**RUSSIAN FEDERATION**

**FEDERAL LAW**

**of December 30, 2008 No. 307-FZ**

**“ON AUDITING”**

**Article 1. Auditing**

1. This Federal Law establishes the legal framework for regulations in the field of auditing in the Russian Federation.
2. Auditing (audit services) is an activity to perform an audit and render related services by audit firms or individual auditors. Verifications, carrying out in accordance with requirements and pursuant to an order, different from the requirements and the order, established by the auditing standards, do not constitute auditing.
3. Audit is an independent examination of financial statements of an audited entity for the purposes of expressing an opinion on reliability of said financial statements. For the purposes of this Federal Law, financial statements of an audited entity shall mean statements (or their part), provided by the Federal Law of December 6, 2011 No.402-FZ “On Accounting” or other regulations, issued in accordance with it, statements (or their part) similar in composition, provided by other federal laws or regulations, issued in accordance with them, as well as other financial information.
4. Types of audit services, including the list of related services, shall be established by the federal executive body, carrying out state policy and legal regulations in the field of auditing (hereinafter referred to as - authorized federal body).
5. Auditing shall not replace control over reliability of financial statements carried out by duly authorized state bodies and local self-government bodies in accordance with the legislation of the Russian Federation.
6. Audit firms, individual auditors (individual entrepreneurs engaged in auditing) shall not be engaged in any other entrepreneurial activity, other than performing an audit and rendering services, provided by this Article.
7. Audit firms, individual auditors may render, along with audit services, other services corresponding to auditing, *inter alia*:
	1. establishment, keeping and restoration of accounting records, preparation of financial statements, accounting consulting;
	2. tax consulting, establishment, restoration and keeping of tax records, preparation of tax assessments and tax returns;
	3. *[expired]*;
	4. management consulting, related to financial and economic activity, including issues on overhaul of entities or their privatization;
	5. legal assistance in areas related to auditing, including consulting on legal issues, representation of interests of a trustor in civil and administrative court proceedings, in tax and customs legal relations, in state executive bodies and local self-government bodies;
	6. computerization of bookkeeping and implementation of information technologies;
	7. valuation activities;
	8. development and analysis of investment projects, preparation of business plans;
	9. carrying out of research & development and experimental work in areas related to auditing and the dissemination of results, including in hard copies and electronically;
	10. training in areas related to auditing.
8. Financial statements of an audited entity, whose bookkeeping and financial documentation contain data constituting a state secret, shall be audited in accordance with the legislation of the Russian Federation.

**Article 2. Legislation of the Russian Federation and other regulations on auditing**

Audit shall be performed in accordance with this Federal Law, other federal laws and other regulations, which regulate relations, arising from carrying out auditing.

**Article 3. Audit firm**

1. An audit firm shall be a for-profit legal entity, which is a member of one of the self-regulating organizations of auditors.
2. A for-profit legal entity shall acquire the right to engage in auditing as of the date of entry of information on the legal entity in the register of auditors and audit firms of the self-regulating organization of auditors (hereinafter “the register of auditors and audit firms”) where this legal entity is a member.
3. A for-profit legal entity shall not use in its name the word “audit” or derivatives of the word “audit” if information on it have not been entered in the register of auditors and audit firms within three months of the date of entry of a record in the Unified State Register of Legal Entities.

**Article 4. Auditor**

1. An auditor is a natural person who has obtained the auditor qualification certificate and who is a member of one of the self-regulating organizations of auditors.
2. A natural person shall be recognized as an auditor from the date of entry of data on him in the register of auditors and audit firms.
3. An auditor who is an employee of an audit firm with whom labour contracts have been concluded may participate in an audit and also in rendering other services provided by Article 1 of this Federal Law.
4. An individual auditor may perform an audit and also render other services provided by Article 1 of this Federal Law, unless otherwise provided by this Federal Law.

