

(Text as applicable on: 24-07-2009)

Decree dated 16 August 2006 containing rules on the implementation of the Audit Firms Supervision Act (Audit Firms Supervision Decree)

We Beatrix, by the grace of God, Queen of the Netherlands, Princess of Orange-Nassau, etc. etc. etc.

On the recommendation of Our Minister of Finance dated 22 June 2006, no. FM 2006-1525M, Treasury Department, Financial Markets Directorate, Market Behaviour & Securities Transactions Department;

Having regard to Directive no. 2006/43/EC of the European Parliament and the Council of the European Union of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC (OJEU L157), Sections 1(2), 8, 11(3), 15(2), 18(3), 19, 21(2), 22, 25, 26(2) and (3), 41(4) and 55(1) of the Audit Firms (Supervision) Act;

Having heard the Council of State (advice dated 20 July 2006, ref. W06.06.0253/IV);

Having regard to the further report of Our Minister of Finance dated 8 August 2006, no. FM 2006-1908 U;

Have approved and decreed as follows:

Chapter 1. Terms and definitions

Section 1

In this Decree the following terms shall have the following meaning:

- * audit file: the entirety of data and documents that is laid down during the statutory audit and upon which the external auditor bases his report;
- * group auditor: an external auditor responsible for issuing an audit report with the annual accounts which also contain the consolidated accounts of a group of enterprises or institutions;
- * employees: external auditors and other persons working for or affiliated to an audit firm and who are involved in performing statutory audits;
- * NIVRA: Royal Netherlands Institute of Registered Accountants [*Koninklijk Nederlands Instituut voor Registeraccountants*];
- * NOVAA: Netherlands Organisation of Accounting Consultants [*Nederlandse Orde van Accountants-Administratieconsulenten*];
- * affiliate: enterprise or institution affiliated to an audit firm through joint ownership, control or management;
- * Act: the Audit Firms (Supervision) Act [*Wet toezicht accountantsorganisaties*].

Chapter 2. Provisions for the implementation of Sections 8 and 12c(1) and (2) of the Act

Section 2

1. An application for a licence as referred to in Section 5 of the Act shall be submitted in writing and shall include the following data and documentation:
 - a. the date of the application;
 - b. the name, the address and the place of business or residence of the applicant;
 - c. the contact details, the contact person and, if available, the Internet address of the applicant;
 - d. the legal form of the applicant;
 - e. a description of the legal and organisational structure of the applicant;
 - f. the articles of association or agreement(s) setting out the legal and organisational structure of

- the applicant;
- g. if applicable: an extract of the applicant's registration in the Commercial Register;
 - h. the names, addresses and places of business of all the offices operated by the applicant;
 - i. the names and business addresses of all the natural persons who are direct or indirect shareholders in the applicant;
 - j. if the applicant is a company or partnership: the names, business addresses and the places of residence or business of all natural persons directly or indirectly party to the agreement of the partnership or company;
 - k. the names, the home and business addresses and, insofar as applicable, the registration numbers at a professional body of all persons who determine or jointly determine the day-to-day policies of the applicant and the name of that organisation;
 - l. the names, the home and business addresses and the places of business or residence of all members of the applicant's supervisory bodies or, in the absence thereof, of any other body that supervises the applicant's management;
 - m. if the applicant is part of a network:
 - 1°. a description of the legal and organisational structure of the network; and
 - 2°. the names, addresses and places of business of the individual components of the network, including affiliates; or
 - 3°. a reference to the location at which the information referred to under 2° is publicly accessible;
 - n. the names and NIVRA or NOvAA registration numbers of all external auditors the applicant has had registered in the register referred to in Section 11 of the Act, including whether these external auditors are employed by or affiliated to the applicant;
 - o. if an external auditor as referred to under (n) is registered in the registers of other supervisory authorities: the names of the supervisory authorities and, if applicable, the registration numbers;
 - p. if the applicant is registered as European audit firm or third-country audit entity in the registers of supervisory authorities in Member States: the names of the supervisory authorities and, if applicable, the registration numbers;
 - q. if the applicant is registered in the registers of supervisory authorities in non-Member States: the names of the supervisory authorities and, if applicable, the registration numbers; and
 - r. the number of statutory audits that the applicant intends to perform for public-interest entities or other enterprises or institutions within a period of twelve months from the date of the application.
2. On request, the applicant shall also provide the Netherlands Authority for the Financial Markets with such other data and documents as the Netherlands Authority for the Financial Markets deems necessary for the appraisal of the application.
3. An application as referred to in Subsection (1) shall be submitted on the form prescribed by the Netherlands Authority for the Financial Markets.
4. An application as referred to in Subsection (1) shall be signed by at least one of the persons who determine the day-to-day policies of an audit firm.

