tests sufficiently includes the subjects listed in article 9.2.c) of Law 22/2015, of 20 July.

By examining the documentation required in the previous paragraph, the Accounting and Auditing Institute will determine, in each case, the fulfilment of the requirements referred to in the previous paragraph by the applicants for the purposes set forth in this section.

Article 28. *Practical training.*

1. The practical training requirement referred to in article 9.2.b) of Law 22/2015, of 20 July, will not be understood as fulfilled until it has been proven that the tasks forming the different phases of the audit activity have been performed over a period that adds up to at least two years full-time or its equivalent in part-time hours.

The practical training will generally be carried out after the completion of the theoretical educational programme regulated in the previous article.

However, the practical training carried out before the completion of the theoretical educational programme may account for up to 50% of the practical training required.

2. For persons who, meeting the other requirements established in article 9.1 of Law 22/2015, of 20 July, do not have a university degree but meet the university access requirements set forth in the current legislation, the practical training requirement referred to in article 9.2.b) of Law 22/2015, of 20 July, will not be understood as fulfilled until it has been proven that effective audit works have been carried out over a period that adds up to at least five years full-time or its equivalent in part-time hours, with regard to the tasks forming the different phases of the audit activity. Likewise, in this case, at least 50% of the practical training must be carried out after the completion of the theoretical educational programme regulated in the previous article.

3. Auditors must submit annual information to the Accounting and Auditing Institute on the practical training that the persons at their service have carried out, with the breakdown and distribution, and within the period determined by resolution of the Accounting and Auditing Institute.

4. The certifications issued to accredit the practical training requirement with a person authorised to conduct an audit for the purposes of participating in the professional aptitude test regulated in the following article, must make reference to the contractual relationship that may have existed, as well as the effective time spent working in auditing, according to the breakdown and content set forth in the resolution referred to in the previous section, and without prejudice to the verification duties that may be carried out in the summons process referred to in article 0.2.

5. For the purposes of considering the requirement relating to practical training as fulfilled, the public officials or employees referred to in article 9.4 of Law 22/2015, of 20 July, must provide a certificate issued by the competent body of the centre, organisation or public entity showing that they are legally assigned with the audit functions referred to in this section. This certificate must prove, with sufficient detail, that they have carried out, for three years, effective works corresponding to the auditing of annual accounts, consolidated accounts or similar financial statements of public sector entities, financial entities or insurance companies, or corresponding to the direct monitoring or control over audits and accounts auditors of these documents.

6. The criteria to be taken into account related to the tasks forming the audit activity may be determined by resolution of the Accounting and Auditing Institute.

Article 29. *Aptitude test.*

1. The professional aptitude test will be aimed at rigorously checking the candidate's qualifications to exercise the audit activity, and will consist of two phases:

a) In the first phase, the level of theoretical knowledge reached regarding the subjects referred to in article 9.2.c) of Law 22/2015, of 20 July, will be checked.

b) In the second phase, which can only be accessed by those who have passed the first phase of the test, the ability to apply the theoretical knowledge to practising the audit activity will be determined.

2. Those who have an official university degree that is valid throughout Spain, under the terms set forth in article 34 of Organic Law 6/2001, of 21 December, on Universities, will be exempt from the theoretical educational programmes and the first phase of the test that cover the subjects that they have already passed in the studies required to obtain these degrees.

By resolution of the Accounting and Auditing Institute, published in its gazette, after hearing the Audit Committee, the exemption conditions will be established in those cases in which the programmes taught by Universities do not include, with the extension required in this resolution, all subjects referred to in article 9.2.c) of Law 22/2015, of 20 July.

3. The requirement regarding passing the professional aptitude test by the public officials or employees included in the scope of article 9.4 of Law 22/2015, of 20 July, will be understood to have been fulfilled with the accreditation referred to in article 0.3.

Article 30. *Summons and board.*

1. The ministerial order by which the summons corresponding to the professional aptitude test, referred to in article 9.3 of Law 22/2015, of 20 July, is published, will determine the bases of its development or implementation, the content of the subject programme and the amount of exam fees.

The management and development of each summons will correspond jointly to the public law corporations representing auditors and, where appropriate and alternatively, to the Accounting and Auditing Institute. The coordination and action criteria will be established in each summons order.

2. The summons will be made at least every two years and only the persons who meet and accredit the requirements established in articles 9.2.a) and b) of Law 22/2015, of 20 July, may have access to the tests.

In this regard, the board appointed for this purpose may require all the documentation it needs to verify compliance with the aforementioned requirements, as well as those established in the summons.

3. The board will be appointed in each summons order and, in accordance with this, will be responsible for the design, development and grading of the aptitude tests.

It will be formed by a chairperson, who will be a representative of the Accounting and Auditing Institute appointed from among the heads of the units with an organic level of general sub-directorate or equivalent of this body, an even number of members and a secretary.

These members must include a representative of each public law corporation representing auditors, at their proposal, and, from among the members, two representatives of the Accounting and Auditing Institute appointed from among the officials of this body, a university professor who is an expert in the areas of knowledge related to any of the subjects included in the programme, appointed at the proposal of this Institute, and a representative of the Office of the General Comptroller of the State Administration appointed at the proposal of this Comptroller.

The secretary, who will act with voice and without vote, will be appointed at the proposal of the corporations. In the event that there is no unanimous agreement between the corporations regarding the proposal on the secretary, this will be made by the Accounting and Auditing Institute.

4. A substitute board must be appointed in every summons order.

5. In matters not set forth both in this article and in the corresponding orders referred to in section 1, as far as the board's operating regime is concerned, the provisions for collegiate bodies of Public Administrations in articles 15 to 22 of Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, will apply.

6. The actions of the board, and particularly the processing of appeals that, where appropriate, may be filed, will be made in accordance with Law 39/2015, of 1 October.

Article 31. *Authorisation of auditors from other Member States of the European Union.*

1. For the purposes of the aptitude test referred to in article 10.1 of Law 22/2015, of 20 July, an Assessment Committee will be appointed by the Ministry of Economic Affairs and Digital Transformation, which will be responsible for verifying the status of the auditor in their Member State of origin, designing the aptitude test, based on the Spanish regulations related to the subjects referred to in article 9.2.c) of Law 22/2015, of 20 July, and its grading, as well as the authorisation proposal to the Accounting and Auditing Institute for registration in the Official Register of Auditors. In the resolution appointing this Committee, the payment rates for the exam fees to be paid to attend the aptitude test will be established, along with the relevant rules for its management and summons.

2. The Assessment Committee will present the same composition as that foreseen for the Board referred to in the previous article.

3. In matters not set forth in this article, as far as the operation of the Assessment Committee is concerned, the provisions for collegiate bodies of Public Administrations in articles 15 to 22 of Law 40/2015, of 1 October, will apply.

The actions of the Assessment Committee, and particularly the processing of appeals that, where appropriate, may be filed, will be made in accordance with Law 39/2015, of 1 October.

4. The aptitude test will be carried out at least every two years and depending on the number of applications submitted. In any case, no more than six months may elapse between the submission of the application for the aptitude test by the person accrediting their status as an authorised auditor in a Member State of the European Union and the resolution of this application by means of the acceptance or rejection to take the aptitude test.

Article 32. *Authorisation of auditors from third-party countries.*

1. An auditor from a third-party country who intends to obtain authorisation from the Accounting and Auditing Institute must prove the reciprocity clause referred to in article 10.2 of Law 22/2015, of 20 July, and comply with all other requirements established in this article.

2. For the purposes of the aptitude test referred to in article 10.2 of Law 22/2015, of 20 July, an Assessment Committee will be appointed by the Ministry of Economic Affairs and Digital Transformation, which will meet the requirements established in sections 1, 2 and 3 of the previous article, and be responsible for verifying compliance with the requirements, designing the aptitude test, its grading, as well as the proposal for authorising registration into the Official Register of Auditors

3. The aptitude test will be carried out depending on the existence of applications, and no more than six months may elapse between the submission of the application for the aptitude test by the person accrediting their status as an authorised auditor in a third-party country and the resolution of this application by means of the acceptance or rejection to take the aptitude test.

HEADING II
On the exercising of the audit activity

CHAPTER I
Continued training

Article 33. *Continued training.*

1. For the purposes of the provisions of article 8.7 of Law 22/2015, of 20 July, accounts auditors registered in the Official Register of Auditors as practising auditors, and non-practising accounts auditors who are actively collaborating with an auditor in tasks directly linked to the audit activity, regardless of the contractual relationship, must perform continued training activities for a time equivalent to at least one hundred and twenty hours in a three-year period, with a minimum of thirty hours per year.

The training hours performed by the auditor that exceed the required minimum hours corresponding to a three-year period, may be counted as training in the first following annual period. The maximum number of hours that may be counted in this regard will be fifteen hours, without prejudice to the fact that the auditor must also perform the minimum hours required for this annual period.

2. Auditors registered in the Official Register of Auditors as non-practising will not have to comply with this obligation whilst they remain as such, without prejudice to that established in the previous section regarding non-practising auditors who are actively collaborating with an auditor in tasks directly linked to the audit activity.

When a non-practising auditor applies to change to practising, they must prove they have performed one hundred and twenty hours of continued training in the three-year period prior to the date of their application, and also prove that at least fifty hours were performed in the twelve months prior to the aforementioned date. In the event that the application is made by a non-practising auditor who is actively collaborating with an auditor in tasks directly linked to the audit activity, they must prove that they have performed one hundred and twenty hours of continued training in the three-year period prior to the date of their application, with a minimum of thirty hours each year.

The auditors referred to in the previous paragraph must also meet, within the period between their registration as a practising auditor and the end of the annual calculation period, a minimum number of hours equal to the pro-rata that this interval represents on the minimum mandatory hours in a year. These auditors must also meet, between the date of their registration as practising and the end of the corresponding three-year calculation period, a minimum number of hours equal to the pro-rata that this interval represents on the minimum obligations in three years.

Article 34. *Exemptions and extensions.*

1. Auditors who register for the first time in the Official Register of Auditors for the period, less than one year, between the publication date of the list of applicants who have passed the aptitude test referred to in article 0 and the end date of the first annual calculation period that ends after this publication, will be exempt from the minimum continued training obligation.

In order to register in the Official Register of Auditors as practising auditors, the auditors referred to in this section will be required to provide a number of hours proportional to the general access regime to this Register, as set forth in section 1 of the previous article, counted from the end of the exemption period.

The training that these auditors may have been able to take from the date of the last access exam to the Official Register of Auditors and up to the end of the exemption period, may be calculated as continued training in the first annual period in which this training was taken, as long as it meets the requirements legally established for this.

2. In the event that, due to force majeure, the auditor cannot meet the obligation referred to in section 1 of the previous article for a period exceeding two consecutive months, the Accounting and Auditing Institute will authorise that this obligation can be met once the cause of force majeure has ended.

The extension will be requested by the auditor for each annual calculation period in which the cause of force majeure occurs, according to the model approved by resolution of the Accounting and Auditing Institute.

For this purpose, any situation that cannot be foreseen or avoided and that prevents the auditor from carrying out any work related to the audit activity or another economic or professional activity must be understood as a cause of force majeure. These circumstances must be communicated to the Accounting and Auditing Institute and validly and sufficiently justified by the auditor.

The Accounting and Auditing Institute must resolve and notify the request received within a maximum period of three months from the receipt of this request, as long as it is accompanied by the proper supporting documentation.

The extension awarded may be revoked in the event of a breach of the circumstances that caused its awarding. In any case, no extension will be awarded or the one awarded will be revoked if, during the period for which it is requested or has been awarded, the auditor had signed an accounts audit report, intervened in an audit work or carried out any economic or professional activity.

Article 35. *Continued training activities.*

1. The continued training obligation must be met considering its practical application and the regulatory framework in which the activity, business aspects and sector of the audited entities are developed, insofar as they are considered necessary for the exercising of the accounts auditing activity, by carrying out the following activities:

a) Participation in courses, seminars, conferences, congresses, workshops or meetings, as speakers or attendees.

b) Carrying out self-study courses, either through electronic or other means, provided that the organiser of the course has established the appropriate control that guarantees their completion, use and improvement.

c) Carrying out teaching activities at Universities as referred to in Organic Law 6/2001, of 21 December, on Universities, and in auditor training courses recognised by the Accounting and Accounts Auditing Institute.

d) Carrying out specialisation studies that lead to obtaining a degree issued by a University, in accordance with the provisions of Organic Law 6/2001, of 21 December.

e) Participation in committees, commissions or working groups, the purpose of which is related to the preparation and interpretation of the accounting and auditing principles, standards and practices.

f) Publication of books, articles or other documents on topics related to the basic subjects forming the core of the auditor's knowledge.

g) Participation on exam boards or in aptitude tests that must be passed in order to gain the status of accounts auditor.

2. At least twenty hours of continued training in a year and eighty-five hours in a three-year period must be carried out on subjects related to accounting and auditing.

3. The activities included in letters a), b) and c) of section 1 will be organised, and where appropriate taught, by public law corporations representing accounts auditors or by Universities.

They may also be organised by:

a) Higher education centres accredited by the National Agency for Quality Assessment and Accreditation or equivalent autonomous body.

b) Audit firms, groups of audit firms, groups of individual practising auditors or training centres that organise training courses and activities on the subjects referred to in article 9.2 of Law 22/2015, of 20 July, recognised by the Accounting and Auditing Institute. These firms, for the purposes of requesting the recognition of the Accounting and Auditing Institute., must maintain a sufficient and adequate number of practising auditors at all times.

For these purposes, groups of audit firms and groups of auditors are understood to be the union by means of a formal agreement between audit firms or accounts auditors, respectively, for the purpose of organising and teaching the continued training activities regulated in this article.

In a subsidiary manner, the Accounting and Auditing Institute will be responsible for organising and carrying out these activities.

4. The activities included in section 1 must be justified before the public law corporations representing auditors to which the auditor belongs, unless they have been carried out at that same corporation.

If they do not belong to any of the public law corporations representing auditors, they must be justified before the Accounting and Auditing Institute.

The activities included in letters a), b), e) and g) must be certified by the competent person of the organising entity or the board.

The activities included in paragraphs c) and d) must be certified by the person who has the recognised faculty at the University or, in the case of the activities referred to in letter c), by the person with the recognised faculty at the public law corporation representing accounts auditors or at the authorised centre where the recognised course was taught.

The activities included in paragraph f) must be accredited by presentation of the aforementioned publication.

5. By resolution, the Accounting and Auditing Institute may, after hearing the Audit Committee, establish the rules for calculating the activities outlined in section 1 of this article, amend the list of these activities and establish the conditions that must be met by the organisers of the continued training activities referred to in this chapter, including those that are necessary to guarantee the quality and suitability of the training to be given on the subject and the availability of resources that are provided to the subjects to whom the training is given, including those referring to committees, commissions or working groups set forth in section 1.e).

6. Participation as attendee in the continued training activities that assess the knowledge obtained will have, for calculation purposes, a value equal to 150% of computable presence time, provided it is exceeded. This point will be recorded in the summons, including, in the corresponding certification, the grade obtained in the assessment or achievement test, which will be that of pass or fail. The activities set forth in section 1.b) are excluded from this assessment.

Participation as speakers in teaching activities will count for double the time they have assumed and for the first time it is taught.

Article 36. *Surrender of information.*

1. Public law corporations representing auditors, Universities, higher education centres accredited by the National Agency for Quality Assessment and Accreditation or equivalent autonomous body, audit firms, groups of audit firms, groups of individual practising auditors and training centres that carry out the continued training activities, in accordance with the provisions of the previous article, will send, to the Accounting and Auditing Institute, in November each year, an annual statement of the activities completed in the twelve months prior to 30 September of each year.

Within the period set forth in the previous paragraph, public law corporations representing auditors will also send, to the Accounting and Auditing Institute, the list of activities communicated by the auditors belonging thereto.

Auditors not belonging to a corporation must send an annual statement of the activities completed in the previous twelve months up to 30 September of each year, within the first fifteen days of December, to the Accounting and Auditing Institute.

Auditors belonging to a corporation, within the first fifteen days of December, may correct the information sent to the Accounting and Auditing Institute in November for the corporation to which they belong.

2. By means of the resolution referred to in the previous article, the Accounting and Auditing Institute will establish the form and models of the statements referred to in section 1 of this article.

3. Auditors must keep documentary proof of the continued training activities carried out in the last five annual training periods.

4. The Accounting and Auditing Institute may carry out the appropriated checks, requiring any necessary information in order to verify the documentary proofs of the continued training activities. These actions may include the physical presence of staff from the Accounting and Auditing Institute during the development of the activities.

If the checks of a certain activity reveal a breach of the conditions and requirements set forth in this regulation, the Accounting and Auditing Institute may not recognise this activity for the purposes of meeting the continued training obligation regulated in this section.

CHAPTER II
Independence

Section 1. General principle of independence

Article 37. *General principle of independence.*

1. In all circumstances, independence is understood as the absence of interests or influences that may compromise the auditor’s objectivity when carrying out their audit work.

Auditors must refrain from conducting an audit if there is any relationship of a financial, economic, employment, family or other nature, including services other than those of the audit provided to the audited entity, between the auditor and the audited entity that could be considered to compromise their independence. In any case, it will be understood that this independence is compromised when any of the following circumstances occur:

a) The causes of incompatibility and the circumstances established in articles 14 and 16 to 20 of Law 22/2015, of 20 July.

b) The situations set forth in articles 23, 24.1 and 25 of Law 22/2015, of 20 July.

c) The existence of financial, commercial or other interests in the audited entity, or influences or relations that could or do compromise the auditor's objectivity.

d) When situations that pose threats to independence occur, the importance of the factors from which they arise in relation to the safeguarding measures applied or that may be applied is such that it does not reduce the threat produced by these factors to an acceptably low level, in accordance with the provisions of article 0.

2. For the purposes of that established in article 14.2 of Law 22/2015, of 20 July, it will be understood that the auditor has participated in any way in the management or decision-making of the audited entity when the submission of proposals, reports or recommendations influences on the exercising of duties, de facto or in appearance, temporary or permanent, that are inherent to the governing body, management positions, including the head of the economic and financial department, or of whoever performs supervisory or internal control duties at the audited entity. Likewise, it will also be considered that the auditor participates in the management or decision-making of the audited entity when they provide services that affect the resolution of solutions that could affect the entity's ability to continue as a going concern, the determination of its company structure or that involve the management of working capital, the supply of financial information, the optimisation of business processes, treasury management, setting of transfer prices, the creation of efficiency in the supply chain and such like.