**Article 5. Statutory audit**

1. An audit is statutory in cases where:
2. entity has the legal form of a joint-stock company;
3. securities of entity have been admitted to public listing;
4. entity is a credit institution, or credit history bureau, or professional participant of the securities market, or insurance organization, or clearing organization, or mutual insurance society, or trading organizer, or non-state pension or other fund (except for the fund having the status of an international fund in accordance with the Federal Law of August 3, 2018 No. 290-FZ “On the international companies and international funds”), or joint-stock investment fund, or management company of an joint-stock investment fund or a share investment fund or a non-state pension fund (with the exception of state non-budgetary funds);
5. revenue from sales of finished goods (sale of goods, performing of work, rendering of services) of an entity (with the exception of state bodies, local self-government bodies, state and municipal entities, state and municipal unitary enterprises, agricultural cooperatives, unions of these cooperatives) during the year prior the reporting year exceed RUB 400 million or total balance-sheet assets at the end of the year prior the reporting year exceed RUB 60 million;
6. entity (with the exception of state body, local self-government body, state non-budgetary fund and also state and municipal entities) files and (or) discloses its aggregated (consolidated) financial statements;
7. in other cases established by federal laws.
8. The statutory audit shall be performed annually.
9. The statutory audit of financial statements of entities whose securities have been admitted to public listing, other credit institutions and insurance companies, non-state pension funds, entities with state ownership at least 25 % of the charter (joint) capital, state corporations, state companies, public companies, as well as financial statements, included in the securities prospectus and also consolidated statements, shall only be performed by audit firms.
10. A contract on the statutory audit of financial statements of entities with state ownership at least 25 % of the charter (joint) capital, and also on the statutory audit of financial statements of a state corporation, state company, public company, state unitary enterprise or municipal unitary enterprise shall be concluded by public tender not less than once every five years, pursuant to the order established by the legislation of the Russian Federation on a contract system in state and municipal procurement of goods, works and services, whereas establishment of requirements for security of application for tender participation and (or) for contract execution ofis not statutory.
11. Participation of audit firms, being small and medium-sized entities, in a public tender for a contract to perform an audit of financial statements of entity, whose revenues from sales (of goods, works, services) for the calendar year preceding the reporting year do not exceed 1 billion rubles, is statutory.
12. Data on the results of the statutory audit shall be recorded in the Unified federal register of data on facts of activity of legal entities by an audit client, indicating in a notification an audited entity, data, identifying audited entity (individual tax identification number, primary state registration number of legal entities, social security number if any), full name of an auditor (surname, given name, patronymic), data, identifying auditor (individual tax identification number, primary state registration number for legal entities, social security number if any), list of audited financial statements, period covered by these financial statements, date of the report or opinion of an audit firm or individual auditor on reliability of financial statements of an audited entity, indicating circumstances that materially affect or could materially affect reliability of these financial statements, with the exception of cases when data that is subject to disclosure in accordance with this section, contain state secret or commercial secret, and also in other cases established by this Federal Law.

**Article 6. Audit report**

1. An audit report is an official document intended for users of financial statements of audited entities, containing opinion of an audit firm or individual auditor, expressed in the prescribed form, on reliability of financial statements of an audited entity.
2. An audit report shall include:
	1. title “Audit report”;
	2. addressee (shareholders of a joint-stock company, participants of a limited liability company, other persons);
	3. data on the audited entity: name, state registration number, principal place of business;
	4. data on the audit firm or individual auditor: name of the audit firm, full name of the individual auditor, state registration number, principal place of business, name of the self-regulating organization of auditors, where the indicated audit firm or individual auditor are members, registration number in the register of auditors and audit firms;
	5. list of audited financial statements, indicating the period covered by these financial statements, allocation of responsibility for these financial statements between the audited entity and the audit firm or individual auditor;
	6. statement of the work carried out by the audit firm or individual auditor to express an opinion on reliability of financial statements of the audited entity (scope of the audit);
	7. opinion of the audit firm or individual auditor on reliability of financial statements of the audited entity, indicating circumstances that have or could have a material impact on reliability of these financial statements;

7.1) results of the examination, provided by the audit firm or individual auditor in accordance with other federal laws;

* 1. date of the report.
1. Requirements to the form, content, and procedure for signing and submitting an audit report shall be established by the auditing standards.
2. An audit report shall be submitted by an audit firm or individual auditor only to an audited entity or person that concluded a contract on audit services.
3. An intentionally false audit report is an audit report that was prepared without performing an audit or was prepared on the basis of results of an audit but that clearly contradicts the content of documents submitted to an audit firm or individual auditor and considered during rendering of audit. An intentionally false audit report shall be recognized as such by a court ruling.
4. The following persons have a right to claim to the court to invalidate intentionally false audit report:
	1. persons, in respect of which an audit report is addressed (in respect of audit reports addressed to them);
	2. the Central Bank of the Russian Federation (in respect of audit reports on financial statements of entities which are subjects to the carried out control and oversight);
	3. the federal executive body carrying out functions of control and oversight in the fiscal sphere (hereinafter referred to as - authorized federal body on control and oversight) (in respect of audit reports on financial statements of entities, mentioned in section 3 of Article 5 of this Federal Law);
	4. the state corporation “Agency for Deposits Insurance” (in respect of audit reports on financial statements of credit institutions);
	5. other persons in cases, determined by federal laws.

**Article 7. Auditing standards and Code of professional ethics of auditors**

1. Auditing shall be performed in accordance with the International Standards on Auditing, which are mandatory for audit firms, auditors, self-regulating organizations of auditors and their employees, as well as with auditing standards of the self-regulating organizations of auditors. The International Standards on Auditing, issued by the International Federation of Accountants, are endorsed for their application on the territory of the Russian Federation in the order established by the Government of the Russian Federation.
2. Auditing standards of the self-regulating organization of auditors:
3. establish the requirements for audit procedures in addition to the requirements established by the International Standards on Auditing, only if it arises from the specifics for performing an audit or the specifics for rendering audit-related services;
4. shall not contravene to the International Standards on Auditing;
5. shall not create impediments to audit firms, individual auditors performing an audit;
6. are statutory for audit firms, auditors that are members of this self-regulating organization of auditors.
7. The Code of professional ethics of auditors is the code of conduct that must be observed by audit firms and auditors when engaging in auditing.
8. Each self-regulating organization of auditors shall accept the code of professional ethics of auditors adopted by the Audit Council. A self-regulating organization of auditors may include additional requirements in the code of professional ethics of auditors that it accepts.

