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September 2008, Inter-Set Translation

Act no. 468 of 17 June 2008

Danish Act on Approved Auditors and Audit Firms (Lov om godkendte revisorer og revisionsvirksomheder)¹

WE MARGRETHE THE SECOND, by the Grace of God, Queen of Denmark make known that: Folketinget (the Danish Parliament) has passed and We have granted Our Royal Assent to the following Act:

Part 1

Scope of the Act

S. 1. The present Act shall comprise the conditions for approval and registration of auditors and audit firms, the conditions for the performance of audit assignments, etc. and the rules on public oversight of approved auditors and audit firms.

(2) The Act shall apply to the auditor's provision of auditors' reports for financial statements, including the auditor's statements on management's reviews in pursuance of the Danish Financial Statements Act, and to the auditor's provision of other assurance reports that are not exclusively meant for the principal's own use.

(3) Section 16 (3), Section 22, Section 30, Sections 43-46 and Section 54 (4), first sentence, of the Act shall also apply to the auditor's provision of other reports that are required in pursuance of the existing legislation or that are not exclusively meant for the principal's own use.

(4) Under the present Act, "auditor" shall mean persons who have been approved in pursuance of Sections 3, 10 and 11 unless otherwise expressly stated.

(5) Under the present Act, "audit firm" shall mean a company that has been approved in pursuance of Section 13 unless otherwise expressly stated.

Part 2

Approval, etc.

Public Register

S. 2. The Danish Commerce and Companies Agency shall keep a public register of approved auditors and audit firms. This register shall comprise

1) persons who have been approved as state-authorised public accountants or as registered public accountants, cf. Section 3,

2) persons who, in pursuance of Section 10 (1), have been approved as auditors,

3) persons who, in pursuance of Section 10 (3), have been authorised to undertake specific assignments,

4) persons who provide statements on a temporary and occasional basis, cf. Section 11 (2),

5) companies that have been approved as audit firms, cf. Section 13,

6) auditors and audit firms that must be registered in Denmark in pursuance of Section 15 and

7) agricultural economics associations' advisory services, cf. Section 17.

(2) The Danish Commerce and Companies Agency shall lay down rules on the keeping of the register, including on reporting to the register and maintenance of the register.

Approval as State-Authorised Public Accountant and Registered Public Accountant

¹ The Act contains provisions that implement European Parliament and Council Directive 2006/43/EC of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, on amendment of Council Directives 78/660/EEC and Directive 83/349/EEC and on a repeal of Council Directive 84/253/EEC (Official Journal of the European Union 2006 no. L 157, page 20) and parts of European Parliament and Council Directive 2005/36/EC of 7 September 2005 on the recognition of professional qualifications (Official Journal of the European Union 2005 no. L 255, page 22).

S. 3. The Danish Commerce and Companies Agency may approve a person as a state-authorised public accountant or a registered public accountant if the person in question

- 1) resides in Denmark, in another EU country, in an EEA country or in another country with which the EU has entered into an agreement,
- 2) has full legal capacity and is not under guardianship,
- 3) has not filed for suspension of payments; nor may bankruptcy proceedings have been commenced against him or her,
- 4) has passed a special examination, cf. the rules issued in pursuance of Section 33 (7),
- 5) has primarily participated, for a minimum period of three years after having attained 18 years of age, in the performance of assignments that concern audits of financial statements, consolidated financial statements or similar financial reporting, and
- 6) is insured against claims for damages that may be made in connection with the performance of assignments in pursuance of Section 1 (2) and (3).

(2) Assignments in pursuance of (1) 5 shall be performed in an audit firm. Approval as a state-authorised public accountant may only be obtained if the assignments have been performed under the supervision of a state-authorised public accountant.

(3) The Danish Commerce and Companies Agency may grant exemptions from the requirement in (1) 5.

(4) The Danish Commerce and Companies Agency shall lay down rules on insurance in pursuance of (1) 6, including on the scope and nature of the insurance and on the period of insurance.

(5) Approval may be denied

- 1) in the circumstances mentioned in Section 78 (2) of the Danish Penal Code,
- 2) if the person in question has shown such conduct that there is reason to assume that he or she will not be able to conduct the office as a representative of the public in a sound and responsible manner or
- 3) if the person in question has payables to the public authorities of DKK 50,000 or more.

Continuing Education

S. 4. An auditor who has been approved in pursuance of Section 3 shall be under an obligation to participate in an appropriate programme of continuing education that ensures that the person in question constantly maintains a sufficiently high level of theoretical knowledge, professional qualifications and knowledge of the requirements for a representative of the public.

(2) The Danish Commerce and Companies Agency shall lay down the particular rules on continuing education and on the oversight hereof.

(3) The auditor shall be able to document at any given time that the requirements for continuing education have been met.

Use of Title

S. 5. The title “state-authorised public accountant”, or compositions in which this title is used, may only be used by a person who has been approved as a state-authorised public accountant.

(2) The title “registered public accountant”, or compositions in which this title is used, may only be used by a person who has been approved as a registered public accountant.

(3) The title “approved auditor”, or compositions in which this title is used, may only be used by a person who has been approved as an auditor in pursuance of Section 3 and Section 10 (1).

(4) The use of Danish or foreign titles that may be confused with the above shall not be permitted. However, this shall not apply to persons who have been approved in pursuance of Sections 10, 11 and 15.

(5) A person who is no longer approved as a state-authorised public accountant or as a registered public accountant may not use the title “state-authorised public accountant” or “registered public accountant”, or compositions or abbreviations hereof, cf., however, Section 6 (2).

Depositing of Approval

S. 6. An auditor may deposit his approval with the Danish Commerce and Companies Agency. Depositing of the auditor’s approval shall be subject to the condition that the approval has not lapsed in pursuance of Section 7, been withdrawn in pursuance of Section 8 or been revoked in pursuance of Section 44 (2) or Section 79 of the Danish Penal Code.

(2) An auditor who has deposited his approval with the Danish Commerce and Companies Agency must not in business relationships present him- or herself as a “state-authorised public accountant”, a “registered public accountant” or an “approved auditor”. Compositions or abbreviations of these titles must not be used.

(3) A person who has deposited his or her approval may, upon request, be reappraised, provided that the person in question meets the conditions in Section 3 (1), nos. 1-3 and 6, and Section 4, and provided that the person in question does not have payables to the public authorities of DKK 100,000 or more. Section 8 (3) and Section 9 (3) shall apply in connection with approval after the auditor’s approval has been deposited.

(4) An auditor who deposits his approval shall be struck off the public register of approved auditors.

Lapse of Approval

S. 7. The approval as an auditor shall lapse if the conditions in Section 3 (1), nos. 1-3 or no. 6, are no longer met.

(2) Upon request from the Danish Commerce and Companies Agency, an auditor shall document that he or she is covered by insurance in pursuance of Section 3 (1) no. 6. The documentation hereof must have been received by the Agency not later than four weeks after the request was received. If the documentation is not received upon expiry of the time limit, the approval shall lapse.

Withdrawal of Approval

S. 8. The Danish Commerce and Companies Agency may withdraw an auditor's approval if the auditor has payables to the public authorities of DKK 100,000 or more. The approval may be withdrawn until the matter has been settled. The decision must contain information about access to a judicial review in pursuance of Section 52 and on the time limit for instituting such legal proceedings.

(2) The Danish Commerce and Companies Agency may also withdraw an auditor's approval if

- 1) the auditor refuses to comply with the rules on quality assurance review, cf. Section 29, or
- 2) the auditor does not meet the requirements for continuing education in Section 4, cf., however, (3).

(3) If an auditor only needs to complete a minor part of the continuing education, the Danish Commerce and Companies Agency may lay down a time limit within which the auditor must meet the requirements for continuing education laid down in pursuance of Section 4 (2).

Effect of Lapse, etc.

S. 9. If the approval as an auditor has lapsed in pursuance of Section 7, been withdrawn in pursuance of Section 8 or been revoked in pursuance of Section 44 (2) or Section 79 of the Danish Penal Code, the person shall be struck off the public register of approved auditors, and the person in question shall subsequently not be entitled to use the certificate of approval and the professional title.

(2) If the cause of the lapse or withdrawal of an approval ceases or if the revocation of an approval expires or is set aside, the approval shall enter into force again following a request for this, and the person shall be entered in the public register of approved auditors. This shall be subject to the conditions in Section 3 (1), nos. 1-3 and no. 6, and Section 4 having been met and that the person in question does not have payables to the public authorities of DKK 100,000 or more.

