

## Summary table showing applicability of key requirements

New requirements are *highlighted*

	Entities that are PIEs within the current definition that are above the 750:750 threshold	Entities that are PIEs within the current definition that are below the 750:750 threshold	Entities that are PIEs only by virtue of the 750:750 test (i.e. they do not fall within the current definition)	All UK companies
<b>Audit-related requirements</b>				
Requirement to have an Audit Committee	✓	✓	x	x
Requirement to retender the audit at least every 10 years	✓	✓	x	x
Requirement to rotate auditor at least every 20 years	✓	✓	x	x
<b>Reporting on internal control effectiveness</b>				
Directors' statement about the effectiveness of the Company's internal controls and the basis for that assessment	✓ Premium listed companies only	✓ Premium listed companies only	x	x
Statement as to whether the company plans to seek external assurance of the company's reporting on internal controls (as part of the Audit and Assurance Policy – see below)	✓	x	✓	x
Directors' statement on the steps taken to prevent and detect fraud	✓	x	✓	x
<b>Reporting on dividends and capital maintenance</b>				
ARGA guidance on realised profits and losses	✓	✓	✓	✓
Disclosure of distributable reserves	✓	x	✓	x
Disclosure of an estimate of dividend-paying capacity of groups (note that this will be <b>encouraged</b> rather than required) <sup>1</sup>	(✓)		(✓)	
Distributable reserves figure at the balance sheet date will be subject to audit	✓	x	✓	x

<sup>1</sup> The scope of applicability as to any guidance to be issued to encourage disclosure of an estimate of dividend-paying capacity of a group is not expressly set out in the Response; however, it appears that this would follow on from the requirement to disclose distributable reserves at entity level, which applies to PIEs that are over the 750:750 threshold.

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Narrative explaining the board's long-term approach to the amount and timing of returns to shareholders (including dividends, share buy-backs and other capital distributions) and how the distribution policy has been applied in the reporting year	✓	✗	✓	✗
Directors to make explicit statements confirming the legality of proposed dividends and any dividends paid in year	✓	✗	✓	✗
<b>New statutory corporate reporting</b>				
Resilience Statement	✓	✗	✓	✗
Audit and Assurance Policy	✓	✗	✓	✗
Reporting on payment practices	✗	✗	✗	✗
Public interest statement	✗	✗	✗	✗
<b>Supervision of corporate reporting</b>				
Enhanced regulatory supervision by ARGAs	✓	✓	✓	(✓) ARGA's focus will be on PIEs but there is scope for other companies to fall within ARGAs powers
<b>Company directors</b>				
Enforcement by ARGAs against company directors for breach of corporate reporting and audit-related responsibilities	✓	✓	✓	(✓) Only in exceptional cases if in public interest
Enhanced malus and clawback requirements	Government will invite FRC to consult on developing existing provisions in the Corporate Governance Code	Government will invite FRC to consult on developing existing provisions in the Corporate Governance Code	✗	✗
<b>Audit committee oversight</b>				
Enhanced minimum requirements on audit committees in relation to the appointment and oversight of auditors	Initially only FTSE 350	✗ Government has noted scope for potential extension to wider community of PIEs after initial implementation	✗ Government has noted scope for potential extension to wider community of PIEs after initial implementation	✗

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ARGA power to place an observer on the audit committee <sup>2</sup>	x	x	x	x
ARGA power to appoint an auditor <sup>3</sup>	x	x	x	x
<b>Competition, choice and resilience in the audit market</b>				
Appointment of a challenger firm as sole group auditor or to conduct a meaningful proportion of subsidiary audits within a shared audit	(✓) Only UK-incorporated FTSE 350	x	x	x
<b>Supervision of audit quality</b>				
ARGA approval of statutory auditors (to replace current delegation of this power to Recognised Supervisory Bodies)	✓	✓	✓	x

<sup>2</sup> This proposed change will not go ahead

<sup>3</sup> This proposed change will not go ahead