**Article 8. Independence of audit firms, auditors**

1. An audit shall not be performed by:
	1. audit firms whose directors and other officers are founders (participants) of an audited entity, its director, chief accountant or other officer, who is responsible for accounting, including preparation of financial statements;
	2. audit firms whose directors and other officers are close family members (parents, brothers, sisters, children), as well as spouses, parents of spouses and children of spouses of founders (participants) of an audited entity, its director, chief accountant or other officer, who is responsible for accounting, including preparation of financial statements;
	3. audit firms with respect to audited entities, which are their founders (participants), with respect to audited entities for which these audit firms are founders (participants), with respect to subsidiaries, branches and representative offices of said audited entities, and also with respect to entities that have founders (participants) in common with this audit firm;
	4. audit firms, individual auditors that during three years immediately before performing an audit rendered services on restoration and keeping of accounting records, and also on preparation of financial statements for natural persons and legal entities with respect to these entities;
	5. auditors who are founders (participants) of an audited entity, its director, chief accountant or other officer who is responsible for accounting, including preparation of financial statements;
	6. auditors who are founders (participants) of an audited entity, its director, chief accountant or other official who is responsible for accounting, including preparation of financial statements, close family members (parents, brothers, sisters, children), as well as spouses, parents of spouses and children of spouses;
	7. audit firms in respect of audited entities being insurance companies that concluded insurance contracts with these audit firms.
	8. audit firms and individual auditors in respect of audit reports on financial statements of audited entities, which are credit institutions that concluded credit contracts or contracts of suretyship with them, or which gave them bank guarantees, or when such contracts were concluded with them by directors of this audit firms, or when such contracts were concluded on conditions, significantly different from conditions of similar contracts, by persons who are close family members (parents, brothers, sisters, children), as well as spouses, parents of spouses and children of spouses of directors of audit firms or individual auditors, or if these persons are beneficiaries under such contracts.
	9. employees of audit firms, who are participants of engagement team, whose audited entities are credit institutions that concluded with them credit contracts or contracts of suretyship on conditions, significantly different from conditions of similar contracts, or which got bank guarantees from these credit institutions, or when such contracts were concluded with them by persons who are close family members (parents, brothers, sisters, children), as well as spouses, parents of spouses and children of spouses of auditors, or if mentioned persons are beneficiaries under such contracts.
2. Payment procedure and amount of a fee to audit firms, individual auditors for audit (including the statutory audit) and audit-related services shall be determined by contracts on audit services and shall not be influenced by discharge of any requirements of audited entities on the content of the report to be issued as a result of the audit.

2.1. Each self-regulating organization of auditors shall accept the independence rules for auditors and audit firms adopted by the Audit Council. A self-regulating organization of auditors may include additional requirements in the independence rules for auditors and audit firms that it accepts.

1. Audit firms and individual auditors shall not perform actions that lead to emergence of a conflict of interest or create a threat that could occur such conflict. For the purposes of this Federal Law, a conflict of interest shall mean a situation when interests of an audit firm or individual auditor may affect the report of this audit firm or individual auditor on reliability of financial statements of an audited entity. Instances of emergence of interest of an audit firm or individual auditor, which lead to or could lead to a conflict of interest, and also safeguards to mitigate or resolve a conflict of interest, shall be established by the code of professional ethics of auditors.

**Article 9. Audit secrecy**

1. Audit secrecy shall relate to any data and documents obtained and/or prepared by an audit firm and its employees, and also an individual auditor and employees with whom labour contracts have been concluded, when services provided by this Federal Law are rendered, except for:
	1. data disclosed by the party that received services provided by this Federal Law or with its consent;
	2. data on conclusion of a contract on audit services;
	3. data on the amount of an audit fee.
2. An audit firm and its employees, an individual auditor and employees with whom labour contracts have been concluded, must comply with requirements of information sensitivity constituting audit secrets.
3. An audit firm and individual auditor shall not transfer data and documents constituting audit secrets to third parties, or disclose these data and content of documents without preliminary written consent of the entity to which services provided by this Federal Law have been rendered, with the exception of cases provided by this Federal Law or other federal laws.
4. Transfer of data and documents constituting audit secrets to third parties in cases and pursuant to the order provided by this Federal Law and other federal laws, shall not constitute a breach of audit secrecy.
5. Authorized federal body, authorized federal body on control and oversight, their employees, self-regulating organizations of auditors, their members and employees, and also other parties that have been granted access to data and documents constituting audit secrets, shall under this Federal Law and other federal laws maintain confidentiality of such data and documents.
6. If an audit firm, individual auditor, authorized federal body, authorized federal body for control and oversight, self-regulating organization of auditors and also other parties that have been granted access to audit secrets under this Federal Law and other federal laws, disclose an audit secret, an audit firm, individual auditor and also an entity to which services provided by this Federal Law were rendered, may demand from the guilty person to reimburse losses incurred pursuant to the order established by the legislation of the Russian Federation.

