
STATUTORY INSTRUMENTS

2025 No. 439

RETAINED EU LAW REFORM
COMPANIES
AUDITORS

The Companies (Directors' Remuneration and Audit) (Amendment) Regulations 2025

<i>Sift requirements satisfied</i>	<i>18th March 2025</i>
<i>Made</i> - - - -	<i>31st March 2025</i>
<i>Laid before Parliament</i>	<i>3rd April 2025</i>
<i>Coming into force</i> - -	<i>11th May 2025</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 421(1), 468(1) and (2), 1241(2)(c) and 1246 of the Companies Act 2006(a) and section 14(1) and (2) of the Retained EU Law (Revocation and Reform) Act 2023 (“the 2023 Act”)(b).

The Secretary of State is a relevant national authority for the purposes of section 14(1) and (2) of the 2023 Act(c).

The requirements of paragraph 6(2) of Schedule 5 to the 2023 Act (relating to the appropriate Parliamentary procedure for these Regulations) have been satisfied.

PART 1
Introductory

Citation and commencement

- 1.—(1) These Regulations may be cited as the Companies (Directors' Remuneration and Audit) (Amendment) Regulations 2025.
- (2) These Regulations come into force 40 days after the day on which they are made.

(a) 2006 c. 46.

(b) 2023 c. 28.

(c) The term “relevant national authority” is defined in section 21(1) of the Retained EU Law (Revocation and Reform) Act 2023.

Extent and application

2.—(1) These Regulations extend to the United Kingdom.

(2) The amendments made by regulation 4(1) apply in relation to a financial year of a company beginning on or after the day these Regulations come into force.

(3) The amendments made by regulations 5, 6(1), 6(4), 6(5), 7(1), 7(2), 7(4), 8, 9, 10, 12(2), 12(3)(a) to (h) and 12(3)(m) apply in relation to accounts and reports for a financial year of a company beginning on or after the day these Regulations come into force.

PART 2

Directors' remuneration report and directors' remuneration policy

Chapter 1

Amendments to the Companies Act 2006

Amendments to the Companies Act 2006

3. The Companies Act 2006 is amended in accordance with regulations 4 to 11.

Part 10

4.—(1) In section 215 (payments for loss of office)(a)—

- (a) in subsection (5) omit “or unquoted traded company”;
- (b) omit subsection (6).

(2) In the heading to Chapter 4A of Part 10(b) omit “and traded companies”.

(3) In section 226A (key definitions)(c)—

- (a) in subsection (1)—
 - (i) in the definition of “directors' remuneration policy”, omit “, or of an unquoted traded company,”;
 - (ii) omit the definition of “unquoted traded company”;
- (b) in subsection (2), omit “or unquoted traded company”;
- (c) in subsection (10), omit paragraph (b) and the “or” before it.

(4) In section 226B (remuneration payments), in subsection (1)(d)—

- (a) omit “or unquoted traded company”;
- (b) for paragraph (b) substitute—

“(b) the payment is approved by resolution of the members of the company.”.

(5) In section 226C (loss of office payments), in subsection (1)(e)—

- (a) omit “or of an unquoted traded company”;

(a) Subsection (5) was inserted by section 81(4) of the Enterprise and Regulatory Reform Act 2013 (c. 24) and amended by S.I. 2019/970; subsection (6) was inserted by S.I. 2019/970.

(b) Chapter 4A was inserted by section 80 of the Enterprise and Regulatory Reform Act 2013 and the heading was amended by S.I. 2019/970.

(c) Section 226A was inserted by section 80 of the Enterprise and Regulatory Reform Act 2013; subsections (1) and (2) were amended, and subsection (10) was inserted, by S.I. 2019/970.

(d) Section 226B was inserted by section 80 of the Enterprise and Regulatory Reform Act 2013; subsection (1) was amended by S.I. 2019/970.

(e) Section 226C was inserted by section 80 of the Enterprise and Regulatory Reform Act 2013; subsection (1) was amended by S.I. 2019/970.

(b) for paragraph (b) substitute—

“(b) the payment is approved by resolution of the members of the company.”.