(3) For a person who has not held an approval for a number of years, the requirement for continuing education in pursuance of Section 4 may be replaced by a special test in accordance with rules to be fixed by the Danish Commerce and Companies Agency.

Other Approval as Auditor, etc.

S. 10. The Danish Commerce and Companies Agency may approve as auditors persons who document that they have concluded a study programme or training programme abroad, which can be equated with the study and training programme in pursuance of Section 3, and meet the other conditions. The person in question shall also document his or her knowledge of Danish legislation.

(2) The provisions in Sections 4-9 shall apply correspondingly to auditors who have been approved in pursuance of (1).

(3) Where special circumstances apply, the Danish Commerce and Companies Agency may, moreover, permit foreign auditors to handle specific tasks for which a state-authorised public accountant or a registered public accountant is required in accordance with the existing legislation. Such an approval may be limited and conditional.

Access to Provision of Reports on a Temporary and Occasional Basis

S. 11. Auditors who have been approved in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts and who are established in another EU country, in an EEA country or in another country with which the EU has entered into an agreement may provide reports on a temporary and occasional basis in pursuance of Section 1 (2) and (3). However, the report must not concern the statutory audit of financial statements and consolidated financial statements. Auditors who provide a report in pursuance of the first sentence shall use their professional title in their country of establishment.

(2) Auditors who are covered by (1) shall submit an application for registration to the Danish Commerce and Companies Agency before they provide any reports. The Danish Commerce and Companies Agency shall lay down rules on application and registration.

(3) The Danish Commerce and Companies Agency shall keep a public register of auditors, cf. (1), who are established in another EU country, in an EEA country or in another with which the EU has entered into an agreement at the time of the submission of the application for registration and who have notified the Danish Commerce and Companies Agency that they intend to provide reports in Denmark on a temporary and occasional basis. Information about the person's name, address and professional title shall be entered in the register.

S. 12. Auditors who provide reports in Denmark in pursuance of Section 11 (1) shall inform the recipients of the reports about the auditors' professional title in their country of establishment as well as any registration number in a public register in the

country of establishment, any VAT registration number in the country of establishment and any professional indemnity insurance.

(2) The Danish Commerce and Companies Agency shall lay down rules on the information that must be provided in pursuance of (1).

Approval as an Audit Firm, etc.

S. 13. The Danish Commerce and Companies Agency shall approve as an audit firm, cf. however (7) and (8), any company that

1) meets the conditions in (2) and (5) and the conditions in rules issued in pursuance of (6) and

2) submits to the rules on quality assurance review in pursuance of Section 29.

(2) In audit firms, the majority of the voting rights must be held by auditors or audit firms that are approved in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts. Other parties may each hold maximum 10 per cent of the other voting rights in the audit firm. This restriction shall not, however, apply to

1) persons who have their principal occupation with the audit firm,

2) employee associations in a public limited company of accountants, a private limited company of accountants or a limited partnership company of accountants (a partnership of accountants) that are independent of the audit firm's and that only have as members the persons mentioned in no. 1 and

3) persons who have acquired the voting rights in a public limited company of accountants, a private limited company of accountants or a limited partnership company of accountants (a partnership of accountants) as part of an employee scheme.

(3) The term "approved audit firm", or compositions in which this term is used, may only be used by an audit firm that has been approved in pursuance of (1).

(4) Audit firms in which the majority of the voting rights is held by state-authorised public accountants or state-authorised audit firms or by registered public accountants or registered audit firms respectively shall have the exclusive right to use the term "state-authorised audit firm" and "registered audit firm" respectively or compositions in which these terms are used. The use of Danish or foreign terms that may be confused with the above shall not be permitted.

(5) The majority of the members of the supreme management body of the audit firm must be auditors or audit firms that have been approved in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts. In SE companies that have a two-tiered management system, the management body shall comprise both members of the management body and members of the supervisory body.

(6) The Danish Commerce and Companies Agency shall lay down further rules on the exercise of audit activities in various corporate forms, including rules on the audit firm's name, winding-up, liquidation and compulsory compositions, etc., the exercise of the voting rights in the audit firm and the transfer of voting shares in the event of death or depositing of the approval.

(7) Approval may be denied if there is reason to assume that the audit firm will not be able to perform the assignment in a sound and responsible manner.

(8) A company for which the approval as an audit firm has lapsed, cf. Section 14 (1), been withdrawn in pursuance of Section 14 (2) or been revoked, cf. Section 44 (4), third sentence, can only be reapproved if the reason for the lapse or withdrawal is no longer present or if a revocation has expired or been set aside.

S. 14. Approval as an audit firm shall lapse if the audit firm no longer meets the conditions in Section 13 (2) and (5) as well as conditions in rules issued in pursuance of Section 13 (6).

(2) The Danish Commerce and Companies Agency may withdraw an audit firm's approval if the audit firm refuses to comply with the rules on quality assurance review in pursuance of Section 29.

(3) If an approval as an audit firm has lapsed in pursuance of (1), been withdrawn in pursuance of (2) or been revoked in pursuance of Section 44 (4), third sentence, the audit firm shall be struck off the public register of approved audit firms, and it shall subsequently not be entitled to use the term "approved audit firm", cf. Section 13 (3), or "state-authorised audit firm" or "registered audit firm", cf. Section 13 (4), or compositions or abbreviations hereof.

Registration of auditors and audit firms that do not have their registered office in Denmark, in another EU country or in an EEA country

S. 15. Auditors who and audit firms that do not have their registered office in Denmark, in another EU country or in an EEA country and provide an audit report on financial statements or consolidated financial statements for a company that does not have its registered office in Denmark, in another EU country or in an EEA country and that have transferable securities admitted to trading on a regulated market in Denmark shall be registered in the public register of approved auditors and audit firms.

(2) (1) shall not apply if the auditors' report concerns a company that solely issues debt securities with a nominal value that amounts to minimum EUR 50,000 per unit or, if the debt securities are denominated in another currency, with a nominal value that corresponds to minimum EUR 50,000 on the date of issue.

(3) The provisions in Part 9 shall apply correspondingly, with the necessary adjustments, to auditors and audit firms that are registered in pursuance of (1).

(4) The Danish Commerce and Companies Agency may, subject to reciprocity, grant full or partial exemptions from the requirements in (1) and (3) if the auditor or audit firm is subject to systems of public oversight, quality assurance review and investigations and disciplinary sanctions in a third country that correspond to the provisions in (3).

(5) The Danish Commerce and Companies Agency shall lay down rules on and conditions for registration in pursuance of (1) and conditions for full or partial exemption in pursuance of (4).

(6) An auditors' report provided by an auditor or an audit firm that is not registered in pursuance of (1)-(5) shall not have any legal effect.

Part 3

Auditor's Activities and Assignments, etc.

S. 16. The auditor shall be the representative of the public during the performance of assignments in pursuance of Section 1 (2). The auditor shall perform the assignments in accordance with generally accepted auditing practices, and the auditor shall show the accuracy and expediency that the nature of the assignments permits. Generally accepted auditing practices also entail that the auditor shall show integrity, objectivity, confidentiality, professional behavior, professional competence and due care in the performance of the assignments.

(2) The assignments in pursuance of (1) may only be performed in audit firms, cf., however, Section 10 (3), Section 11 and Section 17.

(3) During the performance of assignments in pursuance of Section 1 (3), the auditor shall show professional competence and due care. If the auditor does not act independently in connection with the performance of the assignments, cf. Section 24, this must be disclosed in the report.

(4) The Commerce and Companies Agency may lay down further rules on ethics, the performance of audit assignments and the auditor's provision of auditors' reports, including the auditor's statements on management's reviews in pursuance of the Danish Financial Statements Act, and on the auditor's provision of other assurance reports. The Agency may decide that auditors and audit firms shall use a digital signature or a corresponding electronic signature in connection with the performance of assignments covered by Section 1 (2).

S. 17. Regardless of Section 16 (2), registered public accountants employed with the agricultural economics associations' advisory services related to or is run by the organisation Danish Agriculture may perform assignments in pursuance of Section 1 (2). Such registered public accountants may only perform the assignments for natural persons and legal entities who are engaged in agricultural activities and with whom the advisory services has a maximum share of 5 per cent of its turnover in a financial year. It shall be a condition that the advisory services are registered with the public register, cf. Section 2, and submits to quality assurance reviews in pursuance of Section 29.

