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Circular 1/2007

on Required Licensing Information, Documents to be Submitted and the Duty to Notify during the Licence Period (Circ. 1/07)

of 27 August 2007 (last amended: 1 January 2015)

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I. Background

- 1 In the application submitted by an individual or audit firm for licensing by the Federal Audit Oversight Authority (hereinafter: Oversight Authority) the applicant must provide all the details and name all the documents from which it can be established that the licensing requirements are satisfied (Art. 3 para. 1 AOO¹).
- 2 Individuals may be licensed as:
 - auditors (Art. 5 AOA²);
 - audit experts (Art. 4 AOA).
 - lead auditors under one or more financial market acts (Art. 9a para. 2 AOA).
- 3 Audit firms may be licensed as:
 - auditors (Art. 6 in conjunction with Art. 5 AOA);
 - audit experts (Art. 6 in conjunction with Art. 4 AOA);
 - audit firms under state oversight (Art. 7 ff. AOA);
 - Audit firms under one or more financial market laws (Art. 9a para. 1 AOA).
- 4 Sole proprietorships, partnerships or legal entities that are entered in the Commercial Register and provide audit services shall be regarded as audit firms (Art. 2 let. b AOA). Public-sector audit offices shall be treated as audit firms, but cannot be licensed as audit firms under state oversight (Art. 6 para. 2 AOA). Individuals who independently provide audit services in the sense of the Act (Art. 2 let. a AOA) must be entered in the Commercial Register as sole proprietorship and apply for a licence for it (Art. 8 para. 1 AOO). Audit firms whose registered office is outside Switzerland and that provide audit services in accordance with Swiss law must have a branch office entered in a Swiss Commercial Register (Art. 8 para. 2 AOO).
- 4^{bis} Audit firms under state oversight domiciled in Switzerland receive a licence only after a detailed inspection. During this inspection, the Oversight Authority shall request comprehensive documents. Therefore, this circular does not apply to audit firms under state oversight.
- 4^{ter} Nor does this circular apply to audit firms under state oversight domiciled abroad. In this connection, special provisions will be issued in a separate circular with the enactment of Art. 8 AOA.
- 4^{quater} Furthermore, licensed persons and companies must immediately report incidents in writing which are relevant to licensing (Art. 15a para. 2 AOA).
- 5 This circular is intended to set out the prerequisites for licensing and the duty to notify during the licence period in greater detail. The information and documents generally required are presented below. However, this does not exclude the Oversight Authority from requesting additional information or documents.

¹ Ordinance of the Federal Council of 22 August 2007 on the Licensing and Oversight of Auditors (AOA; SR 221.302)

² Federal Act of 16 December 2005 on the Licensing and Oversight of Auditors (AOA; SR 221.302)

- 6 The applicant's information shall be transferred to the Oversight Authority by means of the latter's internet portal (*www.rab-asr.ch*). The application should then be printed out, signed and submitted together with the documents referred to therein (Art. 2 AOO).

II. Information required for individuals

- 7 The application submitted by an individual for licensing as an auditor or audit expert shall contain at least the following details:
- a. surname and first name;
 - b. domicile address and correspondence address if applicable;
 - c. phone number and/or mobile phone number and e-mail;
 - d. language for correspondence;
 - e. date of birth;
 - f. nationality and place/s of origin;
 - g. type of licence requested;
 - h. if applicable, a reference to membership in a professional association;
 - i. *Repealed*
 - j. *Repealed*
 - k. type and date of course of studies completed (Art. 4 para. 2 AOA);
k^{bis}. in addition in case of comparable foreign education:
 1. diploma title;
 2. designation of country in which the diploma was issued;
 3. date of the examination passed under regulations recognised by the Oversight Authority to prove necessary knowledge of Swiss law (Art. 6 AOO);
 - l. if applicable, the list of activities during which professional experience was acquired under oversight, with an indication of the following information (Art. 4 para. 4 and Art. 5 para. 2 AOA):
 1. information on employer and/or client:
 - a. UID number;
 - b. corporate name/name;
 - c. registered office;
 2. type of employment
2^{bis}. job/function (according to excerpt of the Commercial Register if applicable);
2^{ter}. the department in which the activity was carried out;
 3. date on which the activity started and finished;
 4. employment rate on average;
 5. *Repealed*