(6) In section 226D (sections 226B and 226C: supplementary)(a)—

(a) in subsection (1)—

(i) for “an amendment” substitute “a payment”;

(ii) omit “to which the amendment relates”;

(b) for subsection (2) substitute—

“(2) The memorandum must explain the ways in which the payment is inconsistent with the approved directors’ remuneration policy (within the meaning of the section in question).”;

(c) In subsection (4), for “the amendment” substitute “a payment”;

(d) in subsection (6)—

(i) in the opening words, omit “or of an unquoted traded company”;

(ii) in paragraph (a), omit “or (as the case may be) an unquoted traded company”.

(7) In section 226E (payments made without approval: civil consequences)(b)—

(a) in subsection (3), omit “or of an unquoted traded company”;

(b) in subsection (4), omit “or of an unquoted traded company”.

Chapter 6 of Part 15

5.—(1) In the heading to Chapter 6 of Part 15 (quoted companies and traded companies: directors’ remuneration report)(c), omit “and traded companies”.

(2) In section 420 (duty to prepare directors’ remuneration report), in subsection (1)(d) omit “, or of a traded company (as defined by section 360C) that is not a quoted company.”.

Chapter 7 of Part 15

6.—(1) In section 426A (supplementary material)(e), in subsection (2)(e), omit “or of a traded company (as defined by section 360C) that is not a quoted company”.

(2) In the italic heading before section 430(f), omit “and traded companies”.

(3) In section 430 (quoted companies and traded companies: annual accounts and reports to be made available on website)(g)—

(a) in the heading, omit “and traded companies”;

(b) in subsection (1)—

(i) omit “or unquoted traded company”;

(ii) in paragraph (b), omit “subject to subsection (4ZA),”;

(c) in subsection (2A)—

(a) Section 226D was inserted by section 80 of the Enterprise and Regulatory Reform Act 2013 (c. 24); subsections (1), (2), (4) and (6) were amended by S.I. 2019/970.

(b) Section 226E was inserted by section 80 of the Enterprise and Regulatory Reform Act 2013 (c. 24); subsections (3) and (4) were amended by S.I. 2019/970.

(c) The heading to Chapter 6 of Part 15 was amended by S.I. 2019/970.

(d) Section 420(1) was amended by S.I. 2019/970.

(e) Section 426A was inserted by S.I. 2013/1970 and subsection (2)(e) was amended by S.I. 2019/970.

(f) The heading was amended by S.I. 2019/970.

(g) Section 430 was amended by section 81 of the Enterprise and Regulatory Reform Act 2013 (c. 24). The heading, subsections (1), (2A), (2B), (3), (4)(b), (4A) and (5) were amended, and subsections (2C), (4ZA) and (8) were inserted, by S.I. 2019/970.

- (i) omit “or unquoted traded company”;
- (ii) omit “or amended as mentioned in section 226B(1)(b) or section 226C(1)(b),”;
- (iii) omit “or amended” (the second time it appears);
- (d) in subsection (2B), omit “or of an unquoted traded company”;
- (e) omit subsection (2C);
- (f) in subsection (3), for “(2C)” substitute “(2B)”;
- (g) in subsection (4)(b), omit “subject to subsection (4ZA),”;
- (h) omit subsection (4ZA);
- (i) in subsection (4A)—
 - (i) at the end of paragraph (a) insert “and”;
 - (ii) omit sub-paragraph (c) and the “and” before it;
- (j) in subsection (5), omit “(4ZA) or”;
- (k) omit subsection (8).

(4) In section 431 (right of member or debenture holder to copies of accounts and reports: unquoted companies), in subsection (1)(a)—

- (a) after paragraph (b), insert “and”;
- (b) omit paragraph (ba) and the “and” after it;
- (c) in paragraph (c), omit “and on the directors’ remuneration report”.

(5) In section 433 (name of signatory to be stated in published copies of accounts and reports)(b)—

- (a) in subsection (2), omit “that is not a traded company”;
- (b) in subsection (3), omit “or of a traded company (as defined by section 360C) that is not a quoted company”.

Chapter 9 of Part 15

7.—(1) In the heading to Chapter 9 of Part 15 (quoted companies and traded companies: members’ approval of directors’ remuneration report)(c), omit “and traded companies”.