(2) Registered public accountants who are employed with the agricultural economics associations' advisory services may only perform assignments in pursuance of Section 1 (2) from these offices and must not have any ownership interests in an audit firm.

(3) The statutory rules on audit firms laid down in the Act shall apply correspondingly, with the necessary adjustments, to the agricultural economics associations' advisory services. However, this shall not apply to Section 3 (1), no. 5, cf. (2), and Section 13.

The Auditor's Resignation, etc.

S. 18. If the auditor provides auditors' reports or other assurance reports on financial statements, etc. in pursuance of Section 1 (2), the auditor shall continue in the office of auditor until a new auditor has taken up the position unless otherwise follows from the existing legislation or from a company's Articles of Association or unless otherwise agreed.

(2) Regardless of (1), the auditor may resign from the office of auditor at any given time unless this is contrary to generally accepted auditing practices. If an auditor resigns from his or her position, the incoming auditor shall contact the resigning auditor, who shall be under an obligation to state the reasons for his or her resignation. The resigning auditor shall also be under an obligation to grant the incoming auditor access to all relevant information about the company relevant for the auditor's report.

Auditors' Report or Other Assurance Report

S. 19. When the auditor has concluded an audit, the auditor shall provide an auditors' report on the financial statements on the work performed and the opinion expressed. The auditors' report shall be provided by the auditor(s) who has or have been appointed to perform the assignment or, if an audit firm has been appointed, by the auditor(s) who has or have been in charge of and had the final responsibility for the assignment. Auditors' reports for financial statements must not be provided together with other parties than approved auditors, cf., however, (3).

(2) If the existing legislation or a company's Articles of Association prescribe that several auditors must be appointed for the provision of auditors' reports or assurance reports on financial statements, these auditors must not be related to the same audit firm.

(3) Regardless of (1), an auditor may provide an auditors' report together with an Auditor General, if the audit is covered by the Danish Act on Audit of State Accounts etc. or by private legislation, in pursuance of which the Auditor General conducts an audit together with a state-authorised public accountant or a registered public accountant.

(4) Other assurance reports than auditors' reports, cf. Section 1 (2), shall be signed by the auditor(s) who has or have been appointed to perform the assignment, or, if an audit firm has been appointed, by the auditor(s) who has or have been in charge of and had the final responsibility for the assignment. The statement may be provided together with non-auditors.

Auditors' Records

S. 20. The auditor shall keep auditors' records in companies in which the financial statements, etc. are audited.

(2) The auditors' records shall be kept for use by the principal unless otherwise required. In companies that have an audit committee, cf. Section 31, the auditors' records shall also be kept for use by the audit committee.

(3) In the auditors' records, the auditor shall account for the nature and extent of the audit work performed and the opinion expressed on the basis hereof. In this connection, the auditor shall, as a minimum, provide information about the following when an audit has been performed:

- 1) Significant issues regarding the audit, including, in particular, material uncertainty, errors, misstatements or omissions in the company's bookkeeping, accounting or internal control,
- 2) matters that must normally be expected to be of importance to the recipient's or principal's assessment of the financial statements, etc.,
- 3) whether the auditor meets the statutory requirements for an auditor's independency and
- 4) whether the auditor has received all the information requested during the audit.

(4) Information in the auditors' records cannot be replaced by other communications.

(5) In parent companies that present consolidated financial statements, the auditors' records shall contain a description of the audit of the consolidated financial statements.

S. 21. In auditors' records that concern financial statements, etc. presented by companies mentioned in (3), the auditor shall, moreover, provide information about the following:

- 1) non-audit services that have been provided for the audited company by the audit firm and its subsidiaries and
- 2) the safeguards that have been applied to mitigate any threats to the auditor's independence as documented by the auditor, cf. Section 24 (6),
- (2) In parent companies that present consolidated financial statements, the information provided in pursuance of (1), no. 1, shall also be provided for the Group as a whole.
- (3) The following companies shall be covered by (1) until they no longer meet the criteria:
 - 1) companies with transferable securities admitted to trading on a regulated market in an EU country or in an EEA country,
 - 2) state-owned public limited companies,
 - 3) municipalities, joint local authority companies, cf. Section 60 in the Danish Local Government Act, and regions,
 - 4) companies that are subject to supervision by the Danish Financial Supervisory Authority, except for companies that are covered by the Danish Insurance Mediation Act and companies that are covered by Part 20 a (investment advisers) of the Danish Financial Business Act, and
 - 5) companies that exceed two or more of the following criteria in two consecutive financial years:
 - a) a staff of 2,500 employees,
 - b) a balance sheet total of DKK 5 billion or
 - c) a net turnover of DKK 5 billion.

Reporting on Financial Crime

S. 22. If the auditor realises during the performance of assignments in pursuance of Section 1 (2) and (3) that one or more members of the company's management commit or have committed financial crimes in connection with the performance of their managerial duties, and if the auditor has reason to assume that the crime concerns significant sums or is otherwise of a serious nature, the auditor shall immediately notify each individual member of the management hereof. The notification shall be entered in the auditors' records if the auditor keeps such records. If the management has not documented to the auditor within 14 days at the latest that it has taken the necessary steps to stop any ongoing crime and to remedy the damage that the alleged crime has caused, the auditor shall immediately notify the Public Prosecutor for Serious Economic Crime about the assumed crimes. Sentence 1 and 3 shall not apply to circumstances that are covered by the rules in the Danish Act on Preventive Measures against Money Laundering and Financing of Terrorism.

(2) If the auditor finds that notification of the members of the management will not be a suitable measure for the prevention of continued crime, the auditor shall immediately notify the Public Prosecutor for Serious Economic Crime of the assumed financial crimes. The same shall apply if the majority of the company's members of the management are involved in or have knowledge of the financial crimes.

(3) If the auditor resigns from his or her position, cf. Section 18 (2), and this is a result of the auditor having reason to assume that there is a situation as described in (1), first sentence, the auditor shall immediately notify the Public Prosecutor for Serious Economic Crime hereof and of the reasons for the auditor's resignation from his or her position.

(4) In SE companies that have a two-tiered management system, members of the company's management shall comprise both members of the management body and of the supervisory body.

Documentation

S. 23. For each assignment performed in pursuance of Section 1 (2), auditors and audit firms shall prepare working papers that document the basis of report or statement. The working papers and copies of the reports, auditors' records and financial statements shall be kept for five years from when the report that the material concerns was signed.

(2) In connection with an audit of parent companies that present consolidated financial statements, the working papers shall also document the review that has been performed of the audit work carried out by other auditors in connection with the auditing of the Group.

(3) If the audit work in subsidiaries has been performed by one or more auditors or audit firms that do not have their registered office in an EU country, an EEA country or in another country with which the EU has entered into an agreement, the auditor or audit firm shall keep a copy of the documentation, including working papers, for the audit work performed in the subsidiary that is of importance to the audit of the consolidated financial statements. The auditor or the audit firm may refrain from storing the documentation if an agreement has been entered into on adequate and unlimited access to the documentation on request or if other suitable measures have been taken.

(4) If the auditor or audit firm has been prevented from receiving the documentation in pursuance of (3), the working papers shall document the obstacles in question.

(5) (3) and (4) shall not apply if an agreement has been entered into with the country in question in pursuance of Section 48 (5) 2.

Part 4

The Auditor's Independence

S. 24. An auditor who performs assignments covered by Section 1 (2) must be independent of the company that the assignment concerns and must not be involved in the decisions made in the company.

(2) An auditor is not independent if there is a direct or indirect financial, business or employment relationship or other relationship, including the provision of services not covered by Section 1 (2), between the auditor and the company that the assignment concerns that may raise doubt in a well-informed third party about the auditor's independence. The same shall apply if there is such a relationship between other persons in the audit firm who are attached to the assignment or who are in a position to influence the outcome of the assignment, the audit firm or the audit firm's network and the company that the assignment concerns.

(3) In the event of threats to the auditor's or audit firm's independence, including self-review, self-interest, advocacy, close personal relations, including familiarity, or intimidation, the auditor or the audit firm shall apply safeguards aimed at mitigating such threats. If the threat is of such a nature in relation to the safeguards applied that the auditor's or the audit firm's independence has been compromised, the auditor shall abstain from performing assignments in pursuance of Section 1 (2).