Generally, it will not be understood that the auditor has participated in the decision-making of the audited entity when carrying out any work or issuing any report or recommendation related to any non-audit service, to the extent that the following circumstances occur:

a) It allows the audited entity to decide between reasonable alternatives that lead to different decisions.

b) They are based on observable data or on common standards or practices.

c) The audited entity, through qualified and experienced persons, assesses the works or recommendations subject to the service and make this assessment available to the persons with competence in management or decision-making at the audited entity.

In the event that there are no possible alternatives in accordance with the applicable regulations or when in fact only one solution is possible, the justification for this situation must be adequately documented in the audit file.

The provisions of this section will apply to the persons with conditions to influence directly or indirectly on the result of the audit defined in article 0.1.

3. Auditors must assess their independence both prior to accepting the work and during their development until they are completed. For this purpose, the auditor must have and have implemented the organisational and administrative measures referred to in article 28.2.a) of Law 22/2015, of 20 July, as well as maintain an attitude of professional scepticism at all times, by virtue of which they must always be alert to situations that may pose a threat to their independence and continuously consider their independence with regard to the audited entity.

4. The mentions contained in this chapter to the audited entities and auditors will be understood as made to the persons and entities referred to in articles 17 to 20 of Law 22/2015, of 20 July, in the cases and under the terms set forth herein and with the particularities set forth in this chapter.

For the purposes of that established in article 17.2 of Law 22/2015, of 20 July, the entities referred to in article 0.5 that are domiciled in a Member State of the European Union, will be understood to be related to the audited entity through a control relationship. However, those controlled by it that are domiciled outside of the European Union will be understood to be related to the audited entity if they participate in any way in the management or decision-making referred to in article 14.2 of Law 22/2015, of 20 July, and to the cause of incompatibility derived from the services referred to in article 16.1.b), sections 1 and 5 of this Law.

5. For the purposes of the provisions of this chapter, and in the event that there are changes to the conditions or situation of registration in Official Register of Auditors, particularly in the case of situations that involve the amendment or termination of audit firms, the provisions of the transfer and succession regulations contained in article 83 of Law 22/2015, of 20 July, will be followed with respect to those subjects to whom it would be transferred.

Article 38. *Conflict of interests.*

1. For the purposes of that established in articles 14.4 and 15.2 of Law 22/2015, of 20 July, it is understood that the accounts auditor incurs in a conflict of interests when the decision, judgement or criterion to be adopted may affect their personal, economic or professional interests, by assuming a benefit or damage from them.

The conflict of interests may be caused by the existence of a financial, commercial or other interest, or by the existence of relations or of common or conflicting interests between the auditor, or the person affected in accordance with section 2 below, and the audited entity.

These circumstances also include cases in which:

a) The auditor provides a service related to a matter to two or more entities, including the audited entity, whose interests in relation to this matter are not coincidental or are opposed.

b) The interests of the auditor in relation to a matter and the interests of the audited entity related to this matter are opposed.

2. For the purposes of the provisions of this article, conflicts of interest may arise from the confluence or existence of:

a) The auditor's own interests.

b) Interests of family members referred to in article 3.12 of Law 22/2015, of 20 July.

c) Interests of the persons and entities referred to in articles 19 and 20 of Law 22/2015, of 20 July.

d) Interests of legal persons or entities to which the auditor has been related due to having voting rights, or due to belonging to their governing body, or due to an employment or professional relationship of any kind in the two years prior to the auditor's appointment.

3. In accordance with that established in article 15.2 of Law 22/2015, of 20 July, conflicts of interest must be analysed as a threat to independence, unless the benefits or damages derived from this conflict are insignificant or inconsequential. For these purposes, they will be considered insignificant or inconsequential when they are of little quantitative importance in the normal course of business and under market conditions, and do not have the capacity to influence the auditor's decision, judgement or criterion.

Article 39. *Threats to independence.*

1. The independence of auditors may be affected by, among other things, the following types of threats:

a) Self-interest: due to the existence of a financial, commercial or other interest, including that caused by the existence of common or conflicting economic relationships or interests.

b) Self-review: due to the need to carry out procedures in the audit work that involve reviews or assessments of results, judgements or criteria previously issued by the audit in relation to data or information that the audited entity considered when making decisions, with effect on the financial information contained in the audited accounts, documents or statements.

c) Law: due to maintaining a position in favour or against the audited entity, even when this position could be maintained in relation to third parties.

d) Familiarity or trust: due to the influence and excessive proximity derived from the characteristics, conditions and circumstances of the relationship that could be maintained with the shareholders, administrators or directors of the audited entity.

e) Intimidation: due to the possibility of being deterred or conditioned by undue pressure or influence, including those that may have to do with the maintenance of the audit work or other services to be provided.

2. Threats to independence can come both from situations, relationships or services that cause the incompatibility of the auditor, as well as others different from these, in accordance with the provisions of articles 14 to 25 of Law 22/2015, of 20 July, and that could compromise the auditor's independence.

Article 40. *Identification and assessment of threats.*

1. In order to ensure that the independence of auditors is not compromised, they must apply the necessary procedures, in accordance with the provisions of article 28.2.a) of Law 22/2015, of 20 July, to detect those situations, services or relationships that may pose a threat to their independence, which occur in relation to the audited entities or their related parties and with the persons or entities referred to in articles 18 to 20 of Law 22/2015, of 20 July. These situations and

services will include, in any case, the circumstances set forth in articles 14, 15.2, 16, 23, 24.1 and 25 of Law 22/2015, of 20 July.

2. To identify the existence of the different types of threats to independence, accounts auditors must analyse and assess the situations, services and relationships, considering that each of them may pose more than one threat.

3. Once the threats to independence have been identified, auditors must assess their importance in order to determine, considering them both individually and as a whole with the other threats identified, the degree of risk to which their independence may be compromised.

The importance of the threats depends on factors, quantifiable or otherwise, such as: the condition, degree of responsibility or position, as well as the proximity to or influence of the persons involved; the nature of the situation, service or relationship that creates the threat; the confluence of interests and their significance and linkage, as well as the effect on the financial information to be audited; the occurrence of other circumstances from which other threats may arise, the services and relationships maintained with the audited entity; and the context in which the accounts are audited.

A threat will be considered significant if, in accordance with the occurring factors, considered both individually and as a whole with the other threats identified, the risk level increases to a point where independence is compromised.

4. In the event that threats to independence are detected in the entities related to the audited entity, under the terms referred to in article 3.15 of Law 22/2015, of 20 July, for the purposes of assessing the degree of risk in which the auditor's independence is compromised, accounts auditors will take into consideration, both individually and as a whole, the type of threat, the importance of the situations, services, relationships or conflicts of interests for the accounts auditor and, where appropriate, the significance of the related entity on the audited entity. For these purposes, the following entities related to the audited entity will be considered significant:

a) The parent company.

b) Entities controlled by the audited entity.

c) Entities related through the existence of the same decision unit, under the terms indicated in article 8.4.b), as long as both these entities and the audited entity are significant, in terms of relative importance, for the parent company.

d) The related entities over which the audited entity exercises a significant influence, and which are significant, in terms of relative importance, for this entity.

e) Related entities that exercise a significant influence over the audited entity, as long as the audited entity is significant, in terms of relative importance, for these entities.

Article 41. *Application of safeguarding measures.*

1. In the event that the auditors, after performing the assessment referred to in the previous article, reach the conclusion that the threat identified is not significant for their independence, it will not be necessary to apply the safeguarding measures referred to in this article.

2. In the event that, in accordance with the previous article, the auditors have identified threats that they consider as significant for their independence, they must establish and apply the safeguarding measures necessary to eliminate or, where appropriate, reduce the aforementioned threats to an acceptably low level.

For these purposes, the measures referred to in article 28.2.a) of Law 22/2015, of 20 July, will be taken into consideration, both in the internal organisation and in the audit work, as well as the safeguarding measures that may be provided by the management and control structure of the audited entity.

In any case, the safeguarding measures to be applied must be related, appropriate and proportionate to the nature of the factor, interest, relationship or circumstance causing the threat, and the level of importance associated with the identified threat.

The safeguarding measures may consist of prohibitions, restrictions or limitations and other policies and procedures, or a combination thereof.

3. In the event that the safeguarding measures applied do not eliminate the threats to independence detected or do not reduce the risk of a lack of independence to an acceptably low level, accounts auditors must refrain from conducting the audit and act in accordance with the provisions of article 010.3.

For these purposes, the risk of a lack of independence is understood as reduced to an acceptably low level in those cases in which, in accordance with the circumstances and factors that arise in relation to the audited entity and the audit work specifically, it could be concluded that the auditor is capable of exercising an objective and impartial judgement on the matters dealt with when carrying out the audit work and, therefore, the auditor's independence is not compromised.

Article 42. *Documentation.*

1. For each audit work, before issuing the audit report, the analysis and conclusions reached on the importance of the threats to independence detected and the details of the findings must be documented and incorporated into the work papers corresponding to this work, along with the safeguarding measures applied and the analysis and conclusions reached on how the risk of independence has been eliminated or, where appropriate, reduced to an acceptably low degree.

2. These obligations will also exist in the case of article 41.1, in which auditors must document the procedures applied and assessments made that support the conclusions reached in this regard in their work papers.

Under no circumstance will the mere reference to the professional judgement or conclusion reached be understood as proof of the application of the procedures and measures required in this chapter.

Section 2. Incompatibilities

Subsection 1. Causes of incompatibility derived from personal situations.

Article 43. *Performance of duties.*

For the purposes of the provisions of article 16.1.a).1 of Law 22/2015 of 20 July:

a) The status as member of the audited entity's governing body also includes that of the equivalent body that is assigned with the management or representation of the audited entity, in accordance with the applicable standards according to its legal nature. It also includes the secretary of this governing body.

b) The status as manager is attributed to whoever, regardless of the contractual relationship with the entity, exercises management duties, by holding authority and responsibility to plan, manage and control the entity's activities, with direct hierarchical and functional dependence from the governing body of the audited entity, its executive committee or its Chief Executive Officer or equivalent position or body.

c) The status as employee is attributed to whoever provides their paid services as an employed person and within the scope of organisation and management of another person, natural or legal, according to the labour legislation.

d) The status as manager of the economic and financial department is attributed to whoever, regardless of their contractual relationship or position at the entity, exercises responsibility in relation to the management, direction or supervision of this department.

e) The oversight or internal control function is exercised by whoever has the authority to guide, determine the scope and design the procedures, recommend and review or control the policy and procedures of the audited entity, regardless of their contractual relationship with this entity.

Article 44. *Direct significant interest.*

For the purposes of the provisions of article 16.1.a).2 of Law 22/2015 of 20 July, a direct significant interest is understood as the financial, commercial or economic interest in the audited entity, derived from the signing of a contract, the ownership of property or the ownership of a right, by the auditor.

In any case, a direct significant interest will be understood to be that resulting from the following circumstances:

a) The possession of financial instruments of the audited entity or an entity related to it when, in this latter case, they are significant for either party, under the terms set forth in article 45.2.

b) The awarding, maintenance or guarantee of loans to the audited entity, as well as the acceptance or maintenance of loans or guarantees from the audited entity, provided that it refers to an amount that is significant.

The carrying out of these operations of significant volume on acceptance, maintenance of loans or guarantees of the audited entity will not be considered a cause of incompatibility when they are carried out with financial institutions, under normal market conditions and mutual independence, and following the usual procedures for their awarding.

For the purposes of the provisions of this section, it will be considered significant when the circumstance set forth in article 45.2.a) on significant financial instruments occurs.

In any case, the auditor must assess the incidence of their indebtedness and if it represents an excessive volume in relation to their assets, for the purposes of determining the existence of threats that compromise their independence.

c) The maintenance of business or commercial relationships with the audited entity, other than the provision of audit or other services, as long as it has a significant value for either party, unless it refers to the acquisition of goods or services of the audited entity in the normal course of its business and carried out under market conditions and with mutual independence.

Participation in a common business with the audited entity, or with its owners, administrators or managers, will be understood to be included in the relationships referred to in the previous paragraph.

For the purposes of that established in this section, it is understood to have a significant value when the commercial relationship fees meet the circumstances set forth in article 0, as well as when it represents over 10% of the accounts auditor's equity.

When dealing with a business relationship for professional activities, it will be understood to have a significant value when the fees generated by it represent over 3% of the net turnover of either party in the case of audit firms, or annual income in the case of natural individual auditors.

d) The transfer or exchange of key personnel who perform functions with a significant effect on the economic-financial information of either of the two entities, under the terms established in article 0.

Article 45. *Financial instruments.*

1. For the purposes of that established in article 16.1.a).2 and 16.1.a).3 of Law 22/2015, of 20 July, the following are understood to be financial instruments:

a) The shareholding or commitment to be a holding company or equity instruments in the audited entity or one related thereto.

b) The holding or commitment to hold debt securities issued by the audited entity or one related thereto.

c) The acceptance of shareholding rights in the profits or results of the audited entity or one related thereto.

d) The ownership of derivative financial instruments and economic interests of any nature, related to the aforementioned shareholdings, securities and profits.

e) Voting rights that can be controlled or exercised.

2. In any case, and for the purposes of the provisions of article 16.1.a).2 of Law 22/2015, of 20 July, the financial instrument will be considered significant when any of the following circumstances occur:

a) When it represents over 10% of the auditor's equity.

b) When it reaches, directly or indirectly, at least 5% of the share capital, voting rights or equity of the audited entity.

For the purposes of its calculation, the criteria contained in article 3 of the Standards for the Preparation of Consolidated Annual Accounts, approved through Royal Decree 1159/2010, of 17 September, will apply.

c) Even if the percentage outlined in letter b) is not reached, when, as a consequence of this instrument, and through the entities related to the audited entity or accounts auditor, it is in a position to be able to influence the management of the audited entity or the result of the audit.

Article 46. *Gifts or favours.*

For the purposes of that established in article 16.1.a).4 of Law 22/2015, of 20 July, it is understood that gifts or favours have an insignificant value when, assessing the facts and circumstances in each case, it could be concluded that, considering their nature and value, they are of little quantitative importance, occur during the normal course of the audit and do not influence or intend to influence the objectivity and decisions of the auditor.

Auditors must establish, in the Code of Conduct referred to in article 0.2.b), the gifts and favours policy that allows compliance with that established in article 16.1.a).4 of Law 22/2015, of 20 July, on Accounts Auditing, as well as the procedures for its disclosure.

Subsection 2. Causes of incompatibility derived from services provided.

Article 47. *Accounting services or preparation of accounting records or financial statements.*

The services referred to in article 16.1.b).1 of Law 22/2015, of 20 July, are understood to include, in any case, any service or activity relating to the preparation of the aforementioned accounting records, statements or documents, as well as cooperation or participation in their preparation or in that of the data or information that served as the basis for preparing those statements or documents, and regardless of whether or not the audited entity assumes responsibility in their completion or preparation.

That established in this section will not prevent the necessary communications that, where appropriate, must be made by the auditor to those responsible for the audited entity in the development of an audit work regarding any errors detected and the proper application of the accounting regulations, in accordance with that required by the auditing standards.

Article 48. *Valuation services.*

For the purposes of the provisions of article 16.1.b.2 of Law 22/2015, of 20 July:

a) Valuation services consist of setting or assigning an economic value to an asset or liability, a set of assets or liabilities, a commitment, a business, or a business activity as a whole, through the assumption of hypotheses or assumptions and the application of methods or techniques, or the combination of both, with respect to future events.

Those services in which the elements used in the valuation are predetermined by regulatory provisions, even when these do not allow the option of different alternatives, hypotheses or methodologies that may lead to substantially different results, will be understood to be included.

b) It will be understood that the valuation services have no direct effect on the audited financial statements when they have not served as the basis for the accounting record or the valuation support attributed to an asset, liability or any set of these in the annual accounts, financial statements or other accounting documents of the audited entity.

c) It will be understood that the valuation services have an effect of little relative importance, separately or as a whole in an aggregate way to other services, in the audited financial statements, when the circumstances set forth in article 0 do not occur in the assigned or attributed value.

d) For the purposes of complying with the documentation requirement in article 16.1.b 2.ii) of Law 22/2015, of 20 July, it must include at least the value set or assigned as a result of the valuation service, the criteria, hypotheses and data used to reach this value and the estimate of the effect on the financial statements in terms of relative importance.

Article 49*. Internal audit services.*

For the purposes of the exception set forth in article 16.1.b).3 of Law 22/2015, of 20 July, the accounts auditor must record, in the contract signed for this purpose, that the audited entity assumes responsibility for the establishment and maintenance of the global internal control system, the determination of the scope, risk and frequency of internal audit procedures, the consideration, decision and execution of the results and recommendations provided by the internal audit, and that the auditor does not participate in the decision-making on the management and control of the provision of internal audit services.

The provisions of this section are understood without prejudice to the review by the auditor of the results provided by the internal audit of the entity for the purposes of the audit work, in accordance with the provisions of the auditing standards.

Article 50. *Advocacy services.*

For the purposes of the provisions of article 16.1.b).4 of Law 22/2015 of 20 July:

a) It will be understood that two Boards of Directors are not different when the majority of their members are the same. If both Boards of Directors are formed by an even number of members, they will not be considered different when at least half of the members of one of them constitute half of the other.

b) It is understood that the services deal with issues that may have a significant impact, measured in terms of relative importance, on the financial statements corresponding to the audited financial year, when the circumstances set forth in article 0 occur.

Article 51. *Design and implementation services of internal risk control or management procedures, or of the design or application of computer systems.*

For the purposes of the exception set forth in article 16.1.b).5 of Law 22/2015, of 20 July, the accounts auditor must record, in the contract signed for this purpose, that the audited entity assumes responsibility for the establishment and maintenance of the global internal control system, or that the service will be provided following the specifications established by this entity, also recording that it assumes responsibility for the design, execution and assessment process, including any decision in this regard, and for the operation of this system.

Likewise, documentary evidence of the instructions and specifications established by the audited entity must be recorded in the case of providing the services referred to in this section.

The provisions of this section are understood without prejudice to the assessment or review of the internal control procedures or management of risks related to the preparation or control of the financial information designed or implemented by the audited entity or a third party, or of the internal controls, or the design or operation of the computer systems of the audited entity's financial information carried out as a result of the audit work, which could result in the proposal of recommendations to the management of the audited entity in accordance with the provisions of the auditing standards.