**Article 10. Quality control over audit firms, auditors**

* 1. An audit firm or individual auditor shall establish and comply with rules on internal quality control. Principles of the internal quality control over audit firms, individual auditors and requirements for organization of this control shall be established by the auditing standards.
	2. An audit firm or auditor shall:
	3. undergo external quality control, including provision of all documentation and information required for review;
	4. participate in external quality control carried out by the self-regulating organization of auditors, where they are members, over other members of this organization.
	5. The scope of the external quality control shall be assessment of compliance by audit firms and auditors with the requirements of this Federal Law, auditing standards, independence rules of auditors and audit firms, and code of professional ethics of auditors.
	6. The external quality control over audit firms, individual auditors shall be carried out by the self-regulating organizations of auditors for their own members.
	7. The external quality control over audit firms performing the statutory audit of financial statements of entities specified in section 3 of Article 5 of this Federal Law shall be carried out by the self-regulating organizations of auditors in respect of their members and also by the authorized federal body for control and oversight.
	8. Principles for external quality control over audit firms, individual auditors and requirements for organization of this control shall be established by the authorized federal body.
	9. A self-regulating organization of auditors shall, in accordance with the principles for external quality control and requirements for its organization, establishes rules for arranging and carrying out external quality control over its members, determining in particular forms of the external control, deadlines, frequency of reviews, including reviews carried out by members of the self-regulating organization of auditors with respect to other members of this organization.
	10. The scheduled external quality control review of an audit firm or individual auditor shall be carried out by the self-regulating organization of auditors starting with the calendar year following the year when the data on the audit firm and individual auditor was entered in the register of auditors and audit firms:
	11. in respect of audit firms performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law, not less than once every three years, but not more than once a year;
	12. in respect of individual auditors and other audit firms not less than once every five years, but not more than once a year.
	13. *[expired]*
	14. A complaint submitted to a self-regulating organization of auditors on actions (inaction) of an audit firm or individual auditor, which breached the requirements of this Federal Law, auditing standards, independence rules of auditors and audit firms and also of the code of professional ethics of auditors, may serve as grounds for holding an extraordinary external quality control review of an audit firm or individual auditor. Other grounds for carrying out an extraordinary external quality control review of an audit firm or individual firm shall be established by the legislation of the Russian Federation or the self-regulating organization of auditors.
	15. *[expired]*

**Article 10.1. External quality control over audit firms by the authorized federal body for control and oversight**

1. The external quality control over audit firms performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law, shall be carried out by the authorized federal body for control and oversight.

2. For the purposes of carrying out by the authorized federal body for control and oversight of the external quality control over audit firms performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law, such audit firm shall within 20 business days from the date following the day, when the first contract on performing this audit in the current year was concluded, once notify the authorized federal body for control and oversight by written or electronic request on starting to render services on performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law. The procedure and form of the notification provided by this section shall be established by the authorized federal body.

3. Scheduled external quality control reviews of an audit firm performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law, shall be carried out by the authorized federal body for control and oversight not more than once every three years starting with the calendar year following the year when the data on the audit firm was entered in the register of auditors and audit firms.

4. The following may serve as grounds for holding an extraordinary external quality control review of an audit firm performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law:

* 1. a complaint submitted to the authorized federal body for control and oversight on actions (inaction) of an audit firm, which breached the requirements of this Federal Law, auditing standards, independence rules of auditors and audit firms, the code of professional ethics of auditors;
	2. expiration of the term for execution by an audit firm of a binding directive issued on the results of an external quality control that obligates to eliminate violations of requirements of this Federal Law, auditing standards, independence rules of auditors and audit firms, the code of professional ethics of auditors and establishes deadlines for eliminating these violations.

5. Scheduled and extraordinary external quality control reviews of an audit firm performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law, shall not continue more than 40 business days and for an audit firm that is small entity – not more than 20 business days.

6. The term mentioned in section 5 of this Article can be extended by the authorized federal body for control and oversight for a maximum of 20 business days. The following may serve as grounds for extention of the term for scheduled and extraordinary external quality control reviews of an audit firm performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law:

* 1. the need for complicated and (or) extended examinations, specialized expert evaluation and investigations under reasoned proposals of officers authorized for carrying out of scheduled and extraordinary external quality control reviews of an audit firm;
	2. information for consideration is received during the term of scheduled or extraordinary external quality control reviews of an audit firm from law enforcement bodies, bodies for control (oversight), the State Corporation “Deposit Insurance Agency”, the Central Bank of the Russian Federation on the facts of violation by an audit firm of requirements of this Federal Law, auditing standards, independence rules of auditors and audit firms, the code of professional ethics of auditors.

7. The authorized federal body for control and oversight shall notify the self-regulating organization of auditors, where the reviewed audit firm performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law, is a member, about the results of the scheduled or extraordinary external quality control review of the mentioned audit firm and the decision taken in respect of the mentioned audit firm within 5 business days from the date of rendering this decision.