(4) An auditor must not perform assignments in pursuance of Section 1 (2) that concern a company covered by Section 21 (3) if this involves self-review or self-interest. The auditor(s) who sign(s) the auditors' report in such a company must not take up a managerial position in said company until two years after the auditor in question has resigned from his or her position as the company's auditor.

(5) The Danish Commerce and Companies Agency shall lay down rules on relationships covered by (2) and (3), including threats, safeguards and situation in which the auditor or the audit firm are not independent. The Agency may also lay down rules on self-review and self-interest, cf. (4).

(6) Audit firms shall lay down guidelines that ensure that the auditor will assess, prior to the auditor's undertaking of assignments in accordance with Section 1 (2), whether there are any circumstances that may raise doubt in a well-informed third party about the auditor's independence. The audit firms shall, moreover, ensure that the auditors document in their working papers in connection with the performance of the assignments all significant threats to the auditor's and the audit firm's independence and the safeguards that have been applied to mitigate these threats.

S. 25. An audit firm that audits companies covered by Section 21 (3) shall ensure that the auditor(s) who sign(s) the auditors' report are replaced for a period of minimum two years not later than seven years after they have been appointed to handle the assignment.

S. 26. An audit firm must not have a share of more than 20 per cent of its turnover with the same customer in each of five consecutive financial years. The Danish Commerce and Companies Agency may grant an exemption from this if there are special circumstances.

(2) In connection with the performance of assignments in pursuance of Section 1 (2), an auditor must not demand

- 1) a higher fee for his or her work than what can be regarded as reasonable or
- 2) a fee, the payment or size of which is made conditional on other matters than the work performed.

(3) The provision in (2) shall also apply to fees for non-audit services if the auditor or other persons in the audit firm who are attached to the assignment or who are in a position to influence the outcome of the assignment concurrently are in a position to influence the outcome of the assignment or are attached to assignments for the same principal in pursuance of Section 1 (2).

Part 5

Transparency Report

S. 27. An audit firm that performs assignments in pursuance of Section 1 (2) in companies covered by Section 21 (3) shall publish an annual transparency report on their website within three months from the end of the financial year. The report shall contain the following:

- 1) a description of the audit firm's legal structure and ownership,
 - 2) a description of the audit firm's governance structure,
 - 3) if the audit firm forms part of a network, a description of the network and the audit firm's legal and structural arrangements with the network,
 - 4) information about the basis of the partners' remuneration,
 - 5) a description of the audit firm's internal quality control system, including a statement of the policies for independence as well as for continuing education,
 - 6) a statement of when the latest quality assurance review was performed, cf. Section 29,
 - 7) a declaration from the audit firm's senior management that the quality control system functions efficiently and that the independence policy is observed,
 - 8) financial information that shows the audit firm's size, including its total turnover, distributed on fees for audits of financial statements, fees for other assurance engagements, tax consultancy services and other services and
 - 9) a list of companies covered by Section 21 (3) for which the audit firm has performed assignments in the past financial year in pursuance of Section 1 (2).
- (2) The audit firm's senior management shall be responsible for the correctness of the information.

Part 6

Quality Control and Quality Assurance Review

S. 28. Audit firms shall have a quality control system and shall be able to document the application hereof.

(2) The Danish Commerce and Companies Agency may lay down rules on the contents of the quality control system and on documentation of the application of the system.

S. 29. An audit firm and the auditors employed with the audit firm shall be under an obligation to submit to quality assurance reviews. The quality assurance review shall be performed by the Danish Supervisory Authority on Auditing in pursuance of the rules in Sections 34-36.

(2) The quality assurance review shall comprise an assessment of the quality control system, cf. Section 28, and the auditor's performance of and independence in the assignments that the auditor handles in pursuance of Section 1 (2).

(3) The quality assurance review shall be performed at an interval of maximum six years. However, the quality assurance review shall be performed at an interval of maximum three years in audit firms that conduct audits of financial statements presented by companies covered by Section 21 (3).

(4). An audit firm that is subjected to a quality assurance review shall grant the Danish Supervisory Authority on Auditing and the reviewer access to perform the necessary investigations and to ensure that the Danish Supervisory Authority on Auditing and the reviewer receive the information and assistance deemed necessary for the performance of the quality assurance review. Auditors related to the audit firm shall have corresponding obligations vis-à-vis the Danish Supervisory Authority on Auditing and the reviewer.

Part 7

The Auditor's Professional Secrecy

S. 30. Sections 144, 150-152 f and 155-157 of the Danish Penal Code shall apply correspondingly to auditors. Sections 144, 152-152 f and 155 of the Danish Penal Code shall apply correspondingly to the employees of auditors.

(2) Regardless of the provisions in Sections 152-152 e of the Danish Penal Code, an auditor in a subsidiary may disclose information to a group auditor in a parent company.

Part 8

Audit Committee

S. 31. Companies with transferable securities admitted to trading on a regulated market in an EU or EEA country shall set up an audit committee, cf., however, (4), (5), (7) and (8). The Audit Committee shall consist of members of the company's Board of Directors who are not also members of the company's Executive Board. At least one member of the audit committee shall be independent of the company and have qualifications within accounting or auditing.

(2) The tasks and duties of the Audit Committee shall, as a minimum, consist of the following:

- 1) monitoring the financial reporting process,
- 2) monitoring whether the company's internal control systems, including any internal audits and risk management systems, function efficiently,
- 3) monitoring the statutory audit of the financial statements, etc. and
- 4) monitoring and checking the auditor's independence, cf. Section 24, including, in particular, the provision of non-audit services for the company.

(3) In companies that have set up an audit committee, the Board of Directors' recommendation for appointment of auditor shall be based on a nomination from the Audit Committee.

(4) Companies covered by (1), first sentence, may, however, decide that the Audit Committee's functions are instead to be performed by the full Board of Directors. This shall require that no members of the Board of Directors are concurrently members of the Executive Board and that at least one member of the Board of Directors is both independent of the company and has qualifications within accounting or auditing.

(5) Regardless of (4), companies covered by (1), first sentence, may decide to let the Audit Committee's functions be performed by the full Board of Directors if the Chairman of the Board of Directors is not a member of the Executive Board and if the company does not exceed two of the following criteria in two consecutive financial years as at the balance sheet date:

- 1) a staff of 250 full-time employees,
- 2) a balance sheet total of EUR 43 million or
- 3) a net turnover of EUR 50 million.

(6) In companies in which the Audit Committee's functions are performed by the full Board of Directors, cf. (4) and (5), information about this shall be disclosed in the annual report.

(7) (1)-(6) shall not apply to investment funds, special-purpose associations and companies that are subsidiaries if the parent company is covered by the requirements for the establishment of an Audit Committee.

(8) The Minister for Economic and Business Affairs may lay down rules on an Audit Committee in companies subject to supervision by the Danish Financial Supervisory Authority, including rules stipulating that (5) and (7) may be derogated from.

Part 9

Public Oversight, etc.

General Provisions

S. 32. The Danish Commerce and Companies Agency shall be responsible for the supervision of auditors and audit firms.

(2) The Danish Commerce and Companies Agency's supervisory duties shall include supervision of

- 1) examination as well as continuing education, cf. Section 33,
- 2) quality assurance reviews, cf. Sections 34-36,
- 3) investigations, cf. Sections 37-42,
- 4) disciplinary sanctions, cf. Sections 43-47, and
- 5) co-operation and exchange of information with the competent authorities in other countries, cf. Sections 48 and 49.

(3) In connection with the performance of the Danish Commerce and Companies Agency's supervisory duties in pursuance of (1) and (2), the Agency may obtain information from other Danish and foreign competent authorities and demand any necessary information from auditors and audit firms, including the surrender of working papers and other documents regarding assignments performed in pursuance of Section 1 (2).

The Auditors' Commission

S. 33. The Danish Commerce and Companies Agency shall set up an Auditors' Commission and lay down the Rules of Procedure for the Auditors' Commission. The Auditors' Commission shall consist of a Chairman and 10 other members. 3 members must be state-authorised public accountants, 2 registered public accountants, 2 business experts and 3 special experts in tax law, estate administration law and economics respectively. Neither the Chairman, the business experts nor the special experts may be approved auditors or be employed with or run an audit firm together with approved auditors.