Section 2a

1. An application for registration in the register as referred to in Section 12c(1) of the Act shall be submitted in writing and shall include the following data:
- a. the date of the application;
 - b. the name, the address and the place of business or residence of the applicant;
 - c. the contact details, the contact person and, if available, the Internet address of the applicant;
 - d. the legal form of the applicant;
 - e. the names of all third-country auditors the applicant has had registered in the register referred to in Section 11 of the Act, the names of the supervisory authorities in that third country where these third-country auditors are registered and, insofar as applicable, the registration numbers;

- f. the names, addresses and places of business of all offices of the applicant from where statements are or shall be issued as referred to in Section 12b of the Act;
 - g. the names, the business addresses and, if applicable, the registration numbers at a professional body of all persons who determine or jointly determine the day-to-day policies of the applicant, as well as the name of that professional body;
 - h. if the applicant is part of a network:
 - 1°. a description of the legal and organisational structure of the network; and
 - 2°. the names, addresses and places of business of the individual components of the network; or
 - 3°. a reference to the location at which the information referred to under 2° is publicly accessible;
 - i. if the applicant is registered as European audit firm or third-country audit entity in the registers of supervisory authorities in Member States: the names of the supervisory authorities and, if applicable, the registration numbers;
 - j. if the applicant is registered in the registers of supervisory authorities in non-Member States: the names of the supervisory authorities and, if applicable, the registration numbers.
2. On request, the applicant shall also provide the Netherlands Authority for the Financial Markets with such other data and documents as the Netherlands Authority for the Financial Markets deems necessary for the appraisal of the application.
 3. An application as referred to in Subsection (1) shall be submitted on the form prescribed by the Netherlands Authority for the Financial Markets.
 4. An application as referred to in Subsection (1) shall be signed by at least one of the persons who determine the day-to-day policies of a third-country audit entity.

Section 2b

The transparency report referred to in Section 12c(1)(d) of the Act contains information that is equivalent to the information referred to in Section 30(1).

Section 3

1. The applicant shall notify the Netherlands Authority for the Financial Markets without delay and in writing of any changes to the data or documents submitted under Section 2(1) or (2) or Section 2a(1) or (2).
2. Without prejudice to the provisions of Section 7, an audit firm shall notify the Netherlands Authority for the Financial Markets without delay and in writing of any changes to the data or documents it has submitted under Section 2(1)(b) through (d), (h) through (l), (m) under 2° and (n), and at least once a quarter in regard to any changes to the other data or documents referred to in Section 2(1) and (2), with the exception of the data referred to under (r).
3. A third-country audit entity shall notify the Netherlands Authority for the Financial Markets without delay and in writing of any changes to the data or documents it has submitted under Section 2a(1)(b) through (j) and at least once a quarter in regard to any changes to the data and documents referred to in Section 2a(2).