Subsection 3. Common standards

Article 52. *Relative importance and significant incidence.*

For the purposes of that established in section 2 of Chapter III and in section 3 of Chapter IV of Heading I of Law 22/2015, of 20 July, and in this Chapter, a situation or service is understood to have significant incidence or not have an effect of little relative importance, separately or as a whole in addition to other situations or services, when any of the following circumstances occur:

a) The interests, assigned values, affected amounts, separately or jointly, exceed the levels or figures of materiality to be set by the auditor when carrying out the audit work over the aforementioned accounts or other financial statements for the financial statements as a whole, in accordance with the provisions of the auditing standards.

b) The interests, assigned values or affected amounts, separately or jointly, directly or indirectly exceed the parameter, among those indicated below, that is most representative depending on the circumstances that occur at the audited entity, which are included in the annual accounts or financial statements corresponding to the financial year included in the validity period for incompatibilities set forth in article 21 of Law 22/2015, of 20 July:

1. 3% of the total assets.

2. 5% of the total turnover.

Section 3. Particularities of the extension rules.

Article 53. *Preparation of significant information.*

For the purposes of that established in articles 18.2.a).2 and 20.2.a).1 of Law 22/2015, of 20 July, it is understood that an employment position or managerial position affects the preparation of significant information, measured in terms of materiality, contained in the annual accounts, financial statements or other audited accounting documents, when the figures or data corresponding to the balances, items or areas to which this information refers exceed the levels or figures of materiality set by the auditor when carrying out the audit work over the aforementioned statements or documents for the financial statements as a whole, in accordance with the provisions of the auditing standards, and in any case, when it exceeds 3% of the total assets or 5% of the net turnover listed in the annual accounts or financial statements corresponding to the financial year included in the validity period for incompatibilities set forth in article 21 of Law 22/2015, of 20 July.

Article 54. *Incompatibilities derived from financial instruments.*

1. In those cases in which the possession of financial instruments does not entail a cause of incompatibility, carrying out operations with these financial instruments of the audited entity or its related entities will not generate a situation of incompatibility. For these purposes, the operations carried out in each financial year during the validity period referred to in article 21 of Law 22/2015, of 20 July, must be considered cumulatively by volume of transactions.

2. For the purposes of that established in articles 18 to 20 of Law 22/2015, of 20 July, it will be considered that the financial instruments are significant or the volume of operations carried out over these instruments is significant when any of the circumstances set forth in article 0.2 occur.

For the purposes of that established in articles 18.2.b) and 18.2.c) of Law 22/2015, of 20 July, it will be considered that the financial instruments are very significant when, upon the occurrence of any of the circumstances set forth in article 0.2, they exceed double the percentage established therein.

Article 55. *Significant nature of an entity linked by control relationship or significant influence in terms of relative importance.*

For the purposes of that established in article 18.2.a).3, article 18.2.b).2, article 18.2.c).2, article 18.2.d), article 19.2.a), article 19.2.b).1, article 19.2.c).1, article 19.2.e) and article 20.1, third paragraph of Law 22/2015, of 20 July, and in this chapter, it is understood that an entity related through a control relationship or significant influence to the audited entity is significant for it when, in terms of materiality, the figures or information corresponding to the shareholding, control or power of intervention that the audited entity has in that entity exceed the figures or levels of materiality that the auditor has to set when carrying out the audit work of the audited entity for the financial statements as a whole, in accordance with the provisions of the auditing standards.

Article 56. *Persons or entities related directly to the auditor.*

1. For the purposes of the provisions of article 19.1.a) of Law 22/2015, of 20 July, it is presumed that the following persons participate in or have the capacity to influence the final result of the audit work or have a supervisory or management responsibility in carrying out the work, being able to directly influence its assessment and final result:

a) Those who participate directly and in a relevant way in the acceptance and carrying out of the specific audit work, and, in any case, those who are assigned the powers to monitor and review the audit work.

b) Those who are professionals from other disciplines and participate in the audit work as experts, even if they are not part of the auditor's organisation.

c) Persons with responsibility to review the quality control of the audit work, whether or not they are part of the auditor’s organisation.

d) In audit firms, additionally, those who have the capacity to directly influence the valuation and the conclusions reached in the work.

2. For the purposes of the provisions of article 19.1.c) of Law 22/2015, of 20 July, it will be understood in any case that the partners belonging to the same audit firm in whose name the audit report has been issued are related, as well as the auditors who were appointed by the company to issue audit reports on its behalf.

It will also be considered that other audit firms are directly or indirectly related to the auditor when the relations and situations referred to in article 0.4 occur, as well as when they have common partners, even if there is no direct shareholding between them.

3. The persons referred to in article 19.1.d) of Law 22/2015, of 20 July, are those who are assigned to carry out a specific audit work or who intervene or perform functions in monitoring the quality control system.

Article 57. *Relations with possible effects or influence on the result of the work due to the structure and size of the audit firm or its network.*

For the purposes of the provisions of article 19.2.a).2, article 19.2.e).2, article 20.2.a).2, article 20.2.b) and article 20.2.d) of Law 22/2015, of 20 July, it will be understood that there is incompatibility when, due to the structure and size of the audit firm or the network to which it belongs, it could be concluded that the audit work or its result could have been different from that achieved had there been no relations or close ties between the signing auditor or audit firm and those persons referred to in article 19.1, letters c) and d), and article 20.1 of the aforementioned Law in which these relations are specified.

In any case, it is understood that these close relationships or ties occur when any of the following circumstances arise between the aforementioned persons:

a) When, not belonging to the same audit firm, they are directly or indirectly related through any type of professional pact or agreement or relationship for the provision of services between themselves or for third parties, in a non-isolated manner.

b) When they belong or are related to the same audit firm that has less than four partners or auditors appointed to sign audit reports on its behalf.

c) When, belonging to or being related to the same audit firm, they permanently provide services at the same office or in the same sector of activity.

d) When they belong to the same network in which the number of partners and auditors appointed together is less than four.

Article 58. *Incompatibilities derived from situations that occur to other persons or entities belonging to the auditor's network.*

For the purposes of the provisions of article 20 of Law 22/2015, of 20 July, the persons and entities in the auditor's network, other than those set forth in article 19.1 of this Law, which may cause a situation of incompatibility, will be limited to the following:

a) The entities of the network.

b) Those who have the status of partner, administrator, secretary of the governing body or proxy with general mandate at an entity from those referred to in the previous letter.

c) Those who, other than the above, hold a position relating to the ownership, decision-making, management, representation or assumption of responsibilities at the entities referred to in letter a), similar or very close to that held by the persons described in the letter b) above.

Article 59. *Conditions for disposing of the financial instrument.*

1. There will be no situation of incompatibility derived from the possession or carrying out of financial instrument operations if they are dissolved, liquidated or made prior to accepting the appointment as accounts auditor.

2. For the purposes of that established in article 21.2 of Law 22/2015, of 20 July, the acquisition of financial instruments as a result of mortis causa transfers, or those derived from new family situations, work reassignments or new duties, will be understood as supervening circumstances beyond the control of the auditor.

3. The actions of the auditor regarding the resolution of the causes of incompatibility derived from the possession or carrying out of financial instrument operations, in the cases referred to in article 21 of Law 22/2015, of 20 July, must be documented in the auditor's work papers.

In these cases, the specific safeguarding measures must be adopted over the actions performed by the persons affected by the financial interests referred to in this section.

Section 4. Contracting and extension

Article 60. *Extension and termination.*

1. For the purposes of stating that the audit contract is tacitly extended for a period of three years, whoever has legal or statutory competence at the audited entity must report this fact to the Commercial Registry corresponding to its corporate address, by submitting the agreement or certificate signed in this regard, within a period that may not go beyond the date on which the audited annual accounts corresponding to the last financial year of the contracted period are submitted for filing.

2. The termination of the audit contract or revocation of the auditor's appointment by the competent bodies must be due to the existence of just cause, without prejudice to the circumstances that could cause the non-issuance of the audit report or the auditor's resignation from continuing with the audit contract. In any case, just cause will be understood as the termination of the obligation to audit the entity's annual accounts.

3. In the event of the termination of the audit contract or revocation of the auditor's appointment, the communication of this circumstance to the Accounting and Auditing Institute and to the corresponding Commercial Registry will be made within a period of ten working days from when it occurred. This communication must expressly state the causes that have led to the termination of the contract or revocation of the appointment.

In the case of non-mandatory audits, it will not be necessary to make these communications, unless the auditor's appointment is registered in the Commercial Registry corresponding to the entity's corporate address, in which case the communication should only be sent to this Registry.

Article 61. *Prohibitions after completing the audit work and during its performance.*

1. A direct or indirect significant financial interest in the audited entity, which is prohibited in article 23.1 of Law 22/2015, of 20 July, will be understood as the possession of financial instruments referred to in article 0.

For these purposes, an indirect financial interest refers to the situations in which the auditor or persons affected have any of the financial interests referred to in the previous paragraph in entities, other than the audited entity, which have, in turn, one of those financial interests in the audited entity or in entities in which the audited entity has these interests.

2. For the purposes of the provisions of article 23.2.a) of Law 22/2015, of 20 July, the persons referred to in article 0.1.a) will be understood to have a supervisory or management responsibility in carrying out the audit work and may directly influence its valuation and final result.

3. For the purposes of the provisions of article 23.2.c) of Law 22/2015, of 20 July, it will be understood that there are reciprocal influences between, on the one hand, the partners of the audit firm or the appointed auditors who no longer have a relation or interest with the audit firm before incurring the prohibitions referred to in the aforementioned article and, on the other, the signing auditor or audit firm on whose behalf the report was signed, which diminish the objectivity thereof, when any of the circumstances set forth in article 0 occur or have occurred.

4. The provisions of article 23 of Law 22/2015, of 20 July, will be applicable to any of the persons set forth in sections 1 and 2, when, having not completed the audit work, they dissociate themselves from the auditor, and without prejudice to the application of the incompatibility regime set forth in articles 16 et seq. of this Law.

Section 5. Fees

Article 62*. Fees.*

1. The fees corresponding to the audit services must be set according to the audit effort estimated for carrying out each work, and the criteria for determining the price depending on this effort must be listed in the audit contract.

2. For this purpose, the audit effort will be determined in each audit work by the time, means, resources, and sufficient and necessary qualification and specialisation for its performance, by the size and complexity of the activity or operations of the audited entity and by the expected audit risk.

3. The fees corresponding to the audit services, whether referred to the same financial year or to successive financial years, by the same auditor, may only be amended if the conditions that served as the basis for their initial setting are altered. In the event that the initially estimated fees are amended, the reasons justifying the new fee estimate must be documented in the audit file, along with the conditions for conducting the audit that in no case compromise the application of what is required in article 29.1 of Law 22/2015, of 20 July.

Article 63. *Financial and economic dependence.*

1. The auditor may not receive fees for the provision of services, both auditing and others, for an amount that as a whole may lead to the creation, under the terms established in article 0, of a financial dependence with the audited entity.

2. For the purposes of that established in article 24.1 of Law 22/2015, of 20 July, the fees to be received for audit services cannot include the provision of additional services other than those of auditing accounts both by auditors and by the persons or entities referred to in articles 19 and 20 of Law 22/2015, of 20 July, to the audited entity or entities related thereto by control relationship.

The foregoing will also apply to auditor tender and selection processes.

Article 64*. Causes of abstention from fees received.*

1. For the purposes of determining the concentration percentage of fees referred to in article 25.1 of Law 22/2015, of 20 July, which defines financial dependence, the following rules will be taken into account:

a) In relation to each financial year, the percentage representing the annual fees accrued for the provision of the audit service and other services to the audited entity will be obtained over the total annual income obtained by the auditor. For this purpose, they must include:

1. In the numerator, the amount of the annual fees for audit and other services from the audited entity, in accordance with the accrual principle contained in the applicable regulatory financial information framework.

2. In the denominator, the amount of the total annual income, which will correspond, in the case of auditors, to the full income derived from economic activities and other income from the work or services, and, in the case of audit firms, to the net turnover that must be listed in their annual accounts.

b) When the percentage obtained exceeds 30% during each of the last three consecutive financial years, the auditor must refrain from conducting the corresponding audit for the financial year following the third consecutive year in which this circumstance occurs.

2. With regard to determining the concentration percentage referred to in article 25.2 of Law 22/2015, of 20 July, the same rules as those established in section 1 will be followed, but referred to as:

a) In the numerator, the fees accrued by the provision of audit and other services to the audited entity and its related entities by the auditor and whoever forms part of their network.

b) In the denominator, the total annual income obtained by the auditor and whoever forms part of their network.

3. Notwithstanding the provisions of the two previous sections, the concentration percentage in both cases will be 40% for three consecutive years in the event that this percentage for an audited entity, which is not of public interest, would have been increased by over 30% as a consequence of any of the following circumstances:

a) The auditor would have had to refrain from conducting the audit of one or more entities due to incurring the percentage referred to in article 25 of Law 22/2015, of 20 July.

b) The completion or acceptance of an audit work of a relevant entity. For these purposes, a work is understood to be relevant when the audit fees corresponding to this work represent at least 30% of the total annual amount of the fees for the auditor's audit services.

4. The first three calendar years or annual financial years, depending on whether they are auditors or audit firms, from the start of carrying out the activity by registering it in the Official Register of Auditors, in a situation of practising if the auditor is a natural person, will not be calculated for the purposes of the provisions of this article.

5. In the case of auditors and small audit firms referred to in article 25.3 of Law 22/2015, of 20 July, the concentration percentages established in sections 1 and 2 will be 35%.

For these purposes, small audit firms will be understood as those that meet the conditions of small entities according to the parameters of article 3.9 of Law 22/2015, of 20 July.

CHAPTER III
Financial guarantee

Article 65. *Financial guarantee.*

1. For the purposes of the financial guarantee referred to in article 27 of Law 22/2015, of 20 July, if constituted through a surety, it will have to be provided by financial entities registered in the special registries of the Ministry of Economic Affairs and Digital Transformation and of the Bank of Spain.

The financial guarantee constituted must be sufficient and, where appropriate, up to date in order to respond at all times to at least the limit required in sections 2 and 3 below and must be maintained during the period in which the liability action can be exercised.

It will have to guarantee, up to the limit resulting from the application of sections 2, 3 and 4 below, the compensation of the personal and direct liability derived from the economic damages and losses that auditors may cause, as a result of a breach of the obligations acquired when carrying out the audit activity, for claims that are filed before the liability action is extinguished by limitation.

In the event that the audit activity is terminated, the auditors must maintain the constituted financial guarantee until the liability action is extinguished by limitation, and its cancellation may be requested after this period has elapsed.

2. The financial guarantee for the first year of the activity, which will be a minimum thereafter, in the case of natural persons authorised to carry out the audit activity in Spain, will be €500,000.

This amount, in the case of Spanish audit firms, will be multiplied by each of its partners, whether they are auditors or not, and the auditors appointed to sign audit reports on behalf of the firm, other than the partners, and will also be the minimum in successive years.

In the case of audit firms authorised in other Member States of the European Union, the minimum amount referred to in the previous paragraph will be calculated exclusively taking as a

reference the number of responsible main auditors registered in the Official Register of Auditors as practising auditors.

In the case of auditors or firms and other audit entities from third-party countries that issue audit reports referred to in articles 10.3 and 11.5 of Law 22/2015, of 20 July, a financial guarantee must be constituted that allows compensation for the personal and direct liability derived from the economic damages and losses that may be caused by auditors, firms and other audit entities. This financial guarantee must be established for the amount that, in each case, allows compensation for damages that may be caused to third parties as a result of the report issued. The amount of this guarantee will be, for each of the audit reports issued regarding the accounts of the entities referred to in articles 10.3 and 11.5 of Law 22/2015, of 20 July, half of the initial amount corresponding to an auditor authorised to carry out the audit activity in Spain. This amount will be maintained for each financial year for which the corresponding report valid in Spain is issued.

3. Once the first year of the activity has elapsed, the minimum financial guarantee referred to in the first three paragraphs of the previous section will be increased by 30% of the turnover that exceeds the amount equivalent to that of this minimum financial guarantee, and that corresponds to the audit activity of the previous financial year, carried out in Spain.

4. In the event that the financial guarantee is constituted by means of an individual or collective civil liability or surety insurance policy, in which case the corresponding individual insurance certificate will be provided, it must specifically cover civil liability as defined in article 26 of Law 22/2015, of 20 July, and in the terms and conditions established in this article.

The coverage must be made individually for each auditor and for the carrying out of the audit activity, with no clauses that determine a coverage lower than the limit resulting from the application of sections 2 and 3 above for each claim, regardless of whether this limit is covered jointly.

5. All auditors who can carry out the audit activity or who issue reports that are valid in Spain must provide proof each year of the validity and sufficiency of the constituted financial guarantee, within the period referred to in article 0. This proof may be made by means of a certificate issued by the competent authority from the Member State or third-party country of origin. In the event that the financial guarantee does not reach the aforementioned limits, this must be completed through the constitution of an additional financial guarantee.

Likewise, any circumstance that causes the termination, loss or reduction in the efficacy of the financial guarantee must be communicated, along with any amendment made to the terms initially agreed, within a period of fifteen working days counted from the occurrence of this circumstance.

For the purposes of verifying the validity or sufficiency of the financial guarantee, the Accounting and Auditing Institute may make the appropriate checks.

6. The insufficiency of the financial guarantee, however it was constituted, or its invalidity, where appropriate, will automatically prevent the carrying out of the audit activity and will require natural persons to register as non-practising and firms to deregister from the Accounting and Auditing Institute. This will occur once three months since this circumstance arose has elapsed or the remedy period required by the Accounting and Auditing Institute has elapsed, as referred to in article 12.2 of Law 22/2015, of 20 July, and without prejudice to the violation that, where appropriate, may be committed in accordance with the provisions of article 72.j) of this Law.

7. The amount and form of the bond referred to in this article may be amended by Order of the Ministry of Economic Affairs and Digital Transformation.

CHAPTER IV
Internal organisation

Article 66. *Internal organisation of accounts auditors.*

1. Auditors must have a suitable internal organisation to reasonably ensure compliance with the applicable regulation that will be drawn up in writing. In the case of firms, this will be approved by their competent body. This organisation will a clear assignment of responsibilities, functions and tasks at all levels necessary to comply with the applicable regulation and will allow the coordination of their staff and the persons and entities who intervene or may intervene in the audit works, referred to in articles 19.1 and 20.1 of Law 22/2015, of 20 July. It must also have mechanisms to disseminate internally applicable procedures.