**Article 11. Auditor qualification certificate**

* 1. The auditor qualification certificate shall be issued by a self-regulating organization of auditors provided that the person applying for its receipt (hereinafter “applicant”):
	2. has passed the qualification examination;
	3. has at least three years of experience in auditing or bookkeeping and preparation of financial statements by the date the application on issuance of the auditor qualification certificate was made. At least two of the last three years of this experience shall fall at work in an audit firm.
	4. The professional competence of the applicant shall be verified through the qualification examination. The order for holding the qualification examination, stipulating *inter alia* the order for participation of an applicant in the qualification examination, and also the order for determining results of the qualification examination, shall be established by the authorized federal body. The list of questions to be proposed to the applicant at the qualification examination shall be approved by the unified certification commission and shall be based on the list of disciplines established by the Audit Council.
	5. An applicant who has received higher education under the education program that has received state accreditation may take the qualification examination.
	6. The qualification examination shall be carried out by the unified certification commission, which is convened jointly by all self-regulating organizations of auditors pursuant to the order established by the authorized federal body. The charter documents of the unified certification commission, and also amendments made to them prior to their approval shall be agreed with the authorized federal body. Appointments to and dismissals from the post of the Sole Executive Body of the unified certification commission shall be carried out with preliminary consent of the Audit Council. Activity of the unified certification commission shall be based on the principles of independence, objectivity, openness and transparency, and self-financing.
	7. A fee shall be collected from an applicant for admission to the qualification examination. Size of the fee and procedure for its collection shall be established by the unified certification commission.
	8. A decision to refuse to issue an auditor qualification certificate shall be taken in cases where:
	9. the applicant does not comply with the requirements of section 1 of this Article;
	10. it is discovered after the qualification examination that the applicant did not comply with the requirements of section 3 of this Article;
	11. from the date of the unified certification commission’s decision on the qualification examination to the date when a self-regulating organization of auditors received an application on issuance of the auditor qualification certificate from the applicant exceeds one year.
	12. The auditor qualification certificate shall be issued without any term of limitation. The order for issuing the auditor qualification certificate and its form shall be approved by the authorized federal body. A self-regulating organization of auditors shall not set up any requirements or terms when issuing the auditor qualification certificate. A self-regulating organization of auditors may collect a fee for issuance of the auditor qualification certificate, which size shall not exceed costs for its manufacturing and mailing. Date of issue of an audit qualification certificate shall be the date when the self-regulating organization of auditors takes decision to issue the auditor qualification certificate.
	13. A decision to refuse to issue the auditor qualification certificate may be contested in court.
	14. An auditor shall during each calendar year, starting with the year following the year when the auditor qualification certificate was received, to take part in the programs of continuing education, to be approved by the self-regulating organization of auditors where he is a member. The minimum duration of such training shall be established by a self-regulating organization of auditors for their members and shall not be less than 120 hours over three consecutive calendar years, but not less than 20 hours each year.

**Article 12. Grounds and procedure for annulling an auditor qualification certificate**

1. An auditor qualification certificate shall be annulled in cases where:
2. an auditor qualification certificate was obtained through the use of forged documents or receipt of an auditor qualification certificate by a natural person who does not comply with the application requirements provided by Article 11 of this Federal Law;
3. a court ruling, that stipulates punishment in the form of suspension of the person’s right to engage in auditing for a specific period, enters into force;
4. an auditor does not comply with the requirements of articles 8 and 9 of this Federal Law;
5. an auditor has systematically breached, when performing an audit, the requirements of this Federal Law or auditing standards;
6. an auditor signed an audit report duly recognized to be intentionally false;
7. an auditor has not participated in auditing (an individual auditor has not performed audits) for three consecutive calendar years, with the exception of:
8. individuals who are members of standing collegiate management bodies and members of collegiate executive bodies of self-regulating organizations of auditors, individuals exercising functions of sole executive bodies of self-regulating organizations of auditors, and also individuals exercising in self-regulating organizations of auditors functions of members and employees of a specialized external body on quality control;
9. employees of internal control departments or entities responsible for reviews of financial statements of these entities;

b.1) officers of the authorized federal body for control and oversight and its regional offices carrying out the external quality control over audit firms performing the statutory audit of financial statements of entities, specified in section 3 of Article 5 of this Federal Law;

1. individuals exercising obligations of sole executive body or acting as members of a collegiate executive body of audit firms;
2. other individuals provided by other federal laws;
3. an auditor violates requirements to undergo training on the programs of continuing education provided by Article 11 of this Federal Law, with the exception of the case where a self-regulating organization of auditors acknowledges, with the approval of the Audit Council, that there is a legitimate reason for auditor’s violation of this requirement (for example, serious illness);
4. an auditor evades undergo the external quality control.
5. A decision to annul the auditor qualification certificate shall be taken by the self-regulating organization of auditors where the auditor is a member, and in respect to an auditor qualification certificate of a person who is not a member of any self-regulating organization of auditors by the self-regulating organization of auditors which issued this auditor qualification certificate. A decision to annul the qualification certificate of an auditor, issued before January 1, 2011, who is not a member of any self-regulating organization of auditors shall be taken by the authorized federal body.
6. A decision of the self-regulating organization of auditors to annul the auditor qualification certificate may be contested in court within three months of the date of the receipt of this decision.
7. A natural person whose auditor qualification certificate has been annulled on the grounds specified in point 1 (concerning the receipt of an auditor qualification certificate by using forged documents), points 3-5 of section 1 of this Article, may not reapply for admission to the qualification examination for three years since the date of the adoption of the decision to annul the auditor qualification certificate.
8. A natural person whose auditor qualification certificate has been annulled on the grounds specified in point 2 of section 1 of this Article, may not reapply for admission to the qualification examination for the period provided by a court ruling that has entered into legal force.