(2) The Chairman and members of the Auditors' Commission shall be appointed by the Danish Commerce and Companies Agency for a period of up to 4 years.

(3) The Auditors' Commission shall assist the Danish Commerce and Companies Agency in the administration of the Act, hold examinations for state-authorised public accountants and registered public accountants and assist the Agency in connection with the preparation of the requirements for continuing education, cf. Section 4 (2).

(4) The Auditors' Commission shall set up a Board of Examiners for state-authorised public accountants and a Board of Examiners for registered public accounts for the provision of assistance in connection with the holding of examinations.

(5) The Board of Examiners for state-authorized public accountants shall consist of 3 state-authorized public accountants and of 5 or more members who are neither state-authorized public accountants nor registered public accountants. The Chairman of the Board of Examiners must be a member of the Auditors' Commission and shall be appointed from among the members who are not state-authorized public accountants.

(6) The Board of Examiners for registered public accountants shall consist of 3 registered public accountants and of 5 or more members who are not registered public accountants. The number of members who are not auditors shall always exceed the number of auditors. The Chairman of the Board of Examiners must be a member of the Auditors' Commission and shall be appointed from among the members who are not registered public accountants.

(7) The Danish Commerce and Companies Agency shall lay down the further provisions on examinations for state-authorized public accountants and registered public accountants, cf. Section 3 (1), no. 4, including the conditions for enrolment in the examination, the examination requirements, the holding of the examination and the assessment.

(8) The Danish Commerce and Companies Agency may let the Auditors' Commission assist the Faroese registration authority.

The Danish Supervisory Authority on Auditing

S. 34. The Danish Commerce and Companies Agency shall set up a supervisory authority on auditing and lay down the Rules of Procedures for this authority. The Danish Supervisory Authority on Auditing shall consist of a Chairman and 8 other members. 2 members shall be state-authorized public accountants, 2 shall be registered public accountants and 4 shall be representatives of financial statement users. The Chairman and the representatives of financial statement users must not be approved auditors or be employed with or run an audit firm together with approved auditors.

(2) The Chairman and members of the Danish Supervisory Authority on Auditing shall be appointed by the Danish Commerce and Companies Agency for a period of up to 4 years.

(3) The Danish Supervisory Authority on Auditing shall ensure that the quality assurance review in pursuance of Section 29 is performed in accordance with the rules of the Act. The Danish Commerce and Companies Agency shall lay down further rules on the quality assurance review and the performance hereof. In this connection, the Agency may lay down special rules on the quality assurance review of audit firms that perform audits in companies mentioned in Section 21 (3).

(4) The rules in (3) on the performance of a quality assurance review shall include rules on,

1) the persons who can perform quality assurance reviews,

2) selection of reviewers, cf. Section 35,

3) selection of audit firms for quality assurance reviews and

4) the extent and performance of the quality assurance review.

(5) The cost of the quality assurance review shall be paid provisionally by the Danish Supervisory Authority on Auditing, but the final payment of this cost shall be made by the audit firm that has been reviewed. The Danish Commerce and Companies Agency shall lay down the further rules on the payment of cost.

S. 35. The Danish Supervisory Authority on Auditing shall approve the auditors who are entitled to perform quality assurance reviews for a 5-year period, cf. Section 34 (4), no. 1. These auditors shall be called reviewers. The Danish Supervisory Authority on Auditing shall keep a list of the reviewers. In specific cases, the Danish Commerce and Companies Agency may appoint other persons than auditors as reviewers. The reviewers shall have appropriate professional education and relevant experience in auditing and financial reporting and shall have the necessary knowledge of quality assurance reviews.

(2) The quality assurance review shall be performed in accordance with the rules that have been issued on this, cf. Section 34 (3) and (4).

(3) Following the conclusion of the quality assurance review, the reviewer shall prepare a report, which shall be submitted to the Danish Supervisory Authority on Auditing. The report must contain a description of the object, nature and extent of the quality assurance review as well as an assessment of the result hereof. If the quality assurance review is performed by an auditor, the report shall be prepared in the form of an assurance report in pursuance of Section 1 (2).

(4) The Danish Supervisory Authority on Auditing may demand the information from the reviewer and the reviewed company that is necessary to ensure that the Danish Supervisory Authority on Auditing can make a decision on whether there are errors, omissions or areas of improvements in the reviewed company. The Danish Supervisory Authority on Auditing may also demand the information from the reviewer that is necessary to enable the Supervisory Authority on Auditing to conduct a case before the Disciplinary Board on Auditors. Where the Supervisory Authority on Auditing finds it necessary, it may make quality assurance review visits itself or participate in a quality assurance review visit together with a reviewer.

(5) The Supervisory Authority on Auditing shall decide whether the quality assurance review of the company gives rise to

1) conclusion of the review without further comments,

2) a reprimand without further follow-up until the next ordinary quality assurance review visit or

3) a reprimand with a quality assurance review visit to check whether the reprimand has been complied with.

(6) The Supervisory Authority on Auditing shall also assess whether errors or omissions have been found in the reviewed companies and/or auditors that mean that the companies and/or the auditors should be brought before the Disciplinary Board on Auditors, cf. Section 43.

(7) The Supervisory Authority on Auditing shall publish an annual report on its work.

S. 36. The members of the Supervisory Authority on Auditing, the reviewers and other persons involved in the work on the quality assurance review shall be subject to the rules on the independence of auditors, cf. Section 24.

(2) Sections 152, 152 a and 152 c-152 f of the Danish Penal Code shall apply to the members of the Supervisory Authority on Auditing, the reviewers and other persons involved in the work on the quality assurance review regarding information about a natural person or legal entity's financial, business or private affairs of which they acquire knowledge in connection with their work.

(3) Regardless of the provisions in Sections 152-152 e of the Danish Penal Code, the reviewers may disclose information to the Supervisory Authority on Auditing, and the Supervisory Authority on Auditing and the reviewers may also disclose information to the Disciplinary Board on Auditors.

(4) Regardless of the provisions in (2), the Supervisory Authority on Auditing, the reviewers and other persons who have been involved in the work on the quality assurance review may disclose information to the Danish Commerce and Companies Agency in pursuance of Section 32 (3).

Investigations

S. 37. If the Danish Commerce and Companies Agency finds that there is a risk that an auditor or an audit firm has violated or will violate provisions in or in pursuance of the present Act, the Agency may initiate and perform an investigation aimed at detecting, correcting or preventing such a violation. This shall not apply to a report provided in pursuance of Section 1 (3). The Agency may also initiate an investigation if it receives a request for this from a competent foreign authority cf. Section 32 (2), no. 5.

(2) The Danish Commerce and Companies Agency may make a decision on the use of external assistance in connection with an investigation in pursuance of (1).

(3) The Danish Commerce and Companies Agency may lay down provisions on the initiation and performance of investigations in pursuance of (1).

S. 38. The Commerce and Companies Agency may demand all information from an auditor or audit firm, including working papers, auditors' records, correspondence and other documents deemed necessary for the Agency's decision on whether there has been or will be a violation of the provisions in the present Act, provisions laid down in pursuance of the present Act or provisions on the duties of auditors laid down in other legislation.

S. 39. The Danish Commerce and Companies Agency shall have access to an audit firm's premises, without a court order, at any given time against the presentation of adequate identification and to the audit firm's records, documents, etc., including material kept electronically, in order to obtain information that is necessary for use in an investigation in pursuance of Section 37, cf., however, Section 9 of the Danish Act on Due Process in Connection with the Administration's Use of Compulsory Intervention and Duties of Disclosure.

(2) (1) shall not apply to buildings or parts of buildings that are solely used for private dwellings.

(3) The police shall, if necessary, provide assistance in the performance of an investigation in pursuance of (1). The Minister for Economic and Business Affairs may lay down further rules on this following negotiations with the Minister of Justice.

(4) In connection with the performance of an investigation in pursuance of Section 37 (1), third sentence, the Danish Commerce and Companies Agency may permit that staff from the relevant foreign authority accompany the Agency.

(5) The Danish Commerce and Companies Agency shall lay down provisions on the participation of staff from foreign authorities in pursuance of (4).