This internal organisation will include administrative accounting procedures and procedures for the identification, assessment and response to significant risks that affect the audit activity, as well as the internal quality control system.

The internal organisation will be proportionate to the size of the auditor, and the nature and complexity of the audit work carried out.

2. By resolution of the Accounting and Auditing Institute, after hearing the Audit Committee of this Institute, the criteria, policies and procedures to which the internal organisation must adapt, as referred to in article 28.1 of Law 22/2015, of 20 July, may be developed.

3. The administrative accounting procedures must reasonably ensure proper compliance with that established in the regulatory financial information framework applicable to the auditor and must allow the obtaining of information, aggregated and detailed, to identify both the persons, natural or legal, or entities with which they carry out operations or transactions, as well as the nature and the fees related thereto, separately, on the one hand, for the audit activity and, on the other, for all other services or activities. These administrative procedures will enable the appropriate and timely conciliation of this detailed and aggregated information with the mandatory books and records for individual and professional entrepreneurs in accordance with commercial and tax regulations, as well as with that declared to the Accounting and Auditing Institute in accordance with article 0.

4. The administrative procedures regarding the identification, assessment and response to the risks that may affect the audit activity will include those relating to the control and protection of computer systems and the processing of personal data, as well as, in the case of auditors of public interest entities, they will also include those that ensure the continuity and regularity of the audit activity, which will include performing qualitative and quantitative assessments of the possible impacts, both internal and external factors, on this continuity. Likewise, contingency and continuity plans will be designed and implemented that will form part of the risk management framework of the auditors and will be subject to regular review at least annually.

Article 67. *Internal quality control system.*

1. The internal quality control system referred to in article 0 aims to reasonably ensure compliance with the regulations governing the audit activity and the issuance of audit reports, in accordance with the provisions of this regulation and in the internal quality control standards of auditors.

This system must include policies and procedures documented and communicated to all staff of the auditor and, where appropriate, to the staff of the entities referred to in articles 19.1 and 20.1 of Law 22/2015, of 20 July, who intervene or may intervene in the carrying out of the audit work, and will include, as a minimum, the elements set forth in the internal quality control standards.

2. The internal quality control standards will regulate, at least, the following content:

a) Governance and leadership responsibilities for audit quality.

In any case, the person ultimately responsible for the quality control system will be an auditor registered in the Official Register of Auditors as a practising auditor, with sufficient authority and independence to exercise these responsibilities.

The person responsible for the internal monitoring of the quality control system will exercise their duties with functional independence and no conflict of interests.

These responsibilities must ensure the promotion of and priority attention to an internal quality culture when carrying out audit works in accordance with the regulations governing the audit activity.

b) Ethics and independence.

The objectives and requirements that are established, included in a code of conduct based on the ethical principles defined in article 3, must be aimed at the effective implementation of policies and procedures that provide reasonable assurance that the applicable ethics and independence requirements are met.

c) Quality control reviews.

The quality control reviewer of the engagement will be a practising auditor who has not participated in the auditing of the accounts under review.

d) Remuneration policies.

For the purposes of the provisions of article 28.2.b).2 of Law 22/2015, of 20 July, the remuneration policies must offer sufficient performance incentives to ensure that the quality of the audit is the primary objective.

The performance assessment and remunerations must be documented individually and with the necessary details to show the criteria used and the correlation between this assessment and the remuneration.

e) Outsourced activities.

The policies and procedures to ensure full responsibility for the outsourced activities referred to in article 28.2.b).4 of Law 22/2015, of 20 July, and their submission to the internal quality control system.

The policies should include the communication procedures and documentation requirements in the work papers of the instructions issued by the managers of the audit team, including details of the procedures to be outsourced.

Outsourcing agreements cannot impede the supervisory powers referred to in article 49 of Law 22/2015, of 20 July.

f) Monitoring.

The objectives and requirements that are established will be aimed at reviewing the efficacy of the internal quality control system.

These objectives and requirements will ensure that the person responsible for monitoring has the necessary experience and skills; that at least one annual assessment of the internal quality control system is performed, objectively and free of conflicts of interests, in accordance with the risk and unpredictability criteria, and that policies and procedures are established that are related to continuous assessment, the minimum frequency of the assessments to perform, the criteria for selecting samples and the processing of deficiencies detected, if any, through the establishment of corrective measures and the review of their effective implementation.

g) Filing.

The policies and procedures that ensure, for each accounts audit work, the development and maintenance of an electronic audit file that meets the provisions of article 69.

Article 68*. Simplified proportionality and requirements.*

1. The standards referred to in articles 0 and 0 will establish that the internal organisation and its supporting documentation are proportionate to the size and organisational structure of the auditors, and are in line with the characteristics, complexity and volume of audit works.

2. Additionally, the documentation and communication policies and procedures for auditors who exclusively conduct audits of small entities may be less formal and exhaustive or more simplified than those for large audit firms.

3. Notwithstanding the foregoing, auditors must reasonably ensure that the purposes set forth in this chapter are achieved, even when they outsource the quality control procedures that, where appropriate, are foreseen in the quality control standards. The lower permitted formality will not exempt auditors from the obligation to record the assessments performed and the results obtained.

Article 69*.* Audit file and documentation of the work.

1. The audit file must include, for each work, at least the following documentation:

a) That corresponding to the application of the policies and procedures of the quality control system applicable to the work.

b) The complete supporting documentation for each work, including the auditor's work papers that contain a record of the work carried out by the auditor, the information used and the

decisions made that have served as the basis for issuing the audit report, as well as evidence that the audit was planned and executed in accordance with the regulations governing the audit activity. In particular, the work papers must include and reflect:

1. The criteria and considerations used to identify and assess the risks of misstatement.

2. The nature, timing and extent of the tests both designed and carried out by the auditor to respond to the aforementioned identified risks.

3. When sampling techniques are used in carrying out the work, the objective of the procedure, the description of the analysed populations, criteria and methods taken into account to select the samples, the facts or hypotheses relevant to the issues to be verified and the results of performing these tests and, where appropriate, the investigation of identified deviations and misstatements and their result, the extrapolation of misstatements, additional procedures performed and the assessment of the effect of deviations and misstatements in the audit.

4. The significant issues that arose during the audit, the conclusions reached on them and the significant professional judgements applied to reach these conclusions, as well as sufficient and adequate evidence of their application.

5. Evidence of the review of the work carried out by the most experienced members of the engagement team and the main auditors responsible for the audit work, including the auditor who signed the audit report.

In any case, the work papers referred to in letter b) must be sufficiently detailed so that, once the base documentation used in audit procedures has been obtained, they could be re-executed, where appropriate.

All documentation referred to in this section must compiled in electronic file format, with the appropriate security measures that guarantee their authenticity.

The documentation or information not included in the aforementioned file may not be considered as evidence of the audit work carried out.

2. Under no circumstance may the file be amended as a consequence of the internal or external review of the audit work carried out after the date of the audit report.

3. Once the file has been compiled, in the case of events subsequent to the date of the audit report or events prior to this date that the auditor has become aware of after the aforementioned date that require the application of audit procedures, or in situations in which, due to a correction plan, additional documentation must be included, the auditor must have policies and procedures that allow a supplementary file to be generated from the compiled file, which must document who authorises the change in the supplementary file with respect to the compiled file, the reasons and date of the change and the amended documentation so that any third party can adequately monitor the amendments.

Article 70. *Register of violations.*

The register of violations referred to in article 29.3.a) of Law 22/2015, of 20 July, will include at least the serious or very serious violations declared by means of a final administrative ruling by the Accounting and Auditing Institute.

Article 71. *Registration of audited entities.*

With regard to the registration of audited entities referred to in article 29.3.c) of Law 22/2015, of 20 July, in those cases in which a group and the entities belonging thereto are audited, the information must expressly indicate the audited entities that are part of the group.

CHAPTER V
Duties of custody and secrecy

Article 72. *Duty of conservation and custody.*

1. With regard to the conservation and custody obligation referred to in article 30 of Law 22/2015, of 20 July, if there is any claim, trial or dispute relating to the audit report or in which the corresponding documentation referred to in this section could constitute evidence, as long as the accounts auditor is aware of this circumstance, the five-year period will be extended up to the final ruling or judgement, or completion of the procedure, or until five years have elapsed since the last communication or intervention of the accounts auditor in relation to the conflict in question.

2. During the conservation and custody periods, the auditors will be responsible for adopting the necessary measures for the safeguarding and conservation of the documentation, information, files and records. To do this, auditors must have computer systems that have controls ensuring the custody, integrity and recovery of information, which allow the use of the due diligence necessary to reduce the risk of deterioration or loss, guarantee accessibility and restricted authorisation for its access, and must allow a unique identification of the compiled generated file and the date of compilation. These controls will be effectively implemented so that it is not possible to amend the files of each audit work once the maximum compilation period has elapsed, in such a way that the actions performed over these files are recorded and the risk of deterioration or loss is reduced.

For these purposes, backup copies should be made routinely in computer format at the time of their creation, when amendments are made and, if not, at least once a year.

3. The obligation referred to in this article will also apply to auditors who, in accordance with the provisions of Law 22/2015, of 20 July, and in this regulation, deregister from the Official Register of Auditors.

4. The loss or deterioration of the documentation referred to in article 30 of Law 22/2015, of 20 July, as well as the reasons for this, must be communicated to the Accounting and Auditing Institute within a period of fifteen working days, counted from when it occurs or the auditor becomes aware of it.

Article 73. *Duty of secrecy.*

The duty of secrecy set forth in article 31 of Law 22/2015, of 20 July, will apply to all persons who have participated or collaborated in the development of the auditor's audit activity, whether or not they form part of their internal organisation, or who have had knowledge of the information regarding this activity.

This secrecy obligation will remain even once the auditor or audit firm, and its partners, have deregistered from the, or the relationship with the auditors has been ceased by the persons who intervened in carrying out the audit activity.

Article 74. *Personal data protection.*

The processing of personal data carried out by auditors as a result of exercising their activity, including the data contained in the work documents or papers used for this purpose, is subject to the provisions of Regulation 2016/679/EU, of the European Parliament and of the Council, of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and the free movement of such data, and Organic Law 3/2018, of 5 December, on personal data protection and the guarantee of digital rights, and their developing provisions. For these purposes, the data processing must be proportionate to the objective pursued, essentially respecting the right to data protection, for which adequate and specific measures must be established in order to protect the fundamental interests and rights of the data subject, in accordance with that established in article 9.2 of Regulation 2016/679/EU, of the European Parliament and of the Council, of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and the free movement of such data.

In the event that the auditors outsource their audit activities, the quality control procedures or conservation and custody services over the documentation must comply with the provisions of Organic Law 3/2018, of 5 December, on personal data protection and the guarantee of digital rights.

CHAPTER VI
On the auditing of public interest entities.

Section 1. Scope of application

Article 75. *Scope of application*

The auditors who carry out audit works of annual accounts, financial statements or accounting documents corresponding to public interest entities will be subject to the provisions of this regulation, in accordance with the particularities established in this chapter.

Section 2. Reports

Article 76. *Additional report to the Audit Committee.*

1. The obligation contained in article 36 of Law 22/2015, of 20 July, to issue an additional report to that on auditing for submission to the Audit Committee will only be applicable to audits of annual accounts.

2. For the purposes of the provisions of article 36.2 of Law 22/2015, of 20 July, the period for sending the additional report for the Audit Committee by auditors to the national supervisory authorities of public interest entities will be a maximum of three working days from the receipt of the request made by them.

Article 77. *Transparency report.*

1. For the purposes of the provisions of article 37.1.a) of Law 22/2015, of 20 July, the total volume of revenue from audit services will include those corresponding to audits of annual accounts, consolidated annual accounts and other financial statements, specifying those that correspond in an aggregate way to public interest entities.

For the purposes of complying with the provisions of article 37.1.b) of Law 22/2015, of 20 July, the revenue corresponding to audit services of annual and consolidated accounts, other audit services and services other than auditing provided to these entities by the auditor will be detailed separately in relation to each public interest entity.

2. The communications referred to in article 37, sections 2 and 3 of Law 22/2015, of 20 July, will be made in writing and within a period of ten working days, counted from the publication or update of the transparency report.

Article 78. *Report to the national supervisory authorities.*

For the purposes of that established in article 38 of Law 22/2015, of 20 July, the period for submission, by auditors to the national supervisory authorities of audited public interest entities, of the information set forth in article 12.1 of Regulation 537/2014/EU, of 16 April, will be a maximum of three working days from when they become aware of the circumstances that could lead to the situations mentioned in this article and, if included in the supervisory scope of more than one national supervisory authority in accordance with its applicable regulations, it must be communicated to all of them.

Section 3. Independence

Article 79. *Applicable regime.*

For the purposes of the provisions of the independence regime regulated in section 3 of Chapter IV of Heading I of Law 22/2015, of 20 July, that established in Chapter II of Heading II of this regulation and in this section will apply, with the following particularities:

a) The causes of incompatibility and situations that compromise the auditor's independence in any case, referred to in article 37.1, letters a) and b), also include those set forth in articles 39, 40 and 41 of Law 22/2015, of 20 July.

b) The percentage of the share capital, voting rights or equity of the audited entity required to consider that a financial instrument is significant, referred to in article 45.2.b), will be 0.5%.

c) The percentages set in article 52, letter b), for the purposes of determining whether a situation or service has an effect of little relative importance or significant incidence, will be reduced by half.

d) The percentages set in article 53, for the purposes of determining the preparation of significant information measured in terms of relative importance, will be reduced by half.

Article 80. *Obligations regarding the Audit Committee of public interest entities.*

1. The auditors of public interest entities must:

a) Meet the information requirements requested by the Audit Committee.

b) Examine the threats to their independence and the safeguards applied in each work with the Audit Committee.

c) Obtain authorisation to provide non-prohibited services that may be applicable, or the exceptional authorisation set forth in article 41.2 of Law 22/2015, of 20 July.

d) Send their annual declaration of independence, as well as the detailed and individualised information on additional services provided of any kind other than auditing and their fees, in accordance with that required in article 529m, section 4, letter e) of the consolidated text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July.

The provisions of this section will apply without prejudice to the communication obligations contained in the auditing standards.

2. In the event that the public interest entities do not have an Audit Committee, the procedures and actions referred to in this article must be carried out by the auditor with the body that is attributed with and performs duties equivalent to those assigned to the Audit Committee.

Article 81*. Actions relating to the Audit Committee of public interest entities.*

For the purposes of that established in the previous article, and without prejudice to the provisions of the auditing standards, auditors must perform the following actions with regard to the independence obligation:

Auditors must notify the Audit Committee of any situations or relations that may pose a threat to their independence, for their examination by the latter. They will also notify the Audit Committee of the provision of services other than auditing so that it may authorise their provision. These communications will be made so that the Audit Committee can issue the report referred to in article 529m.4.f) of the consolidated text of the Law on Capital Companies. These communications must include detailed information on, at least, the following:

a) The nature and context in which it occurs.

b) The condition, position or influence on who it occurs.

c) Derived economic interests or corresponding remuneration.

d) The assessment of the importance that the threat generates with regard to independence.

e) The existence of measures that eliminate or reduce these threats to a level that does not compromise their independence.

f) Any other information required, in relation to complying with the independence obligation, by the Audit Committee, including that referring to:

1. The internal quality control system that they have established in accordance with article 28 of Law 22/2015, of 20 July, on independence.

2. The internal rotation practices of the audit partner and its staff.

3. The relationships between the audited entity and its related entities and the auditor and their network, which entail the provision of services other than auditing or any other type of situation or relationship.

These communications will be made in a timely manner and in such a way that allows the Audit Committee to fulfil its duties.

Article 82. *Auditor appointment selection process.*

The auditors who carry out audit works on public interest entities, before submitting the offers referred to in article 40.3 of Law 22/2015, of 20 July, must ensure at least the following:

a) That they have or can have the sufficient and appropriate resources, in terms of time and staff available, to carry out the work for which they submit an offer. The sufficiency of the resources must include the provision of systems, technical and specialised resources, including the availability of staff with the necessary capacity and competence in processing complex issues in accordance with the size and complexity of the audit to conduct, the entity to be audited and the sector in which it operates. All of this must be sufficiently and adequately documented.

In the event that the auditor was providing permitted non-auditing services, the provision of these services cannot be taken into account in the assessment of the selection process.

b) On the date of submitting the offer, they must have analysed all possible threats to their independence and, where appropriate, the necessary safeguarding measures that ensure the independence of the auditor for the first audit exercise, if they are the chosen auditor.

Article 83. *Extension.*

1. In the event that the total maximum contracting period of ten years for an auditor has ended, the joint contracting of this auditor with another auditor in the additional period referred to in article 40.1 of Law 22/2015, of 20 July, may range from one to four years, with the corresponding extensions until the completion of this additional period, if applicable. The minimum period of three years set forth in article 40.1 of Law 22/2015, of 20 July, generally for the initial contracting of auditors, is not applicable to the new appointed auditor.

2. Upon completion of the additional joint contracting period, the new auditor with whom they were contracted simultaneously to act jointly may be contracted individually until the maximum contracting period of ten years has ended, including extensions. Upon expiration of the maximum contracting period of ten years, this auditor may be contracted jointly with another auditor for the additional period of up to four years referred to in the previous section.

Article 84. *Termination of the contract or revocation of the auditor's appointment.*

The auditors and the audited entity must notify contract terminations or revocations of appointments to the national supervisory authority of the public interest entity within a period of fifteen working days from when they occurred, indicating the reasons to justify this.

Article 85. *Internal rotation.*

For the purposes of the provisions of article 40.2 of Law 22/2015, of 20 July, the rotation of the key audit partner or key audit partner, referred to in article 3.6.a) and b) of Law 22/2015, of

20 July, for the audit report of the consolidated annual accounts, will be mandatory when five years have elapsed from the first year or financial year in which these accounts were audited.

In this case, if this auditor was the key audit partner for auditing the accounts of the parent company that draws up the aforementioned consolidated annual accounts, the rotation with regard to this parent company will also be mandatory.

Article 86. *Fees and transparency.*

1. In the case of small or medium-sized audit firms, the exceptional authorisation set forth in article 41.2, final paragraph, of Law 22/2015, of 20 July, must occur before starting the audit work for the affected financial year, and in any case before the end of the audited entity's financial year. For the purposes of this exceptional authorisation, the audit firm must document the entire process followed by the assessment of threats and adoption of safeguarding measures, as well as the examination and communications carried out with the Audit Committee or equivalent body, including the reason and justification for this authorisation.