Chapter 3. Provisions for the implementation of Section 11(3) of the Act

Section 4

1. The register, referred to in Section 11 of the Act, shall specify:
 - a. the date of the granting of the licence as referred to in Section 6(1) of the Act;

- b. the date of registration in the register as referred to in Section 12c(1) of the Act;
 - c. the data referred to in Section 2(1)(b) through (d), (h) through (j), (k), with the exception of the home address, (l), with the exception of the home address, (m) under 2° or 3°, and (n) through (q);
 - d. the data referred to in Section 2a(1)(b) through (j), insofar as the register does not already contain this data on the ground of (c); and
 - e. the fact that the Netherlands Authority for the Financial Markets is responsible for the granting of licences as referred to in Section 5 of the Act, the supervision and enforcement as regulated in Chapter 5 of the Act and the issue of public warnings and the publication of enforcement measures as regulated in Chapter 6 of the Act, as well as the address of the Netherlands Authority for the Financial Markets.
2. If a licence is granted to include performing statutory audits for public-interest entities, it shall be recorded in the register.
 3. The Netherlands Authority for the Financial Markets shall amend the register in accordance with any changes to the data referred to in Subsection (1) within five working days of the receipt of a change notification as referred to in Section 3(2) and (3).

Chapter 4. Provisions for the implementation of Section 15(2) of the Act

Section 5

An audit firm that proposes to appoint a person to a post whereby that person will be solely or jointly responsible for the day-to-day policies of the audit firm shall only proceed with said appointment after the Netherlands Authority for the Financial Markets has appraised the nominee's good repute and informed the organisation that such is beyond doubt.

Section 6

The good repute of a person who is solely or jointly responsible for the policies of an audit firm shall be deemed to be beyond doubt once that has been determined by the Netherlands Authority for the Financial Markets or the Dutch Central Bank in connection with the application of any Act, as long as a change in the relevant facts or circumstances has not given reasonable cause for a reassessment.

Section 7

If, in the conduct of its normal business, an audit firm determines that a change has occurred in the data referred to in Section 2(2) which are necessary for the purpose of the assessment of the good repute of the person referred to in Section 6, it shall notify the Netherlands Authority for the Financial Markets of that change without delay and in writing.

Chapter 5. Provisions for the implementation of Section 18(3) and Section 22 of the Act

§ 1. General

Section 8

1. An audit firm shall pursue a policy in regard to the quality control system.
2. The quality control system shall include the procedures, descriptions and standards referred to in Sections 11(2) and 16, that are designed to ensure the compliance of the audit firm with the regulations laid down by and pursuant to the provisions of Sections 14 through 24 of the Act.
3. The audit firm shall draw up a written version of the policy referred to in Subsection (1) and the quality control system.

4. The audit firm shall retain the quality control system and the written version of the policy referred to in Subsection (1) for at least seven years after adoption.
5. The audit firm shall notify all employees about the policy referred to in Subsection (1) and the quality control system, and make it available to them.

Section 9

An audit firm shall comply with the regulations and further prescriptions set out in Section 19(4) of the Registered Accountants Act [*Wet op de Registeraccountants*] and Section 24(4) of the Accounting Consultants Act [*Wet op de Accountants-Administratieconsulenten*] where they impose further rules concerning subjects regulated in this chapter.

§ 2. Client account records

Section 10

1. An audit firm shall maintain a systematic, accessible and up-to-date set of client account records, which include - insofar as applicable - the following data per audit client:
 - a. the name, the address and the place of business;
 - b. whether the audit client is a public-interest entity;
 - c. the name of the external auditor; and
 - d. the fees charged for the statutory audit and the fees charged for other services rendered in any financial year.
2. The audit firm shall retain the data in its client account records for at least seven years after such data has been recorded.