**Article 13. Rights and obligations of an audit firm or individual auditor**

* 1. When rendering audit services, an audit firm or individual auditor may:
1. independently determine forms and methods of audit services on the basis of auditing standards, and also the number and personal composition of an engagement team rendering audit services;
2. fully examine documentation related to financial and business operations of an audited entity, and also verify that all the assets recorded in this documentation actually exist;
3. obtain oral and written clarifications and representations from officials of an audited entity regarding issues that arose during rendering of audit services;
4. refuse to perform an audit or express an opinion on reliability of financial statements in an audit report in cases where:
5. the audited entity failed to provide all the required documentation;
6. circumstances were disclosed during rendering of audit that have or may have a material impact on the opinion of the audit firm or individual auditor on reliability of financial statements of the audited entity;

4.1) insure its liability for violation of the contract on audit service and (or) liability for damage to property of others as a result of performing an audit;

1. exercise other rights arising from the contract on audit services.
	1. When rendering audit services, an audit firm and individual auditor are obligated to:
2. at the request of the audited entity provide grounds for observations and conclusions of the audit firm or individual auditor and also information on membership of the audit firm or individual auditor in a self-regulating organization of auditors;
3. transfer the audit report to the audited entity, person that concluded the contract on audit services by the deadline established by the contract on audit services;

2.1) prepare documents in the Russian language;

1. ensure storage of documentation (its copies) in the territory of the Russian Federation obtained and (or) prepared during rendering of audit services performed for a period of at least five years after the year when they were obtained and (or) prepared, including location of databases in the territory of the Russian Federation, where collection, booking, systematization, accumulation, storing, specification (renovation, correction), extracting of data and documentation (its copies), obtained and (or) prepared during rendering of audit services performed, were carried out;

3.1) inform, except for the case mentioned in point 3.2 of this Article, founders (participants) of an audited entity or its representatives, or its director about cases of corruption offences committed by an audited entity, including cases of bribery of foreign public officials, other cases of offences of the legislation of the Russian Federation, indications of such cases, risks of such cases, which became known to an audit firm, individual auditor. In case founders (participants) of an audited entity or its representatives, or its director do not take appropriate measures to examine mentioned information from an audit firm, individual auditor, such audit firm or individual auditor must inform related authorized federal bodies about it;

3.2) notify the federal executive body, carrying out functions of state policy-making and statutory regulation in the field of combating money laundering and terrorism financing pursuant to the order established by the Federal Law of August 7, 2001 No.115-FZ “On countering the legalization of illicit gains (money laundering) and terrorism financing”, on occurrence of any grounds for assuming that contracts or transactions of an audited entity could be conducted or may potentially be conducted for the purpose of money laundering or terrorism financing;

1. execute other obligations arising from the contract on audit services.
	1. An audit firm, individual auditor, rendering related services, must provide storage of documentation (its copies), obtained and (or) prepared by an audit firm and its employees, by an individual auditor and employees, with whom an individual auditor concluded labour contracts, for the period of not less than three years after the reporting year.

**Article 14. Rights and obligations of an audited entity and party that concluded the contract on audit services**

* 1. During rendering of audit services, an audited entity or party that concluded the contract on audit service may:
	2. demand and obtain from the audit firm or individual auditor grounds for observations and conclusions of the audit firm or individual auditor, and also information on the membership of the audit firm or individual auditor in the self-regulating organization of the auditors;
	3. obtain the audit report by the deadline established by the contract on audit services from the audit firm or individual auditor;
	4. exercise other rights arising from the contract on audit services.
	5. During rendering of audit services, an audited entity or party that concluded the contract on audit services, is obligated to:
	6. assist the audit firm, individual auditor in prompt and full rendering of an audit and related services, establish for this purpose corresponding terms, provide relevant information and documentation (unless the Government of the Russian Federation imposed restrictions on provision of information and documentation), issue exhaustive oral and written clarifications and representations in response to oral and written requests of the audit firm and individual auditor, and also request from third parties the data required to render audit services;
	7. refrain from taking any actions aimed at limiting the range of issues to be clarified during rendering of audit and related services, and also from concealing (restricting access to) the information and documentation requested by the audit firm and individual auditor (unless the Government of the Russian Federation imposed restrictions on provision of information and documentation). Existence of data containing a commercial secret in the information and documentation requested by the audit firm or individual auditor may not serve as grounds for refusing to perform audit and render related services;
	8. promptly pay for services of the audit firm or individual auditor in accordance with the contract on audit services, including cases when the audit report does not correspond with the position of the audited entity or party that concluded the contract on audit services;
	9. exercise requirements of auditing standards and other obligations arising from the contract on audit services.
	10. Founders (participants) of an audited entity or its representatives, or its director must examine information from an audit firm, individual auditor about cases of corruption offences committed by an audited entity, including cases of bribery of foreign public officials, other cases of offences of the legislation of the Russian Federation, indications of such cases, risks of such cases, which became known; inform in writing an audit firm, individual auditor about results of an examination not later than 90 calendar days from the day following the day of receipt of this information.

**Article 15. Statutory regulation in the field of auditing**

* + 1. Functions of statutory regulation in the field of auditing shall be performed by the authorized federal body.
		2. Functions of statutory regulation in the field of auditing are:
	1. state policy-making in the field of auditing;
	2. issuing of regulations on auditing and (or) foreseen by this Federal Law;
	3. maintenance of the state register of self-regulating organizations of auditors and also the master copy of the register of auditors and audit firms;
	4. analysis of conditions of the audit services market in the Russian Federation;
	5. other functions provided by this Federal Law.
		1. To exercise functions provided by this Federal Law, the authorized federal body, the authorized federal body for control and oversight shall have a right to request from the self-regulating organizations of auditors copies of decisions of their managing bodies and specialized bodies and other necessary information and documentation.