2. The audit firm will communicate this authorisation, together with its reason, to the Accounting and Auditing Institute within a period of five working days from receipt of the authorisation.

3. For the purposes of that established in this article, medium audit firms will be understood as those that meet the conditions of medium firms according to the parameters of article 3.10 of Law 22/2015, of 20 July.

Section 4. Internal organisation and work relating to audits of public interest entities.

Article 87. *Organisational structure.*

1. For the purposes of that established in article 45 of Law 22/2015, of 20 July, the auditor who carries out audit works on the accounts of public interest entities must have an organisational structure and a size appropriate to the quantity and complexity of the audit works carried out on this type of entity, taking into account the magnitude and nature of the audited entities.

2. With regard to each audit work on the annual accounts of a public interest entity, in addition to that established in article 42 of this Law, the auditor must have internal control mechanisms guaranteeing they have, or have at their disposal, at least the following:

a) Key audit partners with experience in the auditing of public interest entities due to having participated as members of the audit team with capacity to influence the final result of the audit work, taking into account the complexity of the audit work, the magnitude and nature of the entity and an extensive knowledge of the activity in which the entity operates.

b) Specialists or technical departments that can provide advice on accounting and auditing, with the capacity, opportunity and efficiency to carry out this work.

c) Specialists in different fields that are relevant for the economic-financial information of the entities subject to this work, in accordance with the activity of the audited entity, integrated within the audit team, to give an appropriate and timely response to the issues that arise as consequence of the review or supervision of this work.

d) Quality control review or reviewers with at least the same level of knowledge and experience that is necessary to act as a key audit partner appointed to sign the audit report referred to in section a).

3. In the case of a joint audit performance, at least one of the jointly appointed auditors will be required to meet these requirements before accepting the work.

4. Any amendment affecting the conditions established in this article for being an auditor of public interest entities must be communicated to the Accounting and Auditing Institute within a period of fifteen working days from when it occurred.

HEADING III
Public oversight

CHAPTER I
Supervisory function

Section 1. Collegiate bodies of the Accounting and Auditing Institute

Article 88. *Audit Committee, Accounting Council and Accounting Advisory Committee.*

1. The Audit Committee will be chaired by the Chairperson of the Accounting and Auditing Institute, who will have the casting vote, and formed, together with him, by thirteen members appointed by the Ministry of Economic Affairs and Digital Transformation, with the following distribution:

a) At the proposal of the Account Review Tribunal, a representative of this body.

b) At the proposal of the Office of the General Comptroller of the State Administration, a representative of the Office of the General Comptroller of the State Administration.

c) At the proposal of the Ministry of Justice, a member of the judiciary or legal career or a mercantile registrar.

d) At the proposal of the Bank of Spain, a representative of this institution.

e) At the proposal of the National Securities Market Commission, a representative of this body.

f) At the proposal of the Directorate-General for Insurance and Pension Funds, a representative of this Directorate-General.

g) At the proposal of public law corporations representing auditors, four representatives of these.

h) At the proposal of the Government Attorneys Office-Directorate for State Legal Services, a State lawyer affiliated to the Undersecretary of the Ministry of Economic Affairs and Digital Transformation.

i) At the proposal of the Chairperson of the Accounting and Auditing Institute, a university professor and an expert of recognised prestige in accounting and auditing matters.

The General Secretariat of the Accounting and Auditing Institute will act as secretary of the Audit Committee with voice and without vote. The Chairperson may invite experts on the matter to the meetings of the Audit Committee, when deemed necessary.

2. The Accounting Council will be chaired by the Chairperson of the Accounting and Auditing Institute, who will have the casting vote, and will be formed, together with him, by the following members appointed by the Ministry of Economic Affairs and Digital Transformation, as follows:

a) At the proposal of the Bank of Spain, a representative of this institution.

b) At the proposal of the National Securities Market Commission, a representative of this institution.

c) At the proposal of the Directorate-General for Insurance and Pension Funds, a representative of this Directorate-General.

Moreover, a representative of the Ministry of Finance, through the Office of the General Comptroller of the State Administration, appointed by the head of this department, who will attend the meetings with voice and without vote.

The Deputy General Director of Standardisation and Accounting Technique of the Accounting and Auditing Institute will act as secretary of the Accounting Council with voice and without vote.

3. The Accounting Advisory Committee will be chaired by the Chairperson of Accounting and Auditing Institute, who will have the casting vote, and will be formed, together with him, by a maximum of twenty members appointed by him, with the following distribution:

a) At the proposal of the Ministry of Justice, a representative of this department.

b) At the proposal of the Office of the General Comptroller of the State Administration, a representative of the Office of the General Comptroller of the State Administration.

c) At the proposal of the Directorate-General for Taxation, a representative of this Directorate-General.

d) At the proposal of the Bank of Spain, a representative of this institution.

e) At the proposal of the National Securities Market Commission, a representative of this Commission, two representatives of the users of accounting information and one representative of the associations or organisations representing the issuers of economic information of companies.

f) At the proposal of the National Statistical Institute, a representative of this Institute.

g) At the proposal of the Directorate-General for Insurance and Pension Funds, a representative of this Directorate-General.

h) At the proposal of the General Council of Economists of Spain, two representatives of this Council, who must be experts of recognised prestige in accounting or accounts auditing matters.

i) At the proposal of the Spanish Institute of Certified Public Accountants, one representative of this Institute, who must be an expert of recognised prestige in accounts auditing matters.

The Chairperson of the Accounting and Auditing Institute will also appoint one representative of this Institute, one representative of the associations that issue accounting principles and criteria and a maximum of five persons of recognised prestige in accounting matters.

An official of the Accounting and Auditing Institute, appointed by its Chairperson, will act as secretary of the Accounting Advisory Committee.

4. The collegiate bodies contained in this article will be governed by the provisions of section 3 of Chapter II of the preliminary heading of Law 40/2015, of 1 October, as well as by the provisions of the Internal Regime regulations that may be approved by these collegiate bodies.

Section 2. Supervisory powers.

Article 89. *Surrender of information.*

1. In October each year, the auditors registered in the Official Register of Auditors as practising auditors will send, to the Accounting and Auditing Institute, and with regard to the previous twelve months, in addition to the data referred to in article 8.3, letters a), b) and c), of Law 22/2015, of 20 July, the following information:

a) Tax identification number, corporate address, address of the offices that are kept open from which the audit activity is effectively carried out and the single authorised e-mail addresses.

b) Where appropriate, the name and surname(s) or corporate name of the persons or entities that belong to the same network contemplated in article 8.3 of Law 22/2015, of 20 July. Notwithstanding the foregoing, it will not be necessary to declare those entities forming part of the auditor network whose corporate purpose or activity is not related to economic-financial information, legal advice and business management consultancy, or any other that are similar or complementary to them, nor provide these types of services.

c) Name and surname(s) of the auditors who, whilst in service, are registered in the Official Register of Auditors, indicating their registration number, if they are registered as practising or non-practising, the corporation to which they belong, if any, and the nature and type of the corresponding contractual relationship. The number of hours that these auditors have effectively dedicated to the audit activity will also be indicated.

d) Name and surname(s) of the persons who are not registered in the Official Register of Auditors who have provided their services in the field of the audit activity, indicating the period or periods in which they provided these services, as well as the hours effectively dedicated to the audit activity and to other tasks related to this activity, specifying the nature and type of the corresponding contractual relationship.

e) Turnover in hours and euros invoiced from the audit activity, as well as the auditor's total revenue.

f) List of audited entities, indicating their National Economic Activities Classification Code (CNAE [Clasificación Nacional de Actividades Económicas]), whether or not they are considered a public interest entity, the contracting period, the issue date of the report, the type of opinion, the hours and fees invoiced for audit services, the fees invoiced for services other than auditing, distinguishing, for the latter, between those corresponding to those provided by the auditor and

those provided by persons and entities belonging to the auditor's network, the audited entity and its related entities, with the breakdown determined in the resolution that is issued for this purpose by the Accounting and Auditing Institute. The quality control reviewer who has been appointed in each audit work, if any, will also be indicated.

g) Public law corporation to which they belong, if any. When auditors belong simultaneously to more than one public law corporation representing auditors, they must choose one of them for the purposes of the provisions of this regulation.

h) The services that have been provided to the auditor by other auditors, distinguishing between those relating to participation in the carrying out of audit works and those referring to tasks related to the internal quality control system, indicating the number of hours as a whole; as well as an indication of whether they have provided these same services to other auditors.

2. In October each year, audit firms will send, to the Accounting and Auditing Institute, in relation to the previous twelve months, in addition to the data referred to in article 8.4.a), b), c), d), e) and f) of Law 22/2015, of 20 July, the following information:

a) The information referred to in section 1 above, with the necessary adaptations, including the identification of the responsible main auditor appointed in each audit work.

b) Where appropriate, their consideration as a small or medium-sized audit firm.

They will also indicate:

1. If they have exclusively carried out audits of small entities.

2. In the event that they have carried out audits of public interest entities, if these have been exclusively carried out on small or medium-sized entities.

3. And, in the event that they have carried out audits of entities that are not considered to be of public interest, if these audits have been exclusively voluntary or on small entities.

c) Share capital, indicating its distribution among partners and, where appropriate, the part of the capital represented by shares without voting rights, on the closing date of the surrender period.

d) Statutory amendments that have occurred.

3. Any change that occurs during the financial year in relation to the information outlined in article 8.3 of Law 22/2015, of 20 July, sections a) to c), in section 1 of this article, letters a) and c), both for individual auditors and for audit firms, and in section 2.b) of this article for companies, must be notified within a period of fifteen working days, counted from the moment it occurred or, where appropriate, from when it took legal effect. This communication must always be made when the change is a cause for deregistration from the Official Register of Auditors.

4. By resolution of the Accounting and Auditing Institute, auditors of public interest entities, the information on fees related to the audit activity referred to in section 1.e), as well as the fees for audit services provided to public interest entities, in February each year, referred to the immediately previous calendar year.

Also by resolution of the Accounting and Auditing Institute, the information that auditors of public interest entities must submit for the purposes of preparing the reports on the evolution of

the market referred to in the fourth and fifth additional provisions of Law 22/2015, of 20 July, will be determined.

5. Without prejudice to the provisions of the community regulations, auditors, firms and other audit entities from third-party countries referred to in articles 10.3 and 11.5 of Law 22/2015, of 20 July, will send the same information and with the same frequency as those referred to in the previous sections, with the exception of those from third-party countries whose oversight systems have been declared equivalent by the European Union, which will send their information with the content and frequency established by resolution of the Accounting and Auditing Institute

6. The forms to be completed in relation to the aforementioned information and the deadlines for sending this information will be approved by resolution, which will be completed by the auditors and sent electronically to the Accounting and Auditing Institute.

Section 3. Common provisions of the control actions.

Article 90. *Control actions.*

1. Control actions will include the inspections, investigations and other verification actions that are deemed necessary as referred to in article 49 of Law 22/2015, of 20 July.

2. In addition to the investigation and inspection actions, the verification actions will include the actions necessary for the Accounting and Auditing Institute to determine the events or circumstances of which it has become aware by any means and that could be the cause of an agreement to initiate an inspection, an investigation, or, where appropriate, the agreement to initiate sanctioning proceedings.

3. When indications of a violation are obtained in the course of a control action, the sanctioning proceedings may begin prior to the completion of the control action and issuance of the corresponding report, without prejudice, where appropriate, to continuing the control action in relation to events other than those that gave rise to the initiation agreement.

Article 91. *Control plan for the accounts auditing activity.*

1. The Accounting and Auditing Institute, considering the technical and human means available, will prepare and publish a control plan for the audit activity every year, which will include the investigation and inspection plans.

2. The activity control plan will be approved by the Chairperson of the Accounting and Auditing Institute, once submitted for consideration by the Audit Committee, and published within the first four months of the financial year to which it refers. In the event that the aforementioned plan cannot be adopted or issued, that corresponding to the immediately previous financial year will be extended as long as this extension does not contravene the minimum scheduled inspection frequency.

3. The investigation plan will consider the following information sources:

a) Results or other information resulting from the inspection actions.

b) Objective data resulting from the information supplied to the Accounting and Auditing Institute by auditors.

c) Data obtained through reports or any other type of information that may be known by the Institute.

4. The inspection plan will schedule the carrying out of inspections on auditors considering the frequency of these actions established in article 54 of Law 22/2015, of 20 July, and in article 0.

5. Both the investigation and inspection plans may be revised when there are events that imply relevant amendments to the information available for the configuration of the plan, or events derived from inspection or investigation actions in progress, or amendments to the audit legislation, or events that cause or generate mistrust in the economic-financial information that must be supplied by companies or entities, or in the actions of auditors, and those derived from possible existing risks not considered at the time of their preparation.

6. The results of executing the investigation and inspection plans will be published in the activities report.

Article 92. *Powers for exercising the control actions.*

The persons who participate in the control activity, in accordance with the provisions of article 55 of Law 22/2015, of 20 July, and EU Regulation 537/2014, of 16 April, will have, in exercising the tasks referred to in this article, powers to access and examine the documentation, acting under the management and supervision referred to in article 55.6 of Law 22/2015, of 20 July.

Article 93. *Initiation of the control actions.*

1. The controls of the audit activity will begin ex officio by agreement of the Chairperson of the Accounting and Auditing Institute, within the framework of the control plan.

2. The initiation agreement will indicate the nature and scope of the control actions and, particularly, whether the control action refers to an investigation or inspection. It must also appoint the person or persons responsible for leading the control actions.

This agreement may be adopted individually, for an auditor, or jointly, for several auditors or audit firms. In the event that the initiation agreement is joint, its notification will be made individually and guaranteeing the protection of the personal data of the other auditors included in this agreement. The communication of the start date to the auditor will be made by the staff appointed to manage the corresponding investigation or inspection.

Article 94. *Development of the control actions.*

1. The auditor must make available or send, to the staff of the Accounting and Auditing Institute appointed for this purpose, within the period established in each case, all work papers and, where appropriate, the books, records, documentation or information that, depending on the intended purpose, are required, in the format deemed appropriate. When the information is stored on computer media, the appropriate means that allow this information to be examined and verified must be made available to the Accounting and Auditing Institute.

In the control actions of the audit activity, it will be understood that there is no more documentation or information than that provided or made available as required by the Accounting and Auditing Institute, by the auditor. To this end, the work papers or documentation delivered or sent will be diligently identified.

2. In the development of the control actions, the auditors subject to control actions may be required to make the clarifications or explanations deemed relevant about the work papers or other documents provided.

Article 95. *Place and time of the control actions.*

When the control actions of the activity are carried out at the corporate address, branches, delegations, offices, premises or any other place where the activity of the auditor subject to the control actions is carried out or the required documentation is located, or in the case of the persons or entities referred to in article 48.1 of Law 22/2015, of 20 July, the physical space and the auxiliary means necessary to facilitate the carrying out of the aforementioned actions will be made available to the staff appointed to execute them.

Article 96. *Documentation of the control actions.*

1. The control actions of the audit activity will mainly be documented in communications, records and reports.

2. Communications are the documents through which the start of the actions or other events or circumstances relating to their development is notified, or the information requirements or other requests to auditors are made.

3. Records are documents that are issued to record facts, requirements or statements of the persons with whom the actions are carried out. Communications may be incorporated into the content of the records issued.

A copy of the records issued will be delivered to the person with whom the actions are understood. If they refuse to receive it, it will be sent to them by any of the means permitted by law, and if they refuse to sign the report, or cannot, this circumstance will be recorded therein, without prejudice to the delivery of the corresponding duplicate to this person.

4. The control reports will contain the results of the investigation or inspection actions carried out.

Section 4. Investigation actions.

Article 97. *Purpose of the investigation actions.*

The investigations referred to in article 53 of Law 22/2015, of 20 July, may refer to certain aspects of the audit activity or to specific audit works, considered as a whole or referred to specific parts thereof.

Article 98. *Scope of the investigation actions.*

In accordance with the purpose set forth in article 53 of Law 22/2015, of 20 July, the techniques and procedures deemed most appropriate to the circumstances and with the scope necessary in each case may be used in investigation actions to determine whether or not there are events or circumstances that may lead to a breach of the regulations governing the audit activity.

Article 99. *Completion of the investigation actions.*

1. The investigations will be subject to the principle of urgency and will be documented with the issuance of an investigation report, which will be sent to the auditor so that, where appropriate, they can make the allegations they deem appropriate within a period of ten working days.

This report, considering the scope and extension of the actions carried out, will contain at least a description of the verifications and reviews made, and the conclusions reached, highlighting, where appropriate, possible detected breaches of the regulations governing the audit activity.

2. Once the period referred to in the previous section has elapsed and once the allegations presented have been analysed, if any, the Chairperson of the Accounting and Auditing Institute will adopt an agreement, which will contain any of the following decisions:

a) The filing of the investigation actions.

b) The initiation of the corresponding sanctioning proceedings, when indications of the commission of any of the violations classified in Law 22/2015, of 20 July, are deduced from the actions carried out.

c) The carrying out of supplementary actions.

3. The decision of the Chairperson of the Accounting and Auditing Institute, referred to in the previous section, will be notified to the auditors.

4. The result of these actions may be taken into account in the final inspection report, in the event that an inspection action had been initiated over the same auditor, referring to the same audited financial year under investigation or in which the action under investigation had been carried out.

Section 5. Inspection actions

Article 100. *Purpose of the inspection actions.*

In accordance with the provisions of article 54 of Law 22/2015, of 20 July, inspections consist of regularly reviewing the internal quality control systems of auditors and audit firms, and their objective is to improve the quality of the audit works by requiring the reviewed auditors or audit firms to implement the measures necessary to correct the deficiencies revealed in the inspection.

The Chairperson may, at any time during an inspection action, agree to start an investigation or initiate sanctioning proceedings over any aspect included in the scope of this inspection, in those cases in which, during the development or as a result of any action, the existence of possible breaches or indications of a violation are detected.

Article 101. *Criteria of the inspection actions.*

1. All practising individual auditors and audit firms will be subject to regular inspections.

2. The selection of auditors, as well as the selection of both the elements of the quality control system and the files of the audit works to be reviewed, will be carried out taking into account the risk criteria of the auditors and the risk criteria of the entities they audit.