§ 3. Audit file

Section 11

1. An audit firm shall ensure that external auditors create an audit file for each statutory audit performed.
2. An audit firm shall impose a standard for the structure of an audit file.
3. The audit file shall contain at least the following data and documents, either in written or in electronic form:
 - a. the contract between the audit firm and the audit client, and any amendments thereto;
 - b. the correspondence with regard to the audit client, insofar as such correspondence is related to the statutory audit;
 - c. an audit plan setting out the probable scope and method of the statutory audit;
 - d. a description of the nature and the extent of the auditing activities carried out;
 - e. the starting and ending dates of the phases of audit procedures distinguished in the audit plan;
 - f. the principal findings of the audit procedures carried out;
 - g. the conclusions drawn from the findings referred to under (f);
 - h. the opinion of the external auditor, as evidenced by the audit report to be issued by him;
 - i. the data recorded pursuant to Sections 12(3), 13(2), 15a(1), (3) and (5), 17(2), 20(3) and 37(2); and
 - j. the other relevant data and documents that are of importance in support of the report issued by the external auditor and for monitoring compliance with the rules laid down by and pursuant to the Act and the Registered Accountants Act or the Accounting Consultants Act.

4. An audit firm shall ensure that the data and documents referred to in Subsection (3) is entered into the audit file and that the audit file is closed no later than two months after the date on which the external auditor signs his audit report.
5. An audit firm shall retain an audit file for no less than seven years after it has been closed.

§ 4. Acceptance or continuation of engagements

Section 12

1. Before accepting or continuing an engagement for a statutory audit, an audit firm shall determine:
 - a. whether it fulfils the criteria laid down by and pursuant to paragraph 3.1.2 of the Act and, insofar as applicable, paragraph 3.1.3 of the Act;
 - b. whether it has the competent employees, time and resources required to perform the statutory audit in an appropriate manner;
 - c. whether the external auditor, referred to in Section 14, fulfils the criteria laid down by and pursuant to Part 3.2 of the Act; and
 - d. the integrity of the audit client.
2. The audit firm shall ensure that its employees provide it with the information required to carry out the assessment referred to in Subsection (1).
3. The audit firm shall record the results of the assessment referred to in Subsection (1).

Section 13

1. If, after accepting or continuing an engagement to perform a statutory audit, the audit firm becomes aware of information that, had it been known at the time the engagement was accepted or continued, would have prompted the organisation not to accept or continue the engagement, or only in a modified form, the audit firm shall terminate the engagement unless it can be continued in a modified form.
2. The audit firm shall record the decision referred to in Subsection (1), together with the underlying reasons.

§ 5. Performing a statutory audit

Section 14

An audit firm shall appoint an external auditor to execute each engagement to perform a statutory audit.

Section 15

An audit firm shall provide the external auditor with such time, resources and personnel as he needs to carry out his duties appropriately.

Section 15a

1. An audit firm that performs statutory audits of annual accounts which also contain the consolidated accounts of a group of enterprises or institutions shall ensure that the group auditor conducts an investigation, and records information about this investigation, into the audit procedures carried out by an external auditor, audit firm, European audit firm, third-country auditor or third-country audit entity in view of the group audit.

2. If a component of a group of enterprises or institutions is audited by a third-country auditor or third-country audit entity having its registered office in a State with which the Netherlands Authority for the Financial Markets has not concluded an agreement as referred to in Section 63j of the Act, the audit firm shall ensure that the group auditor, at the request of the Netherlands Authority for the Financial Markets, provides the data or information relating to the audit procedures of those third-country auditors or third-country audit entities, including the data or information relating to the group audit, to ensure that the Netherlands Authority for the Financial Markets can assess the work of the group auditor.
3. With a view to the provision of the data or information referred to in Subsection (2) to the Netherlands Authority for the Financial Markets, the audit firm shall ensure that the group auditor:
 - a. records a copy of this data or information;
 - b. agrees with the third-country auditors or third-country audit entities that he, upon request, shall have unrestricted access to this data or information; or
 - c. takes other appropriate measures in order to enable the provision of the data or information referred to in Subsection (2) to the Netherlands Authority for the Financial Markets.
4. The audit firm shall adopt appropriate procedures in order to gain access to the data or information referred to in Subsection (2).
5. If, for legal or other reasons, it is not possible for the third-country auditors or third-country audit entities to provide data or information relating to an audit to the group auditor, the audit firm shall ensure that the group auditor records that he followed the procedures referred to in Subsection (4) and, in the case of impediments other than legal ones, that such impediments exist.