(2) In section 439 (quoted companies and traded companies: members’ approval of directors’ remuneration report)(d)—

- (a) in the heading, omit “and traded companies”;
- (b) in subsection (1), for “company to which this section applies” substitute “quoted company”;
- (c) omit subsection (1A).

(3) In section 439A (quoted companies and traded companies: members’ approval of directors’ remuneration policy)(e)—

- (a) in the heading, omit “and traded companies”;
- (b) in subsection (1)—

- (a) Section 431(1) was amended by S.I. 2013/1970 and 2019/970.
- (b) Sections 433(2) and (3) were amended by S.I. 2013/1970 and 2019/970.
- (c) The heading was amended by S.I. 2019/970.
- (d) Subsection (1) was amended by section 79(3) of the Enterprise and Regulatory Reform Act 2013; the heading, subsection (1) and subsection (1A) were amended by S.I. 2019/970.
- (e) Section 439A was inserted by section 79(4) of the Enterprise and Regulatory Reform Act 2013; the heading, subsections (1), (2), (3), (4) and (8) were amended, and subsection (2A) was inserted, by S.I. 2019/970.

- (i) in the opening words, omit “or unquoted traded company”;
- (ii) in paragraph (a), omit “or (as the case may be) an unquoted traded company”;
- (c) in subsections (2), (2A) and (3), omit “or unquoted traded company”;
- (d) in subsection (8), omit paragraph (c).

(4) In section 440 (quoted companies and traded companies: offences in connection with procedure for approval)(a), in the heading omit “and traded companies”.

Chapter 10 of Part 15

8. In section 446 (filing obligations of unquoted companies)(b)—

- (a) in subsection (1)—
 - (i) after paragraph (b), insert “and”;
 - (ii) omit paragraph (ba) and the “and” after it;
- (b) in subsections (2) and (3), omit “, any directors’ remuneration report”.

Chapter 12 of Part 15

9. In section 471 (meaning of “annual accounts” and related expressions)(c), in subsection (2), omit paragraph (ab).

Part 16

10.—(1) In section 497 (auditor’s report on auditable part of directors’ remuneration report)(d)—

- (a) in subsection (1), omit “or unquoted traded company”;
- (b) omit subsection (3).

(2) In section 498 (duties of auditor)(e)—

- (a) in subsections (1)(c) and (2)(c), omit “or unquoted traded company”;
- (b) omit subsection (7).

Schedule 8

11. In Schedule 8 (index of defined expressions)(f), omit the entry for “unquoted traded company (in Chapter 4A of Part 10)”.

Chapter 2

Amendments to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

12.—(1) The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008(g) are amended as follows.

(2) In regulation 11 (directors’ remuneration report (quoted companies and traded companies))(h)—

- (a) The heading to section 440 was amended by S.I. 2019/970.
- (b) Subsections (1) and (2) were amended by S.I. 2009/1581, 2013/1970 and 2019/970; subsection (3) was amended by S.I. 2013/1970 and 2019/970.
- (c) Paragraph (ab) was inserted by S.I. 2019/970.
- (d) Subsection (1) was amended, and subsection (3) was inserted, by S.I. 2019/970.
- (e) Subsections (1)(c) and (2)(c) were amended, and subsection (7) was inserted, by S.I. 2019/970.
- (f) The entry for “unquoted traded company (In Chapter 4A of Part 10)” was inserted by S.I. 2019/970.
- (g) S.I. 2008/410.
- (h) The heading and paragraph (1) were amended by S.I. 2019/970.

- (a) in the heading, omit “and traded companies”;
- (b) in paragraph (1), omit “or unquoted traded company”.