3. Auditors who only audit entities other than those of public interest will be subject to inspection at least every six years, unless they only carry out voluntary audits or audit small companies according to the definition contained in article 3.9 of Law 22/2015, of 20 July, in which case, the inspection will not be subject to this minimum frequency.

4. The inspections may be carried out with a frequency lower than that established in article 54 of Law 22/2015, of 20 July, and the previous section when, in the opinion of the Accounting and Auditing Institute and in accordance with the information and means available, the size of the auditor's activity or the volume of the audit activity or other circumstances require it.

Article 102. *Scope of the inspection actions.*

1. The inspections will include at least the verification of the internal quality control system of accounts auditors, the review of the procedures documented in the audit files, in order to verify the proper implementation of this control system, as well as, where appropriate, the monitoring of the improvement measures implemented to correct the deficiencies revealed in the immediately previous inspection.

2. The inspections may be carried out with a general or partial scope. In inspections of auditors of public interest, they may also verify whether the auditors meet the requirements established in article 0 regarding the organisational structure.

Article 103. *Completion of the inspection actions.*

1. The inspections will be subject to the principle of urgency and will be documented through the issuance of a provisional inspection report, which will be sent to the auditor so that, where appropriate, they can make the allegations they deem appropriate within a period of no less than ten working days.

This report, considering the scope and extension of the actions carried out, will contain at least a description of the verifications and reviews made, and the general conclusions reached, highlighting, where appropriate, the deficiencies detected. The report, depending on the scope of the inspection, will include the following:

a) Monitoring of the improvement measures implemented to correct the deficiencies revealed in the immediately previous inspection. As a result of this monitoring, it will be verified and concluded whether the request made by the Chairperson has been met, as indicated in letter b) of section 3 below.

b) Description of the analysis and assessment of the quality control policies and procedures, as well as the audit files that have been selected.

2. After the period referred to in the previous section has elapsed and once the allegations presented, if any, have been analysed, a final inspection report will be issued containing the aspects referred to in the previous section that apply in each circumstance, adding, where appropriate, the improvement requirements necessary to resolve the deficiencies detected.

3. The Chairperson of the Accounting and Auditing Institute, taking into consideration the final inspection report, will adopt an agreement that will contain any of the following decisions:

a) The filing of the inspection actions, without further formality.

b) The requirement for the inspected auditor to implement improvement measures in order to correct the deficiencies detected and reflected in the report within the periods established for that purpose, the follow-up of which will be made in the next inspection. The requirement agreement will indicate the deadline for the submission, where appropriate, of the action plan, which in no case will be less than one month.

The action plan will detail the actions to be carried out by the auditors to correct the deficiencies detected and reflected in the final inspection report.

In the case of auditors who audit public interest entities, the submission of the action plan will be mandatory, but optional for auditors who do not audit public interest entities.

The improvement requirements made to audit firms in those cases in which the dissolution and constitution referred to in article 83.3 of Law 22/2015, of 20 July, occurs, will be enforceable upon the new firm.

c) Without prejudice to the provisions of letter b) above, the initiation of sanctioning proceedings when, in view of the result of the monitoring carried out, in accordance with that indicated in section 1.a), indications of the commission of a serious violation contained in article 73.i) of Law 22/2015, of 20 July, are deduced.

4. The decision of the Chairperson of the Accounting and Auditing Institute, referred to in section 3 above, will be notified to the auditors.

5. Without prejudice to that indicated in the previous sections, when dealing with partial inspection actions, the Accounting and Auditing Institute may, in the communication regarding the start of actions, disclose the facts in its possession that allow the provisional report to be drawn up, and award a period of ten working days to make the corresponding allegations. As a result of these actions, the final inspection report referred to in section 2 above will be issued.

6. Likewise, when dealing with inspection actions carried out over auditors and audit firms that do not audit entities considered to be of public interest, a single report may be issued with the content referred to in section 2 and once the conclusions have been corroborated with the auditors and audit firms before its issuance. Allegations may be made to this report within a period no less than fifteen working days. Once the report and, where appropriate, the allegations have been seen or once their deadline for submission has elapsed and none have been made, the Chairperson of the Accounting and Auditing Institute will adopt the agreement referred to in section 3 of this article.

7. If, as a result of the inspection carried out by the Accounting and Auditing Institute, deficiencies are detected that are related to any of the matters indicated in article 0, this Institute will award a period for their correction. It will also notify it to the Audit Committee or body with equivalent functions set forth in the third additional provision of Law 22/2015, of 20 July, so that

they can adopt the measures deemed relevant in the exercising of their supervisory functions, as well as to the National Securities Market Commission.

Article 104. *Publication of inspection reports.*

The final inspection report referred to in the previous article will be subject to publication when it refers to auditors who audit, in the financial year included in the scope of the inspection report, public interest entities.

However, only the parts of the inspection report referring to the scope of the review carried out, the main data of the inspected auditors in relation to their size, as well as a summary of the deficiencies revealed as a result of the inspection, will be published. The aforementioned summary will differentiate between the deficiencies related to quality control policies and procedures and the deficiencies related to the carrying out of audit works.

Under no circumstance will the identification details of the audited entities be published, although the number of works and entities selected for the review of files will be published, indicating both the sector in which they operate and the type of public interest entity, as well as the number of works and entities and the sector in which they operate to which the deficiencies refer.

Section 6. Communications and means of the Accounting and Auditing Institute

Article 105. *Communications between the Accounting and Auditing Institute and auditors.*

For the purposes of the provisions of this regulation and of Law 22/2015, of 20 July, the Accounting and Auditing Institute and the auditors will interact by electronic means, in accordance with that established in article 14 of Law 39/2015, of 1 October. For this purpose, these communications will be made through the respective single authorised e-mail addresses.

Article 106. *Staff at the service of the Accounting and Auditing Institute.*

For the purposes of that established in article 55 of Law 22/2015, of 20 July, instrumental tasks will be understood as assistance in the review of documentation related to the audit activity and in the preparation of an assessment proposal resulting from this assistance, taking into account the regulations governing the audit activity, as well as, where appropriate, the regulations and practice in the field of specialisation of experts.

CHAPTER II

Supervisory regime applicable to auditors, as well as to audit firms and other entities authorised in Member States of the European Union and in third-party countries

Section 1. Control actions and exemptions

Article 107. *Control actions of auditors in cases of the cross-border provision of services.*

The auditors authorised to carry out the audit activity originally in a Member State of the European Union and registered in the Official Register of Auditors, in relation to the audit works carried out regarding the accounts of entities with corporate address in Spain, will be subject to

inspections by the Member State of origin and the investigations of the Accounting and Auditing Institute.

The auditors authorised originally by the Accounting and Auditing Institute to carry out the audit activity who are registered in the Official Register of Auditors and authorised in another Member State in relation to the audit works carried out regarding the accounts of entities with corporate address in this Member State, will be subject to inspections by the Accounting and Auditing Institute and investigations in the destination Member State.

The actions set forth in the previous sections will be carried out without prejudice to that established in the regulatory agreements that may be entered into with the Member States of the European Union.

Article 108*. Exemptions.*

The auditors from third-party countries referred to in article 10.3 of Law 22/2015, of 20 July, as well as the firms and other audit entities from the third-party countries referred to in article 11.5 of the aforementioned Law, may be exempt from the inspections attributed to the Accounting and Auditing Institute when they are subject to public oversight systems, quality control and investigation systems and sanctions that have been declared equivalent by the European Commission, under the terms established in the corresponding cooperation agreements, in accordance with the principle of reciprocity.

Section 2. Coordination with the competent authorities of Member States of the European Union and with European supervisory authorities

Article 109*. Duty of collaboration in the exchange of information.*

For the purposes of article 63.1 of Law 22/2015, of 20 July, the following information, among other things, may be exchanged:

a) Details of the auditor required for registration in the Official Register of Auditors of the Accounting and Auditing Institute.

b) Date of registration in the register and other relevant information.

c) Date of deregistration from the register, reasons for this deregistration and other relevant information

d) Report and documentation related to the inspections of the quality control systems that are being carried out or have been completed.

e) Report and documentation related to the investigations that are being carried out or have been completed.

f) Information about sanctioning proceedings that are being carried out or have been completed.

g) Any information that may be useful for exercising the supervisory functions attributed to the respective authorities.

Article 110. *Request for information.*

1. The request for information must include an explanation of the reasons justifying this request and the purpose for which the information exchanged will be used, and must refer to information necessary for the fulfilling of their functions and that cannot be obtained by other means.

2. The information to be exchanged will be sent in the manner and within the maximum period established between the competent authorities of the Member States or between these and the European supervisory authorities.

To avoid unnecessary delays, a part of the information may be sent if available and its delivery is appropriate.

3. In the event that the Accounting and Auditing Institute receives a request for information, this information to be exchanged will be sent in the language appearing in the original document to be sent.

Article 111. *Use of the exchanged information.*

1. Without prejudice to that established in the legal provisions, the Accounting and Auditing Institute may only use the information received to exercise its powers and in accordance with the purposes indicated by the authority that sends the information.

When the Accounting and Auditing Institute, in compliance with the duty of collaboration established in the applicable legislation, must send information received from a competent authority of another Member State or from a European supervisory authority to another competent authority in Spanish territory, a prior communication to the authority from which the information has been received will be necessary.

2. When the information received is requested by another competent authority from another Member State or a European supervisory authority, the Accounting and Auditing Institute may only send this information with the prior consent of the authority from which it received the information to transfer.

3. The Accounting and Auditing Institute cannot send the information received from a competent authority of another Member State or a European supervisory authority to a competent authority from a third-party country. In this case, the request will be transferred to the authority from which the requested information originates.

Article 112. *Collaboration in the carrying out of control actions.*

1. When the Accounting and Auditing Institute agrees, at the request of a competent authority from another Member State, to carry out a control action over the audit activity or allow staff from this competent authority to participate in a control action over the audit activity together with staff from the Accounting and Auditing Institute, this control action will generally be developed under the management or coordination of Accounting and Auditing Institute when it takes place in Spain.

2. In any case, this competent authority will be notified of the result of the actions performed.

Article 113. *Refusal to send information or carry out a control action.*

In the cases set forth in article 63.3 of Law 22/2015, of 20 July, in which the Institute does not provide the information requested by competent authorities from other Member States or by European supervisory authorities, or does not carry out a control action over the audit activity or allow staff from the competent authority of another Member State to participate in a control action over the audit activity together with staff from the Accounting and Auditing Institute, it must notify the reasons for this circumstance to the requesting authority within a maximum period of one month counted from receipt of the request.

Article 114. *Duties of communication.*

1. When it is agreed to deregister an auditor from the Official Register of Auditors of the Accounting and Auditing Institute, the latter will communicate the corresponding deregistration and the reasons for it to the competent authorities of the Member States in which the auditor is authorised to carry out the accounts auditing activity.

This communication will be made within a period of fifteen working days counted from the deregistration from the Official Register of Auditors.

2. When the Accounting and Auditing Institute concludes that activities contrary to the national provisions transposing Directive 2006/43/EC, of the European Parliament and of the Council, of 17 May 2006, may be being carried out or may have been carried out in another Member State, this will be communicated to the competent authority of this Member State within a maximum period of fifteen working days counted from its conclusion that these actions could be contrary to the applicable provisions, and without prejudice to the powers that the Accounting and Auditing Institute may exercise.

3. When the Accounting and Auditing Institute receives a communication from the competent authority from another Member State regarding the existence of suspected actions in Spain that could be considered as contrary to Law 22/2015, of 20 July, to this regulation and its implementing regulations, it must take the relevant actions without prejudice to having to notify the result of its actions to this competent authority.

Section 3. Coordination with competent authorities from third-party countries

Article 115.*Information exchange.*

1. The exchange of information referred to in article 67.1 of Law 22/2015, of 20 July, as well as the collaboration to carry out control actions will be carried out with the content, terms and forms established in the corresponding cooperation agreement. The cooperation agreement may adopt the performance of a control action or allow, when foreseen in the corresponding Decision of the European Union and under the terms contained therein, the staff of the competent authority of a third-party country to participate in a control action together with staff from the S Accounting and Auditing Institute.

2. The Accounting and Auditing Institute will publish, in its official gazette and on its website, a list of the competent authorities from third-party countries with which there are exchange of information agreements based on reciprocity.

3. Each request for information received from a competent authority from a third-party country will be assessed to determine whether it can attend to the request to send information, otherwise indicating the information that can be provided.

4. To avoid unnecessary delays, a part of the information may be sent if available and its delivery is appropriate.

5. If it cannot attend to a request for information, this will be informed to the requesting competent authority, indicating the causes of the impossibility.

6. When the Accounting and Auditing Institute agrees, with a competent authority from a third-party country, to carry out a control action or allow staff from this competent authority to participate in a control action together with staff from the Accounting and Auditing Institute, this control action will generally be developed under the management or coordination of Accounting and Auditing Institute when it takes place in Spain.

TITLE IV
Regime for breaches and sanctions

CHAPTER I
Sanctioning proceedings

Article 116. *Report.*

1. Any person may inform the Accounting and Auditing Institute in writing of the existence of facts that could constitute a violation that is classified in Law 22/2015, of 20 July, providing all information and data in their power and making express reference to the regulations governing the audit activity that may have been breached by the auditor's actions.

2. The filing of reports will be agreed when they are considered unfounded, or when the reported facts do not have sufficient importance or significance or when they refer to the same auditors and successive works as those that had been previously reported and investigated.

3. The complainant may be requested to provide other data or proof in their possession.

The complainant will not be considered an interested party in the administrative action that is initiated as a result of the report nor will they be informed of the result of the actions taken in relation to the reported facts, which may lead to the filing of the actions or the initiation of sanctioning proceedings. The necessary procedures will be established to guarantee the protection of the complainant's data.

4. Without prejudice to the collaboration instruments and procedures between Public Administrations, public bodies and institutions in general will cooperate with the Accounting and Auditing Institute to facilitate the exercising of its control and disciplinary powers over auditors and audit firms.

Article 117*. Term of resolution, expiration of the proceedings and extension of deadlines.*

1. The total term for resolving and notifying the sanctioning proceedings will be one year counted from the adoption by the Chairperson of the Accounting and Auditing Institute of the

initiation agreement, in accordance with the provisions of article 69.4 of Law 22/2015, of 20 July, without prejudice to the suspension of the term and the possible extension of this total term and the partial terms established for the different processes of the proceedings, as set forth in articles 22, 23 and 32 of Law 39/2015, of 1 October.

2. Interested parties must be notified of the start and end of the suspensive effect of the actions set forth in article 22.1 of Law 39/2015, of 1 October.

3. The competence to agree the extension of the total term for resolving and notifying will correspond to the Chairperson of the Accounting and Auditing Institute.

4. The competence to agree the extension of the different partial terms in the processing of the proceedings, including the hearing after drawing up the draft resolution, will correspond to the examiner.

5. In cases of the limitation period of the violation and in those of the expiration of the proceedings after the total term of one year has elapsed, plus the extensions set forth in articles 23 and 32 of Law 39/2015, of 1 October, or after the term of six months set forth in article 85.2 of Law 22/2015, of 20 July has elapsed, when this expiration has also determined the limitation period of the violation, an express resolution must be issued agreeing the filing. The resolution will be notified to the auditor subject to the proceedings.

Article 118. *Preliminary actions.*

1. Prior to initiating the sanctioning proceedings, the Chairperson of the Accounting and Auditing Institute may order the carrying out of preliminary actions before those contemplated in article 90, which are necessary in order to determine on a preliminary basis whether there are circumstances that justify this initiation.

2. In accordance with article 90.3, when indications of a violation are obtained in the course of a control action, the sanctioning proceedings may be initiated prior to completion of the control action and issuance of the corresponding report.

When the preliminary control actions conclude that the violation has been limited, the Chairperson of the Accounting and Auditing Institute will agree to file the actions.

Article 119. *Initiation agreement.*

1. The competence to issue the initiation agreement will correspond to the Chairperson of the Accounting and Auditing Institute. The initiation agreement will have the content set forth in article 64.2 of Law 39/2015, of 1 October, with the following specialities:

a) The appointment of the examiner must fall to an official assigned to the Accounting and Auditing Institute. The official who had carried out the preliminary control actions may be appointed as the examiner.

b) If the complexity of the proceedings requires it, the Chairperson of the Accounting and Auditing Institute, when issuing the initiation agreement or at any time during the procedural preliminary investigation, may appoint one or more joint examiners. The joint examiners will act under the management of the main examiner.

2. The initiation agreement will be communicated to the appointed examiner or examiners and only the interested parties will be notified, expressly indicating the established rules governing challenges.

3. When the alleged responsible party is an auditor originally authorised in a Member State of the European Union, the competent authority of this State of origin will be notified that it has been agreed to initiate sanctioning proceedings.

4. Exceptionally, when at the time of issuing the initiation agreement there are not enough elements for the initial qualification of the justifying facts, the determination of the aforementioned qualification and of the corresponding sanctions will be carried out by means of a Statement of Objections that will be issued by the Chairperson within a maximum period of one month from the date of the initiation agreement. The Statement of Objections will be notified to the interested parties.

5. Once the initiation agreement has been notified or, if a Statement of Objections has been issued, once it has been notified, the interested parties will have a period of fifteen working days to draw up allegations and provide the documents or information they deem relevant, as well as, where appropriate, propose evidence specifying the means they intend to use.

Article 120. *Powers of the examiner.*

The examiner may request the issuance of as many technical or legal reports as are necessary, depending on the complexity of the proceedings, to ensure the success of the preliminary investigation.

Article 121. *Draft resolution.*

1. Once the file has been heard, the examiner will draw up the draft resolution, in which the facts declared proven, their legal classification, as well as the violation that could be constituted, where appropriate, the declaration of the persons or entities that are responsible, and the proposed sanction will be established with supporting arguments; or the declaration of the non-existence of a violation or liability will be proposed. In both cases, the draft resolution must indicate the disclosure of the proceedings, which will be accompanied by a list of the documents in the file so that interested parties can obtain copies of those they deem relevant, and the deadline for drawing up allegations and presenting the documents and information they deem relevant.

When the preliminary investigation concludes that the violation has been limited, the examiner will propose to file the actions.

2. In the event that joint examiners have been appointed, the draft resolution will be drawn up by the main examiner.

3. The draft resolution will be notified to the interested parties, agreeing the hearing proceedings. The interested parties will have a period of fifteen working days, from notification of the draft resolution, to draw up allegations and provide the documents and information they deem relevant.