Section 16

An audit firm shall have a standard for:

- a. performing statutory audits; and
- b. coaching, supervising and reviewing employees' activities.

Section 17

1. An audit firm shall ensure that, where necessary for performing a statutory audit, the external auditor asks competent persons for advice.
2. The audit firm shall ensure that the external auditor makes a record of the subject of such a request for advice and the advice received.

Section 18

1. An audit firm shall ensure that a quality control review is carried out on all statutory audits that are performed for public-interest entities.
2. The audit firm shall determine evaluation criteria on the basis of which it can decide which statutory audits other than those referred to in Subsection (1) will be subject to a quality control review.

Section 19

1. The quality control review shall be performed by a quality control reviewer.
2. A quality control reviewer is a registered accountant or an accounting consultant in respect of whom an annotation has been added in the accountants register referred to in Section 36(3) of the Accounting Consultants Act and who is not involved in the performance of the statutory audit to

which the assurance review relates.

3. The aim of the quality control review is to assess whether the external auditor could reasonably have come to the opinion expressed in the audit report to be issued by him.
4. In his assurance review, the quality control reviewer shall include at least the following aspects:
 - a. the oral and written information provided by the external auditor in question, whether or not at the request of the quality control reviewer;
 - b. the audited financial accounts;
 - c. the principal findings of the audit procedures carried out and the conclusions drawn from those findings; and
 - d. the opinion of the external auditor as expressed in the audit report to be issued by him.
5. The quality control review of statutory audits performed for public-interest entities shall include at least an assessment of the following aspects:
 - a. the independence of the audit firm and the external auditor in regard to the audit client;
 - b. the significant risks that the external auditor has identified during the performance of the statutory audit and the measures he has taken to adequately manage those risks;
 - c. the external auditor's reasoning, in particular in relation to the materiality and the significant risks referred to under (b);
 - d. the advice requested pursuant to Section 17 and the implementation of that advice;
 - e. the nature and scope of the corrected and uncorrected misstatements in the financial accounts that were identified during the performance of the statutory audit;
 - f. the subjects discussed with the management and supervisory body of the audit client on the basis of the audit performed, and with third parties if applicable; and
 - g. whether the documents and information selected from the file satisfactorily reflect the standpoints taken by the employees involved in the audit, and whether said documents and information support the opinion of the external auditor as expressed in the audit report to be issued by him.

Section 20

1. An audit firm shall ensure that the quality control reviewer discusses the results of the quality control review with the external auditor. The audit firm shall determine the procedure to be followed when the quality control reviewer and the external auditor are unable to achieve consensus as to the results of the quality control review.
2. The quality control review is completed at the moment that the results of the quality control review are notified to the person referred to in Section 23(1), or to the persons who determine the day-to-day policies of the audit firm, in accordance with the procedure to be determined by the audit firm.
3. The audit firm shall record the results of the quality control review, together with the considerations underlying those results.

Section 21

In cases where a quality assurance review is required in accordance with Section 18, an audit firm shall ensure that an external auditor does not issue his audit report before said quality control review has been completed.

§ 6. Compliance with the quality control system

Section 22

1. An audit firm shall ensure compliance with the quality control system.
2. An audit firm shall carry out an annual evaluation of the quality control system and record the findings of this evaluation, together with any proposed measures to modify the quality control system.

Section 23

1. An audit firm that performs statutory audits for public-interest entities shall appoint one person within the audit firm to monitor compliance with the rules laid down by and pursuant to Sections 13 through 24 of the Act. The audit firm shall also appoint a deputy.
2. The person referred to in Subsection (1) shall render account for his activities and the results thereof to the persons who determine the day-to-day policies of the audit firm.
3. If the person referred to in Subsection (1) is involved in an engagement to perform a statutory audit, his deputy shall monitor compliance with the rules referred to in Subsection (1) for that engagement.

Section 24

1. An audit firm shall ensure that the following information is recorded:
 - a. a summary overview of employee violations of the rules laid down by and pursuant to Sections 13 through 24 of the Act, insofar as these are known to the person referred to in Section 23(1) or the persons who determine the day-to-day policies of the audit firm;
 - b. the measures that the audit firm has taken towards the employees referred to under (a), together with the underlying considerations; and
 - c. the measures taken by the audit firm to modify the system of quality control.
2. Each year, the audit firm shall draw up a report with an overview of the measures referred to in Subsection (1)(b), together with the underlying considerations.
3. The audit firm shall notify its employees of the contents of the report.

§ 7. Complaints procedure

Section 25

An audit firm shall ensure that any complaints about the performance of statutory audits are recorded and settled in a proper manner.

§ 8. Disciplinary proceedings

Section 26

1. If disciplinary proceedings have been brought before the Disciplinary Court for Auditors in Zwolle against an external accountant employed by or affiliated to the audit firm, the audit firm shall notify the Netherlands Authority for the Financial Markets, within one week after the audit firm has become aware of this, stating the name and the NIVRA or the NOvAA registration number of the external auditor in question.
2. The notification referred to in Subsection (1) need not be submitted if the Netherlands Authority for the Financial Markets is the party which instituted the disciplinary proceedings referred to in Subsection (1).

Chapter 6. Provisions for the implementation of Section 19(3) of the Act

Section 27

The owners or shareholders of an audit firm, the persons who determine or jointly determine the day-to-day policies of an audit firm, the supervisory body of an audit firm, or an affiliate of an audit firm, shall not be involved in the performance of the statutory audit by that audit firm in such a way that it negatively affects the independence and objectivity of the external auditor who performs the statutory audit on behalf of the relevant audit firm.

Section 28

An audit firm shall ensure that, at least once a year, all external auditors employed by or affiliated to it:

- a. shall confirm, in writing, that they comply with the rules imposed pursuant to and by virtue of the Act and the Registered Accountants Act or the Accounting Consultants Act in regard to independence; and
- b. shall report, in writing, any perceived threats to their independence.

Section 29

1. An audit firm shall not receive any fee for performing a statutory audit when the value of that fee is rendered dependent on:
 - a. supplementary services that it provides to the audit client; or
 - b. the tenor of the audit report to be issued.
2. Each year, in advance of performance, the audit firm shall agree on the basis for the fee for the statutory audit with the audit client.

Section 30

1. An audit firm that has performed a statutory audit for a public-interest entity shall draw up a report within three months of the end of its own financial year. That report shall contain at least the following information:
 - a. a summary description of its legal and organisational structure;
 - b. if it is part of a network: a summary description of the organisational structure of the network;
 - c. a summary description of its management structure;
 - d. a summary description of its quality control system and a declaration by the persons responsible for day-to-day policies of whether this system is functioning effectively;
 - e. the date on which the quality control system was last evaluated in accordance with the provisions of Section 22(2);
 - f. whether the quality control system has been subject to supervision by the Netherlands Authority for the Financial Markets;
 - g. a list of the public-interest entities for which a statutory audit has been performed during the financial year in question;
 - h. a statement confirming that internal supervision has been carried out in regard to compliance with the regulations for independence;
 - i. a statement about the policy pursued by the audit firm in regard to the structural maintenance of the basic skills and knowledge level of its employees and confirmation that they keep up-to-date with developments in their own specialist domains;
 - j. the total turnover of those components of the network that are operating in the Netherlands, whereby the turnover of the audit firm shall be divided into turnover for statutory audits and turnover for other services; and
 - k. information about the basic principles for the remuneration of the external auditors.

2. The audit firm shall sign the report and publish it on its website without delay. The audit firm shall make the report available via the website for at least one year.

Section 31

An audit firm shall comply with the regulations and further prescriptions set out in Section 19(4) of the Registered Accountants Act and Section 24(4) of the Accounting Consultants Act where they impose further rules concerning subjects regulated in this chapter.

Chapter 7. Provisions for the implementation of Section 21(2)(b) of the Act

Section 32

1. An audit firm shall pursue a policy that precludes the involvement of the organisation and its employees in any criminal offence or breach of the law that would be detrimental to public confidence in the audit firm or in the financial markets.
2. An audit firm shall determine procedures and rules for dealing with and recording incidents which have serious consequences for the integrity of its operations.
3. An audit firm shall take appropriate measures following an incident as referred to in Subsection (2). These measures shall be aimed at managing the risks ensuing from the incident and at preventing any recurrence.
4. An audit firm shall notify the Netherlands Authority for the Financial Markets immediately about any incident as referred to in Subsection (2).

Section 33

1. The registration of incidents referred to in Section 32(2) shall comprise at least the facts and circumstances of the incident, information about the person or persons involved in the incident, and details of the measures that have been taken as a result of the incident.
2. The audit firm shall retain the information referred to in Subsection (1) for at least seven years after such information has been recorded.

Section 34

An audit firm shall comply with the regulations and further prescriptions set out in Section 19(4) of the Registered Accountants Act and Section 24(4) of the Accounting Consultants Act where they impose further rules concerning subjects regulated in this chapter.

Chapter 8. Provisions for the implementation of Section 25 and 25a(3) of the Act

Section 35

An external auditor shall comply with the regulations and further prescriptions set out in Section 19(1) or (2) of the Registered Accountants Act and Section 24(1) or (2) of the Accounting Consultants Act where they impose further rules concerning his professional competence, independence, objectivity and integrity.

Chapter 9. Provisions for the implementation of Section 26(2) and (3) of the Act

Section 36

The term material fraud, as referred to in Section 26(3) of the Act, shall be taken to mean any deliberate act or omission whereby deception is used to obtain an unlawful advantage and whereby the nature and the scale is such that decisions taken in social and economic life and based on the audit client's financial accounts might be influenced by that deception.

Section 37

1. A notification as referred to in Section 26(2) of the Act need not be submitted where:
 - a. after the external auditor has pointed out his reasonable suspicion of material fraud, the audit client without delay conducts an investigation or has an investigation carried out and on the basis of the findings of that investigation draws up a written plan which includes:
 - 1°. the measures that the audit client intends to take to nullify the consequences of the fraud, insofar as possible, and to prevent any recurrence of such a fraud; and
 - 2°. the term within which the audit client will have implemented these measures;
 - b. within four weeks of the plan being drawn up, the external auditor has appraised the plan referred to under (a) as being adequate; and
 - c. the external auditor has determined that the audit client has implemented the measures laid out in the plan to a sufficient extent within the term referred to under (a), under 2°.
2. The external auditor shall document his opinion as referred to in Subsection (1)(b), and his findings as referred to in Subsection (1)(c).

Section 38

Where Section 37 is not applicable, an external auditor shall notify an investigating official as defined in Section 26 of the Act of the following details in writing:

- a. the name, the address and the place of business of the audit client;
- b. the name, the address and the place of business of the audit firm by which the external auditor is employed or to which he is affiliated;
- c. the name of the external auditor;
- d. the date of the notification; and
- e. a description of the nature of the suspected material fraud.

Chapter 10. Provisions implementing Section 41(4) of the Act

Section 39

Further rules in regard to Section 41(1) through (3) of the Act shall be imposed by ministerial regulation.

Chapter 11. Provisions for the implementation of Section 55(1) of the Act

Section 40

The value of the administrative fine, referred to in Section 54(1) of the Act, shall be determined in the manner set out in the appendix to this Decree.

Chapter 12. Transitory provisions

Section 41

In addition to the data and documents listed in Section 2(1), an application for a licence as referred to in Section 5 of the Act, which pursuant to Section 80(2) of the Act must be submitted to the Netherlands Authority for the Financial Markets within one month of the Act entering into force, shall

also include the number of statutory audits that the applicant at the time of application is performing for public-interest entities or other enterprises or institutions.

Section 42

The register, referred to in Section 11 of the Act, shall indicate the date of the application referred to in Section 80(2) of the Act.

Chapter 13. Amendment of the appendix to Section 1(1)(j) of the Act

Section 43

[Amends the Audit Firms (Supervision) Act.]

Chapter 14. Final provisions and entry into force

Section 44

[Amends the Police Files Decree (*Besluit politieregisters*).]

Section 45

[Amends the Administrative Authorities (National Ombudsman Act and Government Information (Public Access) Act) Decree (*Besluit bestuursorganen Wno en Wob*).]

Section 46

This Act shall enter into force on a date to be determined by Royal Decree.

Section 47

This Decree shall be cited as: Audit Firms (Supervision) Decree.

We order and command that this Decree together with the corresponding explanatory memorandum shall be published in the Bulletin of Acts, Orders and Decrees.

The Hague, 16 August 2006.

The Minister of Finance,
G. Zalm

Beatrix

Published on the twenty-ninth of August 2006

The Minister of Justice,
J. P. H. Donner

Appendix to Section 40 of the Audit Firms (Supervision) Decree

Section 1

1. Violations, listed in the table included in Subsection (2), that are committed after the date that the Act enters into force, are subject to the following fixed fines:

Tariff number:	Amount (fixed tariff):
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1	€ 453
2	€ 907
3	€ 1,815
4	€ 5,445
5	€ 21,781
6	€ 87,125

2. The violations referred to in Subsection (1) and the corresponding tariff numbers are:

Violation of regulations prescribed in the following Sections of the Audit Firms (Supervision) Act:	Tariff number
5(1)	6
6(3)	3
14	4
15(1)	5
16a	4
18(1)	5
18(2)	3
19(1)	6
19(2)	3
20(1)	4
20(3)	4
21(1)	5
23	6
24	6
24a(1)	3
24a(2)	3
24a(3)	3

Violations of regulations prescribed in the following Sections of the General Administrative Law Act [<i>Algemene Wet Bestuursrecht</i>]:	Tariff number
5:20	4

Violation of regulations prescribed in the following Sections of the Audit Firms (Supervision) Decree:	Tariff number
3(2)	3
3(3)	3
5	2
7	2

8(1)	6
8(2)	3
8(3)	4
8(4)	2
8(5)	3
10(1)	3
10(2)	2
10(3)	2
11(1)	4
11(2)	2
11(3)	5
11(4)	4
11(5)	2
11(6)	2
12(1)	5
12(2)	2
12(3)	4
13(1)	4
13(2)	4
14	3
15	5
15a(1)	4
15a(2)	4
15a(3)	3
15a(4)	3
15a(5)	3
16	2
17(1)	2
17(2)	4
18(1)	5
18(2)	4
19(2)	2
19(4)	3
19(5)	3
20(1)	4
20(2)	4
20(3)	4
21	5
22(1)	5

22(2)	5
23(1)	5
23(2)	3
23(3)	3
24(1)(a)	2
24(1)(b)	2
24(1)(c)	2
24(2)	1
24(3)	1
25	2
26(1)	2
27	5
28	3
29(1)	5
29(2)	4
30(1)	3
30(2)	2
32(1)	4
32(2)	3
32(3)	3
32(4)	3
33(1)	3
33(2)	2

Section 2

1. If a fine is imposed, the following classification will apply when determining the size of the fine, together with the corresponding factor:

Classification of standard addressees

Category	Turnover statutory audits	Factor for audit firms that carry out statutory audits for public-interest entities	Factor for audit firms that only carry out statutory audits for non-public-interest entities
1	≥ € 100 million	10	5
2	≥ € 10 million, < € 100 million	6	3
3	≥ € 1 million, < € 10 million	3	1.5
4	≥ € 0.5 million, < € 1 million	2	0.75
5	< € 0.5 million	1	0.25

2. The penalty will be determined by multiplying the amount stated in Section 1 by the factor corresponding with the category referred to in Subsection (1).