**Article 16. Audit Council**

* + 1. For the purposes of protecting the public interest in the field of auditing, the Audit Council shall be established under the authorized federal body.
		2. The Audit Council shall perform the following functions:
	1. discuss issues of state policy-making in the field of auditing;
	2. discuss draft regulations on auditing and recommend them for adoption by the authorized federal body;
	3. approves independence rules for auditors and audit firms and the code of professional ethics of auditors, establish the list of questions, based on a defined discipline, which is to be proposed to an applicant at the qualification examination;
	4. *[expired]*;
	5. submit to the authorized federal body proposals on the order for the external quality control by the authorized federal body for control and oversight;
	6. hear petitions and appeals of the self-regulating organizations of auditors in the field of auditing and issue relevant proposals for the authorized federal body;
	7. exercise, pursuant to this Federal Law and the regulation on the Audit Council, other functions required to establish and maintain a high professional level of auditing in the public interest.

3. To exercise functions provided by section 2 of this Article, the Audit Council shall have a right to request from the self-regulating organizations of auditors copies of decisions of their managing bodies and specialized bodies and other necessary information and documentation.

1. Members of the Audit Council shall be approved by the chief official of the authorized federal body.
2. Members of the Audit Council shall consist of:
	1. 10 representatives of users of financial statements. Representatives of users of financial statements shall be rotated every three years by at least 25 % of their total number;
	2. two representatives of the authorized federal body;
	3. one representative from each federal executive body carrying out functions of state policy-making and statutory regulation in the field of business activity, the authorized federal body for control and oversight and the Central Bank of the Russian Federation;
	4. two representatives from the self-regulating organizations of auditors, which candidates shall be nominated jointly by all self-regulating organizations of auditors. Representatives of the self-regulating organizations of auditors shall be rotated every three years.
3. Members of the Audit Council’s working group shall not be members of the Audit Council with the exception of representatives of the authorized federal body.
4. The chairman of the Audit Council shall be elected at the first meeting of the council from council members who are representatives of users of financial statements.
5. A representative of the authorized federal body shall be appointed from the members of the Audit Council as the Secretary of the council.
6. Meetings of the Audit Council shall be called by the Chairman of the council as necessary, but at least every three months. A meeting of the Audit Council shall be empowered if at least two-thirds of the council members are present.
7. The Audit Council shall take decisions by a simple majority of votes of the council members participating in its meetings.
8. A working group of the Audit Council shall be created for the purposes of preparation of decisions of the Audit Council.
9. Members of the Audit Council’s working group and the size of the working group shall be approved by the authorized federal body.
10. Members of the Audit Council’s working group shall include chairpersons of the standing collegial management bodies and other representatives of all self-regulating organizations of auditors, the chairperson of the unified attestation commission created in accordance with this Federal Law, representatives of the authorized federal body, and also representatives of the scientific and academic community.
11. The number of representatives of the self-regulating organizations of auditors in the Audit Council’s working group shall be at least 70 % of the total number of its members.
12. Members of the Audit Council’s working group (with the exception of chairpersons of the standing collegial management bodies of the self-regulating organizations of auditors, representatives of the authorized federal body, and the chairperson of the unified certification commission created in accordance with this Federal Law) shall be rotated every three years by at least 30% of the total number of members of the Audit Council’s working group, with the exception of chairpersons of the standing collegial management bodies of the self-regulating organizations of auditors, representatives of the authorized federal body, and the chairperson of the unified certification commission created in accordance with this Federal Law.
13. Information on activities of the Audit Council and its working group shall be open and publicly accessible.
14. The regulation on the Audit Council and regulation on the working group of the Audit Council shall be approved by the authorized federal body. Articles of the Audit Council and articles of the Audit Council’s working group shall be approved by the Audit Council.