4. Upon completion of the hearing proceedings, the examiner will submit the corresponding draft resolution, along with all actions, to the Chairperson of the Accounting and Auditing Institute.

Article 122. *Resolution.*

1. The competence to issue the resolution will correspond to the Chairperson of Accounting and Auditing Institute.

2. Prior to issuing a resolution, the Chairperson of the Accounting and Auditing Institute may order the carrying out of supplementary actions, in accordance with that established in article 87 of Law 39/2015, of 1 October.

The period for resolving the proceedings will be suspended from the date of the agreement to carry out the supplementary actions until the actions referred to in the previous paragraph are complete.

3. Facts other than those determined in the draft resolution will not be considered in the resolution, except those resulting from the supplementary actions carried out, where appropriate, in accordance with the provisions of the previous section, and without prejudice to the different legal assessment that could take place with regard to that carried out in the draft resolution.

4. In any case, when the Chairperson of the Accounting and Auditing Institute considers that the violation or sanction is more serious than that determined in the draft resolution, this will be notified to the interested parties so that they can provide as many allegations as they deem relevant within a period of fifteen working days. It will be considered that this circumstance occurs:

a) When conducts considered punishable are considered otherwise in the preliminary investigation or draft resolution, regardless of whether the preliminary investigation has resolved the completion of the proceedings.

b) When the classification of a violation is changed from minor to serious or very serious, or from serious to very serious.

c) When it is considered that the violation to be imposed is of a different and more serious nature.

Article 123. *Grouping of files and groups of offenders.*

1. As many sanctioning proceedings will be initiated as there are audit works in which indications of a violation have been observed. However, when, in accordance with the provisions of article 57 of Law 39/2015, of 1 October, there is a substantial identity or close connection between the sanctioning proceedings, it may be agreed to group them together for their joint processing and resolution. In particular, they may be grouped together when there is an identity or connection in the reasons or circumstances that determine the observation of various violations.

2. As a result of a single proceeding, the sanctions imposed to audit firms and the auditor who signed the report on their behalf, who is jointly responsible, may be imposed in the same resolution when they derived from the same violation, in accordance with articles 70.1.b) and 76 of Law 22/2015, of 20 July.

Sanctions will also be imposed on various auditors or audit firms who have acted jointly when the sanctions derive from the same violation.

CHAPTER II
Summary procedure

Article 124. *Summary procedure.*

1. In the event that the circumstances set forth in article 69.5 of Law 22/2015, of 20 July, occur, the processing of the sanctioning proceedings may be agreed in a summarised form when dealing with the violations set forth in article 72.b), with regard to a breach of the maximum contracting duration required in articles 40.1, 72.f), 72.j), 72.k), 73.c), with regard to a breach of the provisions of articles 40.2, 73.d), 73.i), first type, 73.j), first and second types, 73.ll) and 74 of the aforementioned Law.

2. In these cases, the processing must comply with the following procedures:

a) The initiation agreement will expressly state that it is a summary procedure and the term to resolve and notify the resolution. In addition to the indications established in article 119, the competent body to issue the agreement will incorporate the draft resolution therein, with the content set forth in article 121, including the indication to the interested parties of the disclosure of the file, for which purpose a list of the documents therein will be attached so that they can obtain copies of those they deem relevant. These parties will be awarded a period of fifteen working days, counted from the day following notification of this initiation agreement, to draw up allegations and present the documents and information they deem relevant. The interested parties will be expressly advised that, if they do not draw up allegations or provide new documents or evidence, the resolution may be issued under the terms contained in the draft resolution incorporated into the initiation agreement.

b) Once the allegations period has elapsed and none have been drawn up by the interested parties, the examiner, stating this circumstance, will submit the file to the Chairperson of the Accounting and Auditing Institute, who may issue the resolution in accordance with the draft incorporated into the initiation agreement. For the purposes of the provisions of the previous paragraph, allegations will not be considered when the interested parties limit themselves to acknowledging their responsibility or expressing their agreement with the facts set forth in the initiation agreement, or, where appropriate, with the draft sanction.

c) In the event that allegations are drawn up by the interested parties, in which they express their disagreement with the draft resolution incorporated into the initiation agreement, the examiner may draw up a new draft resolution, choosing whether or not to reiterate that initially notified according to the provisions of letter a) of this section. In all cases, compliance with that stipulated in article 121 must be verified. The draft resolution that may be drawn up will be notified to the interested parties, agreeing the hearing proceedings, and awarding a period of fifteen working days to draw up allegations and present the documents they deem relevant. Upon completion of the hearing proceedings, the examiner will submit the corresponding draft resolution, along with all actions, to the Chairperson of the Accounting and Auditing Institute, who will issue the resolution.

d) Facts other than those determined in the course of the proceedings may not be accepted in the resolution, regardless of their different legal assessment. When the Chairperson of the Accounting and Auditing Institute considers that the violation or sanction is more serious than that determined in the draft resolution, this circumstance will be notified to the accused so that they can provide as many allegations as they deem convenient within a period of fifteen working days, and the processing of the sanctioning proceedings will continue as normal.

3. The competence to issue the initiation agreement into which the draft resolution is incorporated will correspond to the units that have performed verification activities or detected the facts causing the initiation, in accordance with the provisions of article 6 of Royal Decree 302/1989, of 17 March, approving the Bylaw and Organisational Structure of the Accounting and Auditing Institute.

4. The term for resolving and notifying the resolution in the sanctioning proceedings processed, in accordance with the provisions of this section, will be six months.

5. At any time in the proceedings prior to its resolution, the competent body to resolve may agree to continue processing the sanctioning proceedings as normal, and the term for resolving and notifying will then be one year, counted from the agreement to initiate the proceedings.

CHAPTER III
Breaches and sanctions.

Article 125. *Refusal or resistance to the control or disciplinary action and failure to send documentation or information.*

To classify the violations categorised in articles 72.c) and 73.k) of Law 22/2015, of 20 July, the following criteria will be applied:

1. Refusal or resistance to the exercising of the control or disciplinary powers, as well as failure to send the documentation or information required to exercise the attributed control and disciplinary powers over the audit activity, will be considered to be all actions or omissions of the responsible parties that tend to delay, hinder or unduly impede the exercising of these powers.

2. In any case, the following actions of the responsible parties will be considered as the refusal or resistance to the exercising of the control or disciplinary powers:

a) The non-appearance of the person required by the Accounting and Auditing Institute or by the staff appointed to carry out the control actions, in accordance with that established in Chapter I, Heading III, at the place and on the day and time that had been timely communicated to them for the initiation, development or termination of the actions, unless there is a duly justified sufficient cause.

b) Denying or unduly hindering the access or permanence of the staff appointed to carry out the control actions at the corporate address, premises or offices where the person or entity subject to control performs their activity or where the required documentation is located, as well as refusing to give the location of these places.

c) Those that pose threats or coercion to the staff appointed to carry out the control actions.

d) Those that, by action or omission, are aimed at repeatedly hindering the effectiveness of the notifications made by the Accounting and Auditing Institute in the exercise of its control or sanctioning powers.

3. In any case, the refusal to display or make available to the Institute any kind of books, records, documents or any information that is required of them, the failure to submit the documents or information requested, or the alteration or modification of those provided will be

considered as a failure to send the required documentation or information to the Accounting and Auditing Institute in the exercise of the powers attributed thereto.

Article 126. *Breach of the obligation to conduct an audit in certain cases.*

The violations classified in articles 72.h) and 73.a) of Law 22/2015, of 20 July will not be considered as committed when the circumstances set forth in article 5.2 of this Law occur and the actions set forth in article 0 are performed by the auditor.

Article 127. *Failure to issue or deliver the additional report to the Audit Committee in due time or issue it with substantially incorrect or incomplete content.*

For the purposes of that established in articles 72.i) and 73.ñ) of Law 22/2015, of 20 July, it will be understood in any case that the additional report for the Audit Committee has substantially incorrect or incomplete content when it does not include the result of the verifications and conclusions reflected in the work papers, or when the information contained therein is incorrect or incomplete in such a way that it cannot be understood, or it affects the proper fulfilment of the functions attributed to the Audit Committee.

Article 128. *Carrying out of audit works without being registered as a practising auditor in the Official Register of Auditors.*

1. The very serious violation classified in article 72.j) of Law 22/2015, of 20 July, will also be understood as committed from the moment the auditor accepts the appointment without being registered as practising in the *Official Register of Auditors*.

2. If the offender agrees to the status of practising prior to signing the audit report and the notification of the initiation of a control action, for the purposes of appraising the sanction to be applied, the mitigating circumstance of having proceeded to carry out actions on their own initiative aimed at correcting the violation or reducing its effects, established in article 80.1.g) of Law 22/2015, of 20 July, must be taken into consideration.

Article 129. *Breaches of auditing standards in relation to an audit report.*

The breach or collective breach of auditing standards that are declared proven in relation to an audit work is constituted as a single violation of those set forth in article 73.b) of Law 22/2015, of 20 July, provided that they are likely to have a significant effect on the result of their work and, consequently, on their report.

This violation will also be understood as committed when the provisions of article 29.1 of Law 22/2015, of 20 July, have been breached due to not having the necessary and appropriate resources to accept and carry out the audit work according to the size and complexity of this audit, in such a way that it could significantly affect the result of the work and, consequently, the report issued.

Article 130. *Breach of the obligation to send information to Accounting and Auditing Institute or the sending of substantially incorrect or incomplete information.*

For the purposes of article 73.d) of Law 22/2015, of 20 July, it will be understood that the information sent to the Accounting and Auditing Institute contains substantially incorrect or incomplete content, taking into account the public information available, when the incorrect or omitted information could alter the understanding of the data and situation of the auditor, which could in turn impede or hinder the proper exercising of the supervisory functions.

In particular, this circumstance will be understood to have occurred when it affects, under the terms set forth in the previous paragraph, at least some of the following aspects:

a) The amount of fees and hours invoiced derived from audit services and the amount of fees for services other than auditing, referred to in articles 24, 25 and 41 of Law 22/2015, of 20 July, with the breakdown that includes the resolution of the Accounting and Auditing Institute referred to in article 0.

b) The identification of each service provided.

c) The existence of the network to be declared and the identification of the entities that are part of it.

d) The updating of the address for notification purposes or of the single authorised e-mail address.

e) The total revenue of the auditor, as well as the total revenue of the network to which they belong.

Article 131. *Communications to supervisory authorities.*

1. The violation classified in article 73.f) of Law 22/2015, of 20 July, will always be understood as committed when three working days have elapsed since the auditor became aware of the mandatory information circumstances referred to in article 38 and seventh additional provision of Law 22/2015, of 20 July, and they have not communicated this to the corresponding supervisory bodies and, where appropriate, the auditors of the parent company. In any case, it will be understood as committed if this communication has not been made on the date of issuing the audit report.

2. It will be understood that the communication includes substantially incorrect or incomplete content when it affects the proper performance of the functions attributed to the respective supervisory authority.

3. Likewise, in any case, failure to send a copy of the audit report of the accounts to the competent supervisory authorities will be considered when three working days have elapsed since the end of the period referred to in the seventh additional provision of Law 22/2015, of 20 July.

Article 132. *Identification of the auditor in their works.*

The violation classified in article 73.g) of Law 22/2015, of 20 July, will be considered as committed when the report issued does not correspond to a work included in the types of audits referred to in article 4 of Law 22/2015, of 20 July, as long as its performance has not been attributed to an auditor by current regulations.

The simple mention to the status of auditor in any type of report that does not correspond to a work from those included in the types of audits referred to in aforementioned article 4 will not be considered constitutive of the violation, as long as its wording or presentation does cause confusion regarding the nature of the work.

In any case, it will be understood that there is no confusion regarding the nature of the work or report when the mention therein to the status of the auditor is exposed merely for informational purposes and it is expressly indicated that an audit work has not been carried out from among those included in the types of audits referred to in the aforementioned article.

It will be understood that confusion may be generated over the nature of the work or report when, due to its content, wording or presentation, it could be understood that an audit report on accounts regulated in articles 0 and 0 is being issued.

Article 133. *Breach of the improvement requirements.*

For the purposes of that established in article 73.i) of Law 22/2015, of 20 July, it will be understood that the improvement requirements within the term referred to in article 54.4 of the same law have not been substantially fulfilled when, among others, the measures for their fulfilment have not been maintained once implemented.

Article 134. *Substantially incorrect or incomplete information in the transparency report.*

For the purposes of that established in article 73.j) of Law 22/2015, of 20 July, it will be understood that the annual transparency report includes substantially incorrect or incomplete content when the incorrect or omitted information could alter or impede the adequate understanding or perception of the data and effective situation of the auditor contained in this report.

Particularly, it will be understood that this circumstance occurs when it affects, under the terms set forth in the previous paragraph, at least the description of the network, the internal quality control system, the list of audited public interest entities, the statement on practices regarding independence and the detail and breakdown of fees for audit and non-audit services.

Article 135. *Criteria for the appraisal of sanctions.*

1. The sanctions set forth in articles 75 and 76 of Law 22/2015, of 20 July, which are applicable to every offender, will be considered divided into three grades, from highest to lowest, entitled upper, middle and lower, respectively, in accordance with the following criteria:

a) When the sanction established to correct a certain violation may consist of the withdrawal of authorisation and definitive deregistration from the Official Register of Auditors, the suspension of authorisation and temporary deregistration from this Registry or the imposition of a fine, these three types of sanctioning measures will constitute, in principle, the upper, middle and lower grades, respectively, of the applicable sanction.

b) When the sanction established to correct a certain violation may consist of the withdrawal of authorisation and definitive deregistration from the Official Register of Auditors or the imposition of a fine, the first type of sanctioning measure will generally constitute the upper grade of the applicable sanction and the pecuniary sanction will be considered divided into two equal sections,

which will constitute, in principle and according to their amounts, the middle and lower grades, respectively, of the applicable sanction.

c) When the sanction established to correct a certain violation may consist of the suspension of authorisation and temporary deregistration from the Official Register of Auditors or the imposition of a fine, the first type of sanctioning measure will generally constitute the upper grade of the applicable sanction and the pecuniary sanction will be considered divided into two equal sections, which will constitute, in principle and according to their amounts, the middle and lower grades, respectively, of the applicable sanction.

d) When the sanction established to correct a certain violation is exclusively pecuniary, it will be considered divided into three equal sections, which will constitute, according to their amounts, the upper, middle and lower grades, respectively, of the applicable sanction.

2. The sanction imposed on every offender must be included in one of the three grades indicated in the previous section, taking into account the nature and importance of the violation committed and applying the other appropriate appraisal criteria set forth in article 80.1 of Law 22/2015, of 20 July.

3. Without prejudice to the provisions of other precepts of this regulation, the following criteria, among others, will be taken into account for the individual determination of the sanction:

a) The circumstance set forth in article 80.1.g) of Law 22/2015, of 20 July, will only be applied as a mitigating factor. This circumstance will apply in particular when the auditor, not having identified a threat in the audit work, identifies one afterwards and performs procedures to assess the significance, and adopts, where appropriate, adequate and sufficient safeguarding measures to eliminate or reduce this threat to an acceptably low level, and as long as the procedures, measures and conclusions are documented.

b) The circumstances set forth in article 80.1, letters a) to f) of Law 22/2015, of 20 July, may be applied as mitigating or aggravating circumstances depending on the specific case in which they must be applied.

The circumstance set forth in article 80.1.f) of Law 22/2015, of 20 July, will be seen as mitigating when there are no sanctions imposed on the offender that are entered into the Official Register of Auditors or that have been cancelled due to the expiration of the terms outlined in article 0.

The circumstance set forth in article 80.1.f) of Law 22/2015, of 20 July, will be seen as aggravating when there are sanctions imposed on the offender, for a different type of violation, that are entered into the Official Register of Auditors or that have not been cancelled due to the expiration of the terms outlined in article 138.

c) The exclusive occurrence of mitigating factors must give rise to the imposition of a sanction in the immediately lower grade to that initially applicable.

4. The criteria set forth in this article will be applied taking into account the circumstances that occur in the violations committed and in the persons responsible.

Article 136. *Additional sanction to a very serious sanction or serious consequence of an audit work on a certain entity.*

For the purposes of the provisions of article 78.1 of Law 22/2015, of 20 July, it will be understood that the prohibition on the key audit partner for the work covers the activity of auditing the annual accounts, as well as that of other financial statements or accounting documents, including the consolidated financial statements prepared by the audited entity.

Article 137. *Special rules.*

1. The person responsible for two or more violations will be imposed with all sanctions corresponding to these violations for their simultaneous application when appropriate due to their nature.

In the event that the simultaneous application of the sanctions imposed is not possible due to their nature and effects, they will be applied successively starting with the most serious, and within the limitation period of sanctions referred to in article 86 of Law 22/2015, of 20 July.

In any case, the sanctions set forth in articles 75 to 77 of Law 22/2015, of 20 July, and the additional sanctions referred to in article 78 of the same legal text, are considered to be of simultaneous application.

2. Notwithstanding the provisions of the previous section, the breaches of the duty of independence and of that established in article 15 of Law 22/2015, of 20 July, regarding the same audited entity, will be sanctioned as a continuous violation, classified, respectively, as a very serious or serious violation in articles 72.b) and 73.c) of Law 22/2015, of 20 July, and as a serious violation in article 73.h) of the same legal text, when it refers to the issuance of two or more audit reports of annual accounts, financial statements or accounting documents drawn up by this entity and by entities related thereto, corresponding to as many successive financial years, as long as these violations result from the same and only occasion, situation or service or from a preconceived plan. In this case, the applicable sanction must be imposed in its upper half.

3. In the event that a single fact constitutes two or more violations or when a violation is a necessary means to commit another, the sanction established for the most serious violation will be applied in its upper half, but it cannot exceed the sanction resulting from the sum of those that would apply if the different violations were sanctioned separately. When the calculated sanction exceeds this limit, the sanction will be the sum of those that would be established if the breaches were imposed separately.

4. For the purposes of assessing a single fact, the implementing acts that are constitutive of the breaches of auditing standards corresponding to the violations committed must be identical.

5. For the purposes of the provisions of article 70.2 of Law 22/2015, of 20 July, it will be understood that, in any case, there is a reasonably justified legal or technical discrepancy when the auditor has adjusted their performance to the criteria stated or published by the Accounting and Auditing Institute in the resolutions and answers to queries referring to circumstances that are equal or similar to those set forth in the technical auditing standards with respect to which the discrepancy arises.