6. information on the person under whose oversight the activity was performed:
 - a. surname and first name of the person under whose oversight the activity was carried out;
 - b. register number, if applicable;
 - c. period of oversight;
 - d. function during the period of oversight;
 - e. activity under oversight;
- m. list of activities during which professional experience was acquired that was not under oversight, with an indication of the following information (Art. 4 para. 4 AOA):
 1. information on employer and/or client:
 - a. UID number;
 - b. corporate name/name;
 - c. registered office;
 2. type of employment;
 3. job/function (according to excerpt of the Commercial Register if applicable);
 4. field in which the activity was carried out;
 - 4^{bis}. date on which the activity started and finished;
 5. employment rate on average;
- n. *Repealed*
- o. judgements and settlements of first or higher instances in proceedings of the categories mentioned below against or with participation of the applying person, at which judgements without legal capacity and, in case of a first-time application, all judgements and settlements within the past ten years before the application must also be reported:
 1. civil proceedings in connection with the audit activity;
 2. administrative procedures in connection with the audit activity;
 3. criminal or administrative penalty proceedings;
 4. proceedings before a professional board;
- p. *Repealed*
- q. existing certificates of unpaid debts.

II^{bis}. Additional information in the licence application of individuals for audits under the financial market acts

7^{bis}. An individual's application for a licence as a lead auditor for regulatory audits shall contain at least the following details:

- a. number of years of professional experience and audit hours performed in the respective oversight areas (Art. 11d to 11g para. 1 let. a and b and para. 2 let. a AOO) indicating the following information:
 1. information on the employer and/or client;

- a. UID number;
- b. corporate name/name;
- c. registered office;
- 2. type of employment;
- 3. job or function (according to excerpt of the Commercial Register if applicable);
- 4. oversight area;
- 5. activity start and end date;
- b. list of continuing education in the various oversight areas (Art. 11d to 11g para. 1 let. c and para. 2 let. b AOO), indicating the content of the continuing education and the completed hours;
- c. the existence of a license already granted by FINMA or the FAOA, if applicable, indicating the oversight area and the audit firm for which the activity is performed.

III. Information required for audit firms

- 8 The application submitted by an audit firm for licensing as an auditor or audit expert shall contain at least the following details:
- a. Uniform identification number (UID);
 - b. corporate name or name and domicile address;
 - c. legal form;
 - d. state in which registered office is located;
 - e. if applicable, website address;
 - f. language for correspondence;
 - g. if applicable, a reference to membership in a professional association;
 - h. type of licence requested;
 - h^{bis}. branch offices in Switzerland registered in the Commercial Register indicating the UID number, corporate name or name and domicile address;
 - i. number of members constituting the firm's highest supervisory or governing body and executive body and list of the members of the management body indicating their name, first name, FAOA register number if applicable, ZIP/city and date of birth;
 - j. declaration that all auditors in charge hold a corresponding licence;
 - k. number of persons involved in the provision of audit services, broken down into:
 - 1. persons who hold a corresponding licence;
 - 2. persons who do not hold a corresponding licence;
 - k^{bis}. statement on how the firm ensures that the 20-percent-rule under Art. 6 para. 1 let. b AOA is applied to the individual audit mandates;
 - l. surname, first name and address of the signatory of the application and surname, first name, address, telephone number and e-mail address of the contact person and, if applicable, of the contact person's deputy;