S. 40. Following the conclusion of an investigation, the Danish Commerce and Companies Agency shall decide whether the findings of the investigations give rise

1) to issue a reprimand,

2) to order that any violations shall be brought to an end, or

3) to bring the auditor, audit firm or both before the Disciplinary Board on Auditors, cf. Section 43.

S. 41. The Danish Commerce and Companies Agency may decide that the findings of the investigation in pursuance of Section 40 are to be published and on the form of such publication. The findings shall be published on the Danish Commerce and Companies Agency's website.

S. 42. The Danish Commerce and Companies Agency may, as a sanction, levy daily or weekly fines on members of an audit firm's Board of Directors, Executive Board or similar executive body and on auditors if they fail to

1) comply with a request for information in pursuance of Section 38 or

2) comply with an order issued by the Agency in pursuance of Section 40.

(2) Default fines that accrue to the Treasury may be collected by execution or restraint and by the withholding of pay, etc. in pursuance of the rules on the collection of personal taxes laid down in the Danish Withholding Tax Act.

(3) The authority in charge of collecting arrears may waive claims in pursuance of (1) and (2) in pursuance of the rules in the Danish Tax Collection Act.

The Disciplinary Board on Auditors

S. 43. The Danish Commerce and Companies Agency shall set up a Disciplinary Board on Auditors and lay down the Rules of Procedure for this authority. The Disciplinary Board on Auditors shall consist of a Chairman, who must be a judge, and minimum 12 other members, 3 of whom must be state-authorized public accountants, 3 registered public accounts and 6 representatives of financial statement users. The representatives of financial statement users must not be approved auditors or be employed with or run an audit firm together with approved auditors. In connection with an increase in the number of members, a pro rata share of state-authorized public accountants and registered public accountants shall be appointed, and the number of representatives of financial statement users shall be maintained proportionately. The Chairman and members of the Disciplinary Board on Auditors shall be appointed by the Danish Commerce and Companies Agency, which may also appoint one or more judges as Deputy Chairmen. At least one member of the chairmanship must be a High Court judge. The chairmanship and members shall be appointed for a period of up to 4 years.

(2) In the Disciplinary Board on Auditors' hearing of a case concerning state-authorized public accountants, at least one state-authorized public accountant and one representative of financial statement users shall participate in the hearing together with the Chairman or the Deputy Chairman. In the Disciplinary Board on Auditors's hearing of a case concerning registered public accountants, at least one registered public accountant and one representative of financial statement users shall participate in the hearing together with the Chairman or the Deputy Chairman. If more members participate in the hearing, the number of auditors shall correspond to the number of representatives of financial statement users. In cases that may involve the revocation of rights, cf. Section 44 (2) and (4), at least two state-authorized public accountants or two registered public accountants respectively and a corresponding number of representatives of financial statement users shall always participate in the hearing together with the Chairman.

(3) Complaints that an auditor has failed to comply with the duties of the office of auditor in the performance of assignments in pursuance of Section 1 (2) and (3) may be brought before the Disciplinary Board on Auditors. The same shall apply to complaints about auditors who are registered in pursuance of Section 11 (2) and complaints about matters mentioned in Section 44 (2), second sentence. Complaints about an auditor's fees and cases concerning professional loyalty and fairness cannot be brought before the Disciplinary Board on Auditors.

(4) Complaints about audit firms regarding matters mentioned in Section 44 (4), third sentence, may be brought before the Disciplinary Board on Auditors.

(5) An audit firm may be brought before the Disciplinary Board on Auditors by the Supervisory Authority on Auditing if the audit firm has not laid down guidelines for independency, cf. Section 24 (6), does not have a quality control system, cf. Section 28, or if other errors or omissions in the audit firm have been ascertained in connection with the performance of a quality assurance review, and these findings should, in the Supervisory Authority on Auditing's opinion, be brought before the Disciplinary Board on Auditors. An audit firm may, moreover, be brought before the Disciplinary Board on Auditors by the Danish Commerce and Companies Agency if the Agency finds errors and omissions in the audit firm in connection with an investigation, cf. Section 37, and the Agency is of the opinion that these findings give rise to such action.

(6) The Disciplinary Board on Auditors or the Chairman may refuse to hear complaints from persons who do not have a legal interest in the matter that the complaint concerns and complaints that must be regarded as groundless in advance. The Disciplinary Board on Auditors shall hear any complaint about an auditor or an audit firm that has been brought by the Danish Commerce and Companies Agency, the Danish Financial Supervisory Authority, the Ministry of Taxation, the Prosecution Service, The Institute of State Authorized Public Accountants in Denmark (FSR), the Danish Institute of Registered Public Accountants (FRR) or the Supervisory Authority on Auditing. The Disciplinary Board on Auditors shall hear any complaint about an auditor's performance of assignments in pursuance of Section 1 (2) and (3) for a municipality or a joint local authority company, cf. Section 60 of the Danish Local Government Act, or for a region that has been brought by the municipal or regional supervisory authority in question.

(7) The Danish Commerce and Companies Agency may lay down rules that the complainant shall pay a fee to the Disciplinary Board on Auditors for the hearing of a complaint. No fee shall be payable for complaints that have been brought in pursuance of (6), second and third sentence.

S. 44. An auditor who fails to comply with the duties of the office of auditor in the performance of assignments in pursuance of Section 1 (2) and (3) may be given a warning by the Disciplinary Board on Auditors or be ordered by the Disciplinary Board on Auditors to pay a fine of maximum DKK 300,000.

(2) If an auditor has shown gross or persistent negligence in the performance of his or her activities, and the negligence shown gives reason to assume that the auditor in question will not carry on his or her activities in a sound and responsible manner in the future, the Disciplinary Board on Auditors may revoke the auditor's approval for a period of between 6 months and up to 5 years or until further notice. The same shall apply if the auditor's reputation has been so severely compromised that there is an imminent risk that the auditor cannot handle his or her duties as a representative of the public in a sound and responsible manner. The decision must contain information about the access to demand a judicial review in pursuance of Section 52 and about the time limit for this.

(3) The Disciplinary Board on Auditors may allow the examination of parties and witnesses to be conducted before the District Court or City Court in the jurisdiction in which the party or the witness resides.

(4) If an audit firm has independent liability, cf. Section 43 (5) or joint liability for the auditor's failure to meet his or her duties, cf. (1), the audit firm may be given a warning or a fine of maximum DKK 750,000. If the audit firm has joint liability, sanctions may solely be imposed on the audit firm if it has been involved as a party in complaints proceedings before the Disciplinary Board on Auditors. If an audit firm's reputation has become so severely compromised that there is an imminent risk that the audit firm will not be able to handle the assignment in a sound and responsible manner, the Disciplinary Board on

Auditors may revoke the audit firm's approval for a period of between 6 months and up to 5 years or until further notice. A decision in pursuance of the third sentence must contain information about the access to demand a judicial review in pursuance of Section 52 and about the time limit for this.

(5) In major and complicated cases, the Chairman of the Disciplinary Board on Auditors may appoint an expert to present the case and conduct examinations for the Disciplinary Board on Auditors. If a case has been brought by a public authority, the cost for the expert shall be paid by the public authority in question.

(6) The rulings and decisions of the Disciplinary Board on Auditors shall be published.

(7) A right of restraint shall apply to fines levied in pursuance of (1) and (4).

S. 45. Following a petition, the Disciplinary Board on Auditors may, at any given time, set aside a decision on revocation of an approval made in pursuance of Section 44 (2) or (4). If the approval has been revoked until further notice, and the Disciplinary Board on Auditors rejects the petition to set aside the decision on revocation, the auditor or the audit firm may demand that the decision shall be heard by a court if a period of 5 years has passed since the approval was revoked and at least 2 years have passed since the approval has most recently been refused by a judgment. Section 44 (2), third sentence, (4), fourth sentence, and Section 52 (1) shall apply correspondingly.

S. 46. The time limit for bringing a case before the Disciplinary Board on Auditors shall be 5 years from the date on which the breach of duty or the omission has ceased.

(2) The time limit shall be suspended on the submission of a complaint to the Disciplinary Board on Auditors.

S. 47. The Danish Commerce and Companies Agency may decide that the Disciplinary Board on Auditors may also hear complaints about state-authorised public accountants or registered public accountants who have been authorised or registered by the Faroese registration authority.