Article 138. *Publicising of the sanction and its term.*

1. The publicising of the entries of sanctions into the Official Register of Auditors referred to in article 82 of Law 22/2015, of 20 July, except for the revocation of authorisation and definitive

deregistration from it, will have a duration of 7, 6 and 5 years, depending on whether the sanctions are imposed for the commission of very serious, serious or minor violations, respectively. These terms are calculated from the moment it is published.

This will also apply to entries into the Commercial Registry of the additional sanctions set forth in article 78 of Law 22/2015, of 20 July, as referred to in article 82.3 of this Law.

2. Once the terms referred to in the previous section have elapsed, the entry of the sanctions into the Official Register of Auditors and their publication, including those made in the Commercial Registry, as referred to in article 82.3 of Law 22/2015, of 20 July, will be cancelled ex officio, without prejudice to the account auditor's right to request their cancellation.

HEADING V
On public law corporations representing auditors

Article 139. *Public law corporations representing auditors.*

Public law corporations representing auditors are considered to be state entities formed by the auditors who meet each and every one of the following requirements:

a) That auditing appears in their Bylaws as the only or one of the activities of their members.

b) That at least 10% of the auditors registered in the Official Register of Auditors belong to the corporation.

c) That at least 15% of the auditors registered in the Official Register of Auditors, in the situation established in article 0.a), are members of the corporation.

Article 140. *Functions.*

The public law corporations representing auditors are responsible for developing the following functions:

a) To prepare, adapt and review the technical auditing, ethical and internal quality control standards, at their own initiative or at the request of the Accounting and Auditing Institute.

b) To jointly propose and carry out the professional aptitude tests referred to in article 0, and in accordance with the provisions of article 0.

c) To organise and, where appropriate, teach theoretical educational programmes once they are approved by the Accounting and Auditing Institute.

d) To organise and, where appropriate, teach continued training activities, which must be taken by the auditors, as well as make the checks and communications related to these activities.

e) To promote the collaboration of their members in the practical training required for the aptitude test, monitoring its proper compliance, in accordance with the provisions of article 0, and approving the certificates issued by their members when this is required in the regulatory provisions.

f) To draw up the ethical standards and codes of conduct that their members must follow.

g) To verify the observance of the internal action practices and procedures of their members when carrying out the audit activity, if their non-observance entails disciplinary measures in their respective Bylaws.

h) To propose, to the Accounting and Auditing Institute, the initiation of the sanctioning proceedings, where appropriate, and communicate any issues or matters detected when exercising their functions that may be a breach of the regulations governing the audit activity.

i) To collaborate with the Accounting and Auditing Institute in all matters related to the audit activity. In particular, under the terms set forth in article 55 of Law 22/2015, of 20 July, and under the supervision and management of the Accounting and Auditing Institute, they may inspect the auditors who do not audit public interest entities when agreed by this Institute, as long as the persons directly responsible for an inspection of an auditor, in addition to that established in article 55.2 of Law 22/2015, of 20 July, have not collaborated in the implementation and design of the internal quality control system of those same auditors during the three years immediately prior to performing the inspection.

j) Any other functions set forth in their Bylaws whose purpose is to improve compliance with the provisions of Law 22/2015, of 20 July, and in this regulation.

Article 141. *Access to documentation and verification actions by public law corporations representing auditors.*

For the purposes of the provisions of letters g) and i) of the previous article, the public law corporations representing auditors will be responsible for establishing the procedures and measures necessary to ensure that only the natural or legal persons who are not registered in the Official Register of Auditors as practising, and who meet the requirements set forth in article 55.2, letter b), of Law 22/2015, of 20 July, regarding auditors, can participate in and access the documentation of the audit works of accounts subject to these actions. Those who access this information will be subject to the duty of secrecy regulated in article 31 of this Law, as well as the provisions of the personal data protection regulations, not being able to use this information for any other purpose even when their situation changes in the aforementioned Register or their relationship has ceased with the aforementioned corporations. The corporations will ensure compliance with the provisions of this article in all cases and at all times.

First additional provision. *Audit of the annual accounts of entities due to their size.*

In development of the first additional provision, article 1.f), of Law 22/2015, of 20 July, the entities, whatever their legal nature and provided that they must draw up annual accounts in accordance with the applicable regulatory financial information framework, will be obligated to submit to audit the annual accounts for the financial years in which the conditions set forth in article 263.2 of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July, occur.

Second additional provision. *Audit of the annual accounts of entities receiving subsidies or aid from the budgets of Public Administrations or funds from the European Union.*

1. In development of the provisions of the first additional provision, section 1.e), of Law 22/2015, of 20 July, the entities, whatever their legal nature and provided that they must draw up annual accounts in accordance with the applicable regulatory financial information framework, that during a financial year had received subsidies or aid from the budgets of the Public Administrations or European Union funds, for a total cumulative amount greater than €600,000, will be obligated to submit to audit the annual accounts corresponding to this financial year and the financial years in which the operations or investments corresponding to the aforementioned subsidies or aid are carried out.

2. For the purposes of this provision, the subsidies or aid will be considered as received at the time when they must be recorded in the firm or entity's accounting books, in accordance with that established in this regard in the applicable accounting regulations.

3. For the purposes of this provision, subsidies or aid will be considered as those considered as such in article 2 of General Law 38/2003, of 17 November, on Subsidies.

Third additional provision. *Audit of the annual accounts of entities that contract with the public sector.*

1. In development of the provisions of the first additional provision, section 1.e), of Law 22/2015, of 20 July, the entities, whatever their legal nature and provided that they must draw up annual accounts in accordance with the applicable regulatory financial information framework, that during a financial year had entered into, with the Public Sector, the contracts set forth in article 2 of Law 9/2017, of 8 November, on Public Sector Contracts, by which Directives 2014/23/EU and 2014/24/EU, of the European Parliament and of the Council, dated 26 February 2014, are transposed to the Spanish legal system, for a total cumulative amount greater than €600,000, and this represents over 50% of their annual turnover, will be obligated to submit to audit the annual accounts corresponding to this financial year and those of the following year.

2. For the purposes of this provision, the actions referred to in the previous section will be considered as fulfilled at the time when the corresponding right to payment must be recorded in the entity's accounting books, in accordance with the provisions in this regard of the applicable regulatory financial information framework.

Fourth additional provision. *Appointment of auditors in entities subject to the obligation to audit their annual accounts, due to the circumstances set forth in the first, second and third additional provisions of this Regulation.*

The appointment of auditors in entities subject to the obligation to audit their annual accounts, due to the circumstances set forth in the first, second and third additional provisions of this Regulation will be made, in any case, before the end of the financial year to be audited.

Fifth additional provision. *Coordination mechanisms with public bodies or institutions with control or inspection powers.*

1. In development of the provisions of the seventh additional provision of Law 22/2015, of 20 July, and without prejudice to that established in other legal provisions, a new mechanism is established in the coordination systems or procedures between the Public Bodies or Institutions that have legally attributed powers or control over companies and entities that submit their annual accounts for audit, and the accounts auditors of these companies and entities. This mechanism

is the power to require the aforementioned companies and entities to, upon request to their auditors, a circumstance that must be listed in the annual accounts audit contract, send a report that is supplementary to that of the auditing of annual accounts, which contributes to the better performance of the aforementioned supervisory and control powers. For these purposes, auditors must prepare this report that is supplementary to the audit activity, which will be developed within the scope of this audit and whose preparation will be subject in each case to the corresponding technical auditing standard.

2. The obligation of the auditors of entities other than those of public interest will be subject to the supervisory regime to promptly notify, in writing, the Bank of Spain, National Securities Market Commission and the Directorate General for Insurance and Pensions Funds, as well as autonomous bodies with management and supervisory powers of insurance companies, as appropriate, of any relevant fact or decision over the audited entity or institution, as referred to in the second paragraph of the seventh additional provision of Law 22/2015, of 20 July. This communication must be made within a maximum period of three working days from when they become aware of the respective circumstances that may give rise to the situations set forth in the aforementioned article, and regardless of whether or not the aforementioned circumstances effectively cause the situations that will be reflected in the audit report.

3. Moreover, the obligation of the auditors, as referred to in the third paragraph of the seventh additional provision of Law 22/2015, of 20 July, to send a copy of the audit report on the annual accounts to the supervisory authorities mentioned in the previous section, in the event that one week has elapsed since the delivery date of this audit report to the audited entity by the auditor but the corresponding delivery has not been made to the aforementioned authorities, must be met within a maximum period of three working days.

4. The data, reports, background information and other information obtained by the Public Bodies and Institutions pursuant to the provisions of this additional provision may only be used for the control and supervisory purposes entrusted to these Institutions. The information that the Public Bodies and Institutions must provide to the auditors of the companies and entities subject to their supervision and control, in order to comply with their duties, will be exempt from the duty of secrecy to which, where appropriate, these Bodies and Institutions are subject, in accordance with their respective legal regulations.

Sixth additional provision. *Formulation of queries.*

1. The persons with competence to draw up annual accounts or verify them may make duly documented queries to the Accounting and Auditing Institute regarding the application of the standards contained in the applicable regulatory financial information framework and the regulations governing the audit activity, within the scope of competences of this Institute.

2. The query must include all necessary background information and circumstances so that the Accounting and Auditing Institute can form due judgement. Otherwise, this Institute may reject the queries made.

3. The response will merely be classed as information and interested parties cannot file any appeal against it.

4. The competence to resolve queries will be given to the Chairperson of the Accounting and Auditing Institute who, due to the relevance and interest of the issues raised in a certain query, may submit it to the consideration of the Audit Committee or Accounting Council, in the framework of their respective competences.

5. Queries may be published in the Official Gazette of the Institute or on its website, as long as they are considered to be of general interest.

The publication of these queries will in any case be subject to the personal data protection regulations, and will also not contain, under any circumstance, data referring to the subjects affected by the query.

Seventh additional provision. *Official Gazette of the Accounting and Auditing Institute.*

1. The Accounting and Auditing Institute is responsible for editing, publishing and distributing the official gazette of the organisation, holding the technical, economic and administrative functions in this regard.

2. This gazette will contain:

a) All data whose publication therein is required by Law 22/2015, of 20 July, this regulation or any other provision.

b) Information regarding the Official Register of Auditors.

c) Any information considered to be of interest by the Institute, due to its relationship with accounting and the auditing activity, included among which will be the provisions relating to these matters.

3. The publication of the gazette will have a quarterly frequency, as minimum, and will be made at least electronically via the formats that facilitate the best access to its content and, in any case, with the provisions and guarantees regarding transparency, reuse of information and security required in the applicable legislation on public sector information.

Eighth additional provision. *Audit Committee of public interest entities*.

In accordance with section 3.c) of the third additional provision of Law 22/2015, of 20 July, the undertaking of collective investment and pension funds mentioned in articles 8.1.b) and c) of this regulation will not be obligated to have an Audit Committee.

Ninth additional provision. *Limiting clauses in the selection of the auditor.*

When the events referred to in article 22.4 of Law 22/2015, of 20 July, and in article 16.6 of Regulation 537/2014/EU, of 16 April 2014, occur, the Accounting and Auditing Institute will notify the National Securities Market Commission in accordance with the provisions of section 2 of the fourth additional provision of Law 22/2015, of 20 July.

Tenth additional provision. *Collaboration with the General Directorate of Legal Certainty and Public Faith.*

In accordance with the provisions of article 3.1.k) of Law 40/2015, of 1 October, the Accounting and Auditing Institute and the General Directorate of Legal Certainty and Public Faith will establish the collaboration procedures and mechanisms for the purposes of the effective

application of the provisions of the regulations governing the audit activity, and of the commercial regulations applicable to the appointment of the auditor and setting of their fees.

For these purposes, with regard to that established in section 2 of the ninth additional provision of Law 22/2015, of 20 July, the necessary mechanisms will be established to access and exchange appropriate information that allow the Commercial Registry to verify that, prior to registering the auditor's appointment, they are registered in the Official Register of Auditors as practising and are not affected by any circumstance that prevents them from carrying out the audit work in accordance with the provisions of the regulations governing this activity. They will also verify the exchange of information corresponding to the Commercial Registries, Property Registries or other information, which may be necessary for exercising the supervisory function applied by the Accounting and Auditing Institute.

For the purposes of accrediting the beneficial owner of the entities subject to audit, or other checks necessary for the supervision, and as long as the Single Registry of Beneficial Ownerships of the Ministry of Justice has not been created, the General Directorate of Legal Certainty and Public Faith will give the necessary instructions to ensure access to the Registry of Beneficial Ownerships of the Association of Property and Commercial Registrars of Spain and to the Beneficial Ownerships Database of the General Council of Spanish Notaries.

The management and proposed decision over the sanctioning proceedings due to a breach of the duty to file accounts may be entrusted to the competent Commercial Registrars by reason of the obligor's address. The fees to be received as a settlement reward from being entrusted to manage the sanction due to a failure to file accounts will be those established in the assignment agreed between the Accounting and Auditing Institute and the General Directorate of Legal Certainty and Public Faith following a financial report prepared by the Association of Property and Commercial Registrars of Spain.

Eleventh additional provision. *Sanctioning proceedings due to a breach of the obligation to file accounts.*

1. The total term for resolving and notifying the resolution in the sanctioning proceedings regulated in article 283 of the consolidated text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July, will be six months counted from the adoption by the Chairperson of the Accounting and Auditing Institute of the initiation agreement, without prejudice to the suspension of the term and the possible extension of this total term and the partial terms established for the different processes of the proceedings, as set forth in articles 22, 23 and 32 of Law 39/2015, of 1 October.

2. The criteria for determining the sanction amount, in accordance with the limits established in article 283 of the consolidated text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July, will be as follows:

a) The sanction will be 0.5 per thousand of the total amount of asset items, plus 0.5 per thousand of the entity's turnover included in the last tax return submitted to the Tax Administration, the original of which must be provided in the processing of the proceedings.

b) If the tax return cited in the previous letter is not provided, the sanction will be established at 2% of the share capital according to the data in the Commercial Registry.

c) If the tax return is provided, and the result of applying the aforementioned percentages to the sum of the assets and sales items is greater than the 2% of the share capital, the sanction will be quantified at the latter figure and reduced by 10%.

First transitory provision. *Theoretical educational programmes.*

For the purposes of considering fulfilled the requirement related to the monitoring of the theoretical educational programmes, referred to in article 0, the theoretical educational programmes approved by the Accounting and Auditing Institute will be accepted in accordance with the previous regulations, without prejudice to the obligation of the persons who have carried them out to update the knowledge acquired.

When substantial changes occur in training matters, the Accounting and Auditing Institute may establish, by resolution, the obligation to take additional training on these matters, establishing the conditions for approving the programmes that teach this training.

Second transitory provision. *Practical training.*

Practical training acquired prior to 1 January 2015 may be accredited in accordance with the provisions of article 25.3 of repealed Royal Decree 1636/1990, of 20 December, approving the implementing regulation of Organic Law 19/1988, of 12 July.

Practical training acquired between 1 January 2015 and the entry into force of the Royal Decree approving this regulation may be accredited in accordance with the provisions of Royal Decree 1517/2011, of 31 October, approving the implementing regulation in the consolidated text of the Accounts Auditing Law, approved by Royal Legislative Decree 1/2011, of 1 July.

Third transitory provision. *Sending of information to the Accounting and Auditing Institute.*

The provisions of article 0, regarding the application and deregistration forms in the different sections and situations of the Official Register of Auditors, and the new information requirements in article 89, will be enforceable when the resolutions that establish the forms referred to in articles 20 and 89 are issued and within the periods determined therein. Until then, the standards on registration and deregistration in the different sections of the aforementioned Register will continue to apply, as will the standards on the submission of forms for sending regular information to the Accounting and Auditing Institute, which are in force on the date of entry into force of the Royal Decree approving this regulation.

Fourth transitory provision. *Sanctioning proceedings.*

The administrative sanctioning proceedings regulated in this regulation that begin prior to the date of entry into force of the Royal Decree through which this regulation is approved, will continue to be governed by the standards contained in the previous regime, without prejudice to the provisions of article 26 of Law 40/2015, of 1 October.

Fifth transitory provision. *Bankruptcy administrators.*

Until the regulatory development of article 27 of Law 22/2003, of 9 July, on Bankruptcy, enters into force, the Accounting and Auditing Institute will send, to Administrative Office of the Courts, the lists of natural persons registered as practising and legal entities registered in the Official Register of Auditors who have expressed their availability to be appointed as bankruptcy administrators.

Sixth transitory provision. *Types of audits, independence and audits of public interest entities.*

That established in Chapter I of Heading I and in Chapters II and VI of Heading II of this regulation, amending the previous regime upon approval of this regulation, will be applicable to the audit works of annual accounts and other financial statements or accounting documents corresponding to financial years that close after the entry into force of the Royal Decree that approves this regulation.

First final provision. *Appointment of the auditor by the Commercial Registrar.*

Without prejudice to that established in other legal provisions, if the auditor is appointed by the Commercial Registrar in the cases set forth by law, the auditor will have a period of ten working days, counted from the date of notification of the appointment, to appear before the Registrar and accept or reject the appointment.

Once the term referred to in the previous paragraph has elapsed without the appointed auditor having appeared, or if they have rejected the appointment or its notification, the Commercial Registrar will proceed to a new appointment and the previous one will expire. If the Commercial Registrar successively appoints three auditors and none of them appear or they reject the appointment or notification, the Registrar will proceed to close the file unless there is a duly accredited just cause. The closure of the file will not prevent the production of the legally foreseen effects for the case of mandatory audits.

Second final provision. *Amendment of the internal quality control standards.*

Within a maximum period of three months from the entry into force of these regulations, the internal quality control standards of auditors will be adapted to the provisions of article 28 of Law 22/2015, of 20 July, and article 67 of this regulation, at the initiative of the public law corporations representing auditors. These standards will aim to promote the highest quality, and for this they may establish specific requirements for compliance with the objectives and principles of the quality control system established by the aforementioned articles, in accordance with the principles and practice commonly accepted in the European Union.

Third final provision. *Public law corporations representing auditors.*

As long as they meet the requirements established in article 0, at least the following will be considered representatives for the purposes of the provisions of the regulations governing the auditing of accounts:

a) General Council of Economists of Spain – Registry of Economists and Auditors.

b) Spanish Institute of Certified Public Accountants.