(3) In Schedule 8 (quoted companies and traded companies: director’s remuneration report)(a)—

- (a) in the heading(b), omit “and traded companies”;
- (b) in paragraph 2(c)—
 - (i) omit sub-paragraph (2A);
 - (ii) in sub-paragraph (8), paragraph (a), omit “or, where such a function exists in the company, the company’s deputy chief executive officer (however described)”;
- (c) in paragraph 5(1)(d), omit the columns of the table headed “Total Fixed Remuneration” and “Total Variable Remuneration”;
- (d) omit paragraphs 7(1)(g) and (h)(e);
- (e) in paragraph 14(1)(b)(v)(f), omit “and any change in the exercise price or date”;
- (f) in paragraph 18(1)(a)(i)(g), omit “or “unquoted traded company””;
- (g) omit paragraph 19(h);
- (h) in paragraph 21(3)(i), omit “and any deviations from the procedure for the implementation of the remuneration policy set out in the policy”;
- (i) in paragraph 24, omit sub-paragraph (1A)(j);
- (j) in paragraph 26(k)—
 - (i) in sub-paragraph (b), omit “and information on any deferral periods”;
 - (ii) omit sub-paragraph (ba);
- (k) omit paragraph 30A(l);
- (l) in paragraph 42(m), omit “, and a description and explanation of all significant revisions”;
- (m) in paragraph 44(1)(n), omit the definition of “unquoted traded company”.

PART 3

Audit

Amendments to the Statutory Auditors and Third Country Auditors Regulations 2013

13.—(1) The Statutory Auditors and Third Country Auditors Regulations 2013(o) are amended as follows.

- (2) In regulation 12(2)(c) omit “or,”;
- (3) In regulation 12(2)(d) for “.” substitute “or,”;

- (a) Schedule 8 was substituted by S.I. 2013/1981.
- (b) The heading was amended by S.I. 2019/970.
- (c) Sub-paragraph (2A) was inserted, and sub-paragraph (8) was amended, by S.I. 2019/970.
- (d) Sub-paragraph (1) was amended by S.I. 2019/970.
- (e) Paragraphs (g) and (h) were inserted by S.I. 2019/970.
- (f) Paragraph (b) was amended by S.I. 2019/970.
- (g) Paragraph (a) was amended by S.I. 2019/970.
- (h) Paragraph 19 was amended by S.I. 2019/970.
- (i) Sub-paragraph (3) was amended by S.I. 2019/970.
- (j) Sub-paragraph (1A) was inserted by S.I. 2019/970.
- (k) Sub-paragraph (b) was amended, and sub-paragraph (ba) was inserted, by S.I. 2019/970.
- (l) Paragraph 30A was inserted by S.I. 2019/970.
- (m) Paragraph 42 was amended by S.I. 2019/970.
- (n) The definition of “unquoted traded company” was inserted by S.I. 2019/970.
- (o) S.I. 2013/1672.

- (4) In regulation 12(2) after paragraph (d) insert—
 - “(e) section 1251 of the Act (fees).”;
- (5) In regulation 12(3)(b)(ii) for “.” substitute “or.”;
- (6) In regulation 12 after paragraph (3)(b)(ii) insert—
 - “(c) the registered third country auditor has notified the designated body, in writing, that it no longer seeks to be included on the register.”.

Amendments to the Statutory Auditors and Third Country Auditors Regulations 2016

14.—(1) The Statutory Auditors and Third Country Auditors Regulations 2016(a) are amended as follows.

- (2) In regulation 2 insert the following definition in the appropriate place—
 - ““audit committee” has the same meaning as in Chapter 2 of Part 16 of the Act.”.
- (3) In regulation 11(2)—
 - (a) at paragraph (a) omit “which”;
 - (b) at sub-paragraph (a)(i)—
 - (i) for “is” substitute “which is”;
 - (ii) for “in an equivalent third country, or” substitute “or formed under the law of an equivalent third country or a transitional third country”;
 - (c) after sub-paragraph (a)(i) insert—
 - “(ia) where the performance of any third country audit functions in respect of the audited entity is subject to the systems of public oversight, quality assurance and investigations and sanctions of the third country competent authority in that equivalent third country or transitional third country; and”;
 - (d) omit sub-paragraph (a)(ii);
 - (e) at paragraph (b) after “by a” insert “person who is eligible for appointment as a”.
- (4) In regulation 11(8) after “body corporate” insert “incorporated or formed under the law of a third country”.
- (5) In regulation 13A—
 - (a) from the opening words omit “within the standards on professional ethics that it determines in accordance with Schedule 1”;
 - (b) in the opening words, for “points (a) (i), (a) (iv) to (a) (vii) and (f)” substitute “points (a) to (k)”;
 - (c) omit paragraph (a);
 - (d) before paragraph (b) insert —
 - “(zb)the competent authority is satisfied that exceptional circumstances exist;”;
 - (e) omit the “and” after sub-paragraph (b);
 - (f) after sub-paragraph (c) for “.” substitute “;” and insert—
 - “(d) subject to paragraph (e), the period for which the competent authority may allow the provision of services to take place relates only to the period between