Professional Secrecy and Exchange of Information

S. 48. The Danish Commerce and Companies Agency's employees shall, under liability in pursuance of Section 152-152 e of the Danish Penal Code, have a duty to keep secret any confidential information of which they acquire knowledge through their supervisory activities. The professional secrecy shall also comprise persons who perform service assignments for the Danish Commerce and Companies Agency, experts who act on behalf of the Danish Commerce and Companies Agency and persons who accompany representatives of the Danish Commerce and Companies Agency in connection with the performance of an investigation, cf. Section 39 (4). This shall also apply after any termination of the employment relationship or contract of employment.

(2) The consent from the party whom the professional secrecy is intended to protect shall not entitle the persons mentioned in (1) to disclose any confidential information.

(3) Any confidential information that the Danish Commerce and Companies Agency receives in pursuance of the present Part may only be used in connection with the Agency's supervisory duties, for the levying of sanctions or if a complaint about the Agency's decision is submitted to a higher administrative authority or is brought before the courts.

(4) Regardless of (1) and (3), confidential information and documents may be disclosed to

1) the Supervisory Authority on Auditing and the Disciplinary Board on Auditors for use in the performance of their tasks and duties in pursuance of the present Act,

2) the Danish Securities Council and its secretariat,

3) other public authorities, including the Prosecution Service and the police,

4) supervisory authorities for auditors and audit firms in other EU countries, EEA countries or in other countries with which the EU has entered into an agreement that are responsible for the oversight of approval, registration, quality assurance reviews, investigations and compliance with rules, provided that the recipients of the information solely use the information for the performance of their tasks and duties or

5) supervisory authorities for auditors and audit firms in other countries than those stated in no. 4 for use in the performance of their function in connection with public oversight or quality assurance reviews or in connection with an investigation, cf., however, (5) and (6).

(5) Information may only be disclosed in pursuance of (4), no. 5

1) if the information or documents concern the audit of companies that

a) have issued securities in the country in question or

b) form part of a Group that prepares statutory consolidated financial statements in the country in question,

2) if a reciprocity agreement has been entered into with the country in question,

3) if the purpose of the request can be justified,

4) if the recipients are subject to a statutory professional secrecy that, as a minimum, corresponds to the professional secrecy in pursuance of (1) and can only use the information and the documents for the performance of their function in connection with public oversight or quality assurance reviews or in connection with an investigation, and

5) if the information is disclosed in pursuance of the Danish Act on Processing of Personal Data.

(6) The Danish Commerce and Companies Agency shall lay down further rules on the conditions provided in (5).

(7) Regardless of (4), any information that the Danish Commerce and Companies Agency has received from a foreign competent authority may solely be disclosed to the Supervisory Authority on Auditing, the Disciplinary Board on Auditors and the Prosecution Service.

S. 49. The Danish Commerce and Companies Agency may exchange the necessary information with other competent authorities in another EU country, in an EEA country or in another country with which the EU has entered into an agreement about

1) auditors who have been approved in Denmark, cf. Section 3 (1), and who apply for a right to establish themselves as auditors in another EU country, in an EEA country or in a third country with which the EU has entered into an agreement,

2) auditors who have been approved in Denmark, cf. Section 3 (1), and who intend to provide services on a temporary and occasional basis in another EU country, in an EEA country or in a third country with which the EU has entered into an agreement,

3) auditors who have been approved in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts in another EU country, in an EEA country or in a third country with which the EU has entered into an agreement and who apply for a right to establish themselves as auditors in Denmark, cf. Section 10 (1), and 4) auditors who have been approved in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts in another EU country, in an EEA country or in a third country with which the EU has entered into an agreement and who intend to provide statements on a temporary and occasional basis in Denmark, cf. Section 11 (1).

(2) Under the present Act, a competent authority in pursuance of (1) shall be the authority that administrates the activities of auditors in the country in question.

(3) The information that can be exchanged must be necessary in order for the Danish Commerce and Companies Agency and the other competent authorities in the above countries to perform their tasks and duties in pursuance of (1).

(4) The Danish Commerce and Companies Agency's exchange of information in pursuance of (1) shall be done in compliance with the Danish Act on Processing of Personal Data. The information shall be treated as confidential.

(5) The Danish Commerce and Companies Agency shall lay down rules on the exchange of information with other competent authorities in pursuance of (1).

Funding of Quality Assurance Reviews and the Investigatory and Disciplinary System

S. 50. The Danish Commerce and Companies Agency may decide that the quality assurance reviews and the investigatory and disciplinary system are to be funded by the collection of a fee from all approved auditors who are attached to an audit firm.

(2) The Danish Commerce and Companies Agency may decide that auditors, cf. Section 11 (1), shall pay a fee as contribution towards the funding of the Disciplinary Board on Auditors.

(3) A right of restraint shall apply to the fees stated in (1) and (2).

Part 10

Right of Appeal

S. 51. Decisions made by the Danish Commerce and Companies Agency in pursuance of the Act or Regulations issued in pursuance of the Act may be brought before the Danish Commerce and Companies Appeals Board of the Danish Ministry of Economic and Business Affairs not later than 4 weeks from when the party in question has been notified of the decision.

(2) However, decisions made in pursuance of Sections 37-39 cannot be brought before a higher administrative authority.

(3) Decisions made by the Auditors' Commission, the Supervisory Authority on Auditing or the Disciplinary Board on Auditors cannot be brought before another administrative authority.

S. 52. A party against whom a decision is made in pursuance of Section 8 (1) and Section 44 (2), third sentence, may demand that the decision shall be brought before the court. A petition for this must have been received by the Danish Commerce and Companies Agency not later than 4 weeks from when the party in question has been notified of the decision. The agency will bring legal action against the party in question in accordance with the procedures and principles of civil justice.

(2) The petition for the submission of the decision before the court in pursuance of Section 8 (1) shall not have suspensive effect, but the court may rule that the party in question shall be entitled to perform assignments in pursuance of Section 1 (2) and (3) during the hearing of the case.

(3) If a judgment concerning the unlawfulness of a revocation is appealed against, cf. (2), the court that has delivered the judgment or the court before which the case has been brought may decide that an auditor shall not be entitled to perform the assignments stated in Section 1 (2) and (3) during the hearing of the appeal.

(4) A request for submission of the decision before the court in pursuance of Section 44 (2) and (4), third sentence, shall have suspensive effect, but the court may rule that the party in question shall not be entitled to carry on activities as a state-authorised public accountant or a registered public accountant during the hearing of the case or that no statements may be provided by the audit firm in question. If the court finds in its judgment that the Disciplinary Board on Auditors's decision is lawful, the court may decide that an appeal shall not have suspensive effect.

Part 11

Time Limits

- S. 53.** The time limits determined by or in pursuance of the present Act come into effect from and including the day after the date of the triggering event. This shall apply to the calculation of days, weeks, months and years in connection with time limits.
- (2) If the time limit has been stated in weeks, the time limit, cf. (1), shall expire on the day of the week on which the triggering event took place.
- (3) If the time limit has been stated in months, the time limit, cf. (1), shall expire on the day of the month on which the triggering event took place. If the day on which the triggering event took place is the last day of a month or if the time limit expires on a date of the month that does not exist in the month in question, the time limit shall always expire on the last day of the month regardless of the number of days in the specific month.
- (4) If the time limit has been stated in years, the time limit, cf. (1), shall expire on the anniversary of the date of the triggering event.
- (5) If a time limit expires during a weekend, on a public holiday or on the Danish Constitution Day, 24 December or 31 December, the time limit shall be extended to the next working day.

Part 12

Penal Provisions

- S. 54.** Any violation of Section 5, Section 9 (1), Section 11 (1) and (2), first sentence, Section 17 (1) and (2), Sections 20-26 and Section 31 (1), (3), (4) and (6) shall be punishable by fine.
- (2) In Regulations issued by the Danish Commerce and Companies Agency in pursuance of the Act, it may be stipulated that any violation of the provisions in the Regulations shall be punishable by fine.
- (3) Companies, etc. (legal entities) may incur criminal liability in pursuance of the rules in Part 5 of the Danish Penal Code.
- (4) An auditor who provides a false written report or certifies any statement, etc. in writing that concerns matters of which the auditor in question does not have knowledge in connection with the performance of assignments in pursuance of Section 1 (2) and (3) shall be punishable by fine or imprisonment for a term of up to 4 months. The same shall apply to an auditor who signs the auditors' report for financial statements that have not been audited by the auditor in question without this being disclosed in the auditors' report provided or who performs the assignments stated in Section 1 (2) without being related to an audit firm.
- (5) An auditor who provides statements in pursuance of Section 11 (1), first sentence, without having submitted an application for registration to the Danish Commerce and Companies Agency in pursuance of Section 11 (2) shall be punishable by fine or imprisonment for a term of up to 4 months.
- (6) The provision in (5) shall apply correspondingly to auditors who are registered in pursuance of Section 11 (3), but who provide statements of the type mentioned in Section 11 (1), second sentence.