**Article 17. Self-regulating organizations of auditors**

* 1. A self-regulating organization of auditors shall be a non-for-profit legal entity created under the terms of membership for the purposes of ensuring auditing.
	2. A non-for-profit legal entity shall acquire the status of the self-regulating organization of auditors from the date of entry of information about it in the state register of self-regulating organizations of auditors and shall expire the status of the self-regulating organization of auditors from the date of deleting of information about it from the said register.
	3. A non-for-profit legal entity shall be entered into the state register of self-regulating organizations of auditors provided it meets with the following requirements:
	4. a legal entity brings together as members in the self-regulating organization of auditors at least 10 000 natural persons or at least 2 000 for-profit legal entities that satisfy with the membership requirements for such organization provided by this Federal Law;
	5. a self-regulating organization of auditors has approved rules for carrying out external quality control of its members, has accepted the independence rules for auditors and audit firms and the code of professional ethics of auditors;
	6. a self-regulating organization of auditors provides additional liability of each of its members to users of audit services and other parties, by the means of establishing of a compensation fund (compensation funds) of the self-regulating organization of auditors.
	7. In order to act as a self-regulating organization of auditors, a non-for-profit legal entity must create specialized bodies overseeing compliance of its members with the requirements of this Federal Law, auditing standards, the independence rules for auditors and audit firms, and the code of professional ethics of auditors, and considering cases of application of disciplinary measures against members of the self-regulating organization of auditors.
	8. Along with the functions established by the Federal Law of December 1, 2007 No.315-FZ “On Self-Regulating Organizations”,the self-regulating organization of auditors shall develops and approve its auditing standards, accept the independence rules for auditors and audit firms, the code of professional ethics of auditors, participates in drafting accounting and financial reporting standards, and organizes training for auditors under the programs of continuing education.
	9. Along with the rights established by the Federal Law of December 1, 2007 No.315-FZ “On Self-Regulating Organizations”*,* a self-regulating organization of auditors shall have a right to set for its member audit firms and auditors additional requirements over and above those established by this Federal Law, ensuring their liabilities when carrying out auditing, to develop and establish disciplinary measures against its members over and above those established by this Federal Law in cases of violation of this Federal Law, auditing standards, independence rules for auditors and audit firms, and the code of professional ethics of auditors, and to organize professional training for persons wishing to be engaged in auditing.
	10. Along with discharge of duty established by the Federal Law of December 1, 2007 No.315-FZ “On Self-Regulating Organizations”*,* a self-regulating organization of auditors shall:
1. duly participate in creation (including financing) and activity of the unified certification commission provided by this Federal Law;
2. notify the authorized federal body on changes in information on the self-regulating organization of auditors for entry in the state register of self-regulating organizations of auditors, and also on emerging non-compliance issues of the self-regulating organization of auditors with the requirements specified in section 3 of this Article, not later than seven business days from the day following the day when the relevant changes in information or non-compliance arose;

2.1) notify the authorized federal body on control and oversight on receipt of declaration of an audit firm, enlisted in the plan of external quality control reviews of organizations, performing the statutory audit of financial statements of entities specified in section 3 of Article 5 of this Federal Law, approved by the authorized federal body on control and oversight, on resigning membership in the self-regulating organization of auditors not later than seven business days from the day following the day when this declaration was received.

1. notify the authorized federal body on requirements additional to those, established by the international auditing standards, provided by the self-regulating organization of auditors in its auditing standards, and also on additional requirements included in the independence rules for auditors and audit firms accepted by it, and on additional norms of professional ethics included in the code of professional ethics of auditors accepted by it, pursuant to the order, by the deadlines, and in the form determined by the authorized federal body;
2. submit to the authorized federal body a report on discharge by the self-regulating organization of auditors, its member or members of requirements of the legislation of the Russian Federation and other regulations on auditing, pursuant to the order, by the deadlines, and in the form determined by the authorized federal body;
3. confirm that auditors who are members of this self-regulating organization of auditors comply with the requirements for training under the programs of continuing education;
4. not later than 10 business days from the day following the day of receipt of a written request provide copies of decisions of its managing bodies and specialized bodies to the authorized federal body, the authorized federal body for control and oversight and the Audit Council at their request;
5. assist representatives of the Audit Council in studying activity of the self-regulating organization of auditors.
	1. Representatives of the authorized federal body and the Audit Council shall have a right to attend meetings of management bodies and specialized bodies of a self-regulating organization of auditors, and also other events held by it.
	2. A self-regulating organization of auditors shall not be a member of another self-regulating organization of auditors.
	3. If members of a self-regulating organization of auditors are natural persons and (or) legal entities that are not auditors and audit firms, respectively, then activity of management bodies of such organizations shall ensure independence of auditors and audit firms when they perform functions directly related to auditing.
	4. Members of the standing collegial management body and specialized bodies of a self-regulating organization of auditors may combine performance of these functions with auditing (with participation in auditing).
	5. Independent members of the standing collegial management body of a self-regulating organization of auditors shall make up at least one-fifth of members of the body.
	6. The statutory audit of annual financial statements of a self-regulating organization of auditors shall be performed by an audit firm that is a member of another self-regulating organization of auditors.
	7. Establishing of the compensation fund (compensation funds) of a self-regulating organization of auditors and placing of resources of this fund (these funds) shall proceed pursuant to the order established by the Federal Law of December 1, 2007 No.315-FZ “On Self-Regulating Organizations”*.*

**Article 18. Requirements on membership in a self-regulating organization of auditors**

* 1. A self-regulating organization of auditors shall establish requirements for membership of audit firms and auditors that are identical for all member audit firms in the self-regulating organization of auditors and for all member auditors in the self-regulating organization of auditors, and which shall not contradict to the requirements specified in sections 2 and 3 of this Article.
	2. Audit firms must satisfy the following requirements for membership in a self-regulating organization of auditors:
1. a for-profit legal entity shall be founded in any legal form, except as a public joint-stock company or a state or municipal unitary enterprise;
2. at least three employees of a for-profit legal entity, with whom labour contracts have been concluded, must be auditors;
3. at least 51 % of the charter (joint) capital of a for-profit legal entity must be held by auditors and (or) audit firms;
4. at least 50 % of the collegial executive body of a for-profit legal entity must be auditors. A person, who is chairperson of a for-profit legal entity, must be an auditor. Authorities of the executive body of a for-profit legal entity could not be transferred under contract to another for-profit legal entity or