(a) S.I. 2016/649 as amended by the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019/177.

the beginning of the financial year of the accounts to be audited and the issuing of the audit report; and

(e) in respect of any allowance made by the competent authority in relation to point (e) of the second sub-paragraph of Article 5(1) of the Audit Regulation, the period in which the competent authority may allow the provision of services to take place is the period between the beginning of the financial year of the accounts to be audited and the issuing of the audit report as well as the preceding financial year before that period.”.

(6) In regulation 21—

- (a) at paragraph (2)(a) for “50,000 euros” substitute “£35,000”,
- (b) at paragraph (2)(b) for “100,000 euros” substitute “£70,000”,
- (c) at paragraph (3) for “euros” in both places that word occurs substitute “pounds Sterling”.

Amendments to Regulation 537/2014

15.—(1) Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC(a) is amended as follows.

(2) In Article 5 at the end of paragraph 4 omit the words “The audit committee shall, where applicable, issue guidelines with regard to the services referred to in paragraph 3.”

(3) In Article 7 in sub-paragraph 2 omit the words “as designated by the Member States”.

(4) In the heading to Article 16 omit the words “or Audit Firms”.

(5) In Article 16 in paragraph 3 for “Unless it concerns the renewal of an audit engagement in accordance with Article 17(1) and 17(2), the” substitute “The”.

(6) In Article 23 for “of a Member State.” substitute “of any part of the United Kingdom.”.

31st March 2025

Justin Madders
Parliamentary Under-Secretary of State
Department for Business and Trade

(a) As amended by the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177).

EXPLANATORY NOTE

(This note is not part of the Regulations)

Part 2 of these Regulations amends the Companies Act 2006 (c. 46) and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (S.I. 2008/410) to revoke, or revoke and replace, changes made by regulations 1 to 23 and 25 to 33 of the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (S.I. 2019/970) which relate to company directors' remuneration. The provisions being amended by Part 2 of these Regulations are secondary retained EU law within the meaning of section 11(2) of the Retained EU Law (Revocation and Reform) Act 2023 (c. 28).

Part 2 makes changes to the requirements for companies to produce directors' remuneration reports and directors' remuneration policies.

Regulation 4(3) to (7) alters the process for shareholders approving payments to directors that do not comply with the remuneration policy.

Regulation 5 removes the requirement for unquoted traded companies to produce a directors' remuneration report and policy, and other provisions including regulations 7 to 11 make further amendments to give effect to that change.

Regulation 6(3)(e) removes the requirement for a company to put certain additional information about a shareholder vote on the remuneration policy on its website.

Regulation 6(3)(h) removes the requirement for the company to make the remuneration report available on a website for 10 years.

Regulation 12 removes the requirements to include certain information in the remuneration report and remuneration policy.

Part 3 of these Regulations introduces minor changes to audit requirements and includes corrections to legislation to address issues that have come to light since amendments were made in preparation to the UK's exit from the European Union.

Regulation 13 makes minor amendments to the Statutory Auditors and Third Country Auditors Regulations 2013 (S.I. 2013/1672), including a new provision to enable a third country auditor to be removed from the register where they have provided written notification that they no longer wish to be included.

Regulation 15 amends Regulation 537/2014 (Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC). The amendments to this Regulation correct outdated references within the EU legislation.

A full impact assessment of the effect that this instrument will have on the costs of businesses, voluntary bodies and community bodies is available from www.legislation.gov.uk and from the Department for Business and Trade at Old Admiralty Building, Admiralty Place, London, SW1A 2DY.

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