Part 13

Commencement, Transitional Provisions, etc.

- S. 55.** The Act shall enter into force on 1 July 2008, cf., however, (2)-(5).
- (2) Section 4 shall enter into force on 1 January 2009.
- (3) The Minister for Economic and Business Affairs shall determine the date for the commencement of Section 15.
- (4) Section 21 (3), no. 3, shall enter into force on 1 January 2012.
- (5) Section 43 (6), third sentence, shall enter into force on 1 January 2012.
- S. 56.** Information in auditors' records, cf. Section 21 (1) and (2), shall be provided for the first time in auditors' records that concern the audited company's next financial year that commences on or after 1 July 2008, cf., however, Section 55 (4).
- (2) Section 24 (4) and Section 25 shall apply to municipalities and joint local authority companies, cf. Section 60 of the Danish Local Government Act, and regions, regardless of whether the auditor(s) has or have been appointed before 1 January 2012 and regardless of whether the audited financial statements concern the period before 1 January 2012.
- (3) The 7-year period in Section 25 shall be calculated from the first annual general meeting that has been held in the audited company after 1 September 2003.
- (4) A transparency report, cf. Section 27, shall be published for the first time within three months after the end of the first financial year that commences on or after 1 July 2008.
- (5) The provision on an audit committee in Section 31 shall take effect from the first annual general meeting that is held after 31 December 2008.
- (6) The provision in Section 43 (6), third sentence, shall apply to complaints about an auditor's provision of reports after 1 January 2012

- S. 57.** The Danish Act no. 302 of 30 April 2003 on State-Authorised Public Accountants and Registered Public Accountants shall be repealed on 1 July 2008, cf., however, (2).

(2) Approvals granted in pursuance of Section 12 (5) of the Danish Act no. 302 of 30 April 2003 on State-Authorised Public Accountants and Registered Public Accountants shall remain in force until the issued approvals expire.

(3) In cases in which the Disciplinary Board for State-Authorised Public Accountants and Registered Public Accountants has, so far, been competent to hear cases involving violations of the Danish Act on State-Authorised Public Accountants and Registered Public Accountants, disputes regarding violations committed prior to the commencement of the Act shall be settled in accordance with the rules in force at the present time. Cases that have been brought before the Disciplinary Board for State-Authorised Public Accountants and Registered Public Accountants before the commencement of the Act shall be heard and decided by the Disciplinary Board on Auditors set up in pursuance of Section 43 of the Act.

(4) Quality assurance reviews initiated before the commencement of the Act shall be handled in accordance with the rules in force at the present time.

S. 58. The Danish Public Companies Act, cf. Consolidation Act no. 649 of 15 June 2006, as amended by Section 4 of the Danish Act no. 108 of 7 February 2007, Section 1 of the Danish Act no. 573 of 6 June 2007 and Section 4 of the Danish Act no. 576 of 6 June 2007, shall be subject to the following amendments:

1. In *Section 84*, the following shall be inserted before (1) as a new Subsection:

“An auditor may be dismissed by the party who has appointed the auditor. An auditor who has been appointed in pursuance of Section 82 (1) may only be dismissed before the expiry of the auditor’s term of office if there are reasoned grounds for this.”

(1) and (2) will subsequently become (2) and (3).

2. In *Section 84 (1)*, which will become (2), the following shall be inserted after the first sentence:

“An adequate explanation of the reason for the termination of the auditor’s services shall be attached to the notification if the resignation or termination has taken place before the expiry of the auditor’s term of office.”

3. In *Section 84 (2)*, which will become (3), “cf. (1),” shall be amended to: “cf. (2).”

4. In *Section 156 (2)*, the following shall be inserted as the *third sentence*:

“If there is a change of auditors before the expiry of the auditor’s term of office, an adequate explanation of the reason for the termination of the auditor’s services from the Board of Directors shall be attached to the application for registration.”

S. 59. In the Danish Private Companies Act, cf. Consolidation Act no. 650 of 15 June 2006, as amended by Section 2 of the Danish Act no. 573 of 6 June 2007, the following amendments shall be made:

1. In *Section 23 (3)*, the following shall be inserted as the *second sentence*:

“An adequate explanation of the reason for the termination of the auditor’s services shall be attached to the notification if the resignation or termination has taken place before the expiry of the auditor’s term of office.”

2. In *Section 28 c*, the following shall be inserted as (2):

“(2) An auditor may be dismissed by the party who has appointed the auditor. An auditor may only be dismissed before the expiry of the auditor’s term of office if there are reasoned grounds for this.”

3. In *Section 71 (2)*, the following shall be inserted as the *third sentence*:

“If there is a change of auditors before the expiry of the auditor’s term of office, an adequate explanation of the reason for the termination of the auditor’s services from the supreme management body shall be attached to the application for registration.”

S. 60. In the Danish Act on Certain Commercial Undertakings, cf. Consolidation Act no. 651 of 15 June 2006, as amended by Section 3 of the Danish Act no. 573 of 6 June 2007, the following amendments shall be made:

1. In *Section 11 (1)*, the following shall be inserted as the *third sentence*:

“If there is a change of auditors before the expiry of the auditor’s term of office, an adequate explanation of the reason for the termination of the auditor’s services from the management shall be attached to the application for registration.”

2. In *Section 19*, the following shall be inserted before (1) as a new Subsection:

“An auditor may be dismissed by the party who has appointed the auditor. An auditor may only be dismissed before the expiry of the auditor’s term of office if there are reasoned grounds for this.”

(1) will subsequently become (2).

3. In *Section 19 (1)*, which will become (2), the following shall be inserted as the *second sentence*:

“An adequate explanation of the reason for the termination of the auditor’s services shall be attached to the notification if the resignation or termination has taken place before the expiry of the auditor’s term of office.”

S. 61. In the Danish Act on Commercial Foundations, cf. Consolidation Act no. 652 of 15 June 2006, as amended by Section 4 of the Danish Act no. 573 of 6 June 2007, the following amendments shall be made:

1. In *Section 29 (4)*, the following shall be inserted as the *second sentence*:

“An adequate explanation of the reason for the termination of the auditor’s services shall be attached to the notification if the resignation or termination has taken place before the expiry of the auditor’s term of office.”

2. In *Section 32*, the following shall be inserted as the *second sentence*:

“An auditor may only be dismissed before the expiry of the auditor’s term of office if there are reasoned grounds for this.”

3. In *Section 53 (3)*, the following shall be inserted as the *second sentence*:

“If there is a change of auditors before the expiry of the auditor’s term of office, an adequate explanation of the reason for the termination of the auditor’s services from the Board of Directors shall be attached to the application for registration.”

S. 62. In the Danish Bookkeeping Act, cf. Consolidation Act no. 648 of 15 June 2006, the following amendment shall be made:

1. In *Section 15*, the following shall be inserted after (1) as a new Subsection:

“(2) The Danish Commerce and Companies Agency may, however, always obtain relevant accounting records.”

(2) will subsequently become (3).

S. 63. In the Danish Financial Statements Act, cf. Consolidation Act no. 647 of 15 June 2006, as amended by Section 5 of the Danish Act no. 108 of 7 February 2007, the following amendment shall be made:

Section 135 a (2) shall have the following wording:

”(2) In connection with audits of annual reports that are to be prepared in accordance with the rules on reporting class D, at least one auditor must be a state-authorized public accountant.”

S. 64. The Act shall not extend to the Faroe Islands and Greenland.

(2) The Act may enter into force for Greenland by Royal Decree, subject to any deviations required by the specific conditions affecting Greenland.

Thus issued at Christiansborg Slot, 17 June 2008

By Our Royal Hand and Seal

MARGRETHE R. THE SECOND, QUEEN OF DENMARK

/ Bendt Bendtsen