- m. quality control data indicating the following information:
 1. number of the limited and/or ordinary audits performed in the last calendar year;
 2. *Repealed*
 3. internal requirements applied regarding independence;
 4. internal requirements applied regarding continuing education;
 5. indication of whether a quality control system is in place and, if applicable, what type it is, or of whether the audit firm has undertaken to introduce a system whereby its audit services will be assessed on a regular basis by professional peers (Art. 6 para. 1 let. d AOA and Art. 9 and Art. 49 AOO);
 6. description of the internal quality control system if applicable;
- n. judgements and settlements of first or higher instances in proceedings of the categories mentioned below against and/or with participation of the applying firm, at which judgements without legal capacity and, in case of a first-time application, all judgements and settlements within the past ten years before the application must be reported:
 1. civil proceedings in connection with the audit activity;
 2. administrative procedures in connection with the audit activity;
 3. criminal or administrative penalty proceedings;
 4. proceedings before a professional board;
- o. *Repealed*

9 *Repealed*

IV. Documents required for individuals

- 10 In order for an individual to be licensed as an auditor or audit expert, copies of at least the following documents shall be submitted:
- a. signed approval receipt;
 - a^{bis}. copy of valid passport or valid identity card;
 - b. copy of diploma or equivalent attestation of the completion of a course of studies, education according to Art. 4 para. 2 AOA; if several courses have been completed, all diplomas and attestations are to be submitted (cf. margin no. 7 let. k above);
 - c. if applicable, the written attestations from employers concerning professional experience acquired under oversight (cf. margin no. 7 let. l above);
 - c^{bis}. written confirmations from employers of unsupervised professional experience (cf. margin no. 7 let. m above) if applicable;
 - d. copy of the examination passed under regulations recognised by the Oversight Authority to prove necessary knowledge of Swiss law (Art. 6 AOO) if applicable;
 - e. current excerpt from the Central Criminal Register (no more than three months old at the time of submission); persons with more than two years of residence abroad must provide a corresponding excerpt or evidence from their country of residence;

- f. copies of written judgements and settlements according to margin no. 7 let. o if applicable;
- g. current extract from the Debt Collection and Bankruptcy Register (no more than three months old at the time of its submission); individuals who are resident abroad must supply a corresponding extract or proof of their state of residence. (In the event that an individual's place of residence has changed, the Oversight Authority reserves the right to demand extracts or proof from earlier places of residence.)

11 *Repealed*

IV^{bis}. Additional documents required for the application of individuals for a licence for audits by financial market acts

11^{bis}. For the licence of individuals as a lead auditor for regulatory audits, the following documents shall be submitted:

- a. written confirmations from employers of the hours of professional experience performed in the various oversight areas (Art. 11d to 11g para. 1 let. a and b and para. 2 let. a AOO) (cf. margin no. 7^{bis} let. a above);
- b. copy of confirmation of completed continuing education (Art. 11d to 11g para. 1 let. c and para. 2 let. b AOO) (cf. margin no. 7^{bis} let. b above).

V. Documents required for audit firms

12 In order for an audit firm to be licensed as an audit expert or auditor, copies of at least the following documents shall be submitted:

- a. legally validly signed approval receipt;
- a^{bis}. current foreign excerpt from the commercial register (no more than three months old at the time of submission) with audit firms domiciled abroad;
- b. *Repealed*
- c. *Repealed*
- d. copies of written judgements and settlements according to margin no. 8 let. n if applicable;
- e. *Repealed*;
- f. current extract from the Debt Collection and Bankruptcy Register (no more than three months old at the time of submission).
- g. if applicable, report on the last internal follow-up audit if the firm conducts ordinary audits.

13 *Repealed*

VI. *Repealed*

14 *Repealed*

15 *Repealed*

16 *Repealed*

VI^{bis}. Duty to notify during licence period

16^{bis}. During the licence period, individuals and audit firms must provide information and submit documents regarding margin no. 7 let. a, b, c, d, h, o and q, margin no. 7^{bis} let. a and b, margin no. 8 let. a, b, c, d, e, g, h^{bis}, i, j, k, k^{bis}, l, m no. 1 and let. n as well as margin no. 10 let. f and 11^{bis}.

VII. Enactment

17 This circular shall come into force on 1 September 2007.³

³ This circular was amended as follows:
- Amendment of 8 November 2012 (in force since 1 December 2012)
- Amendment of 10 November 2014 (in force since 1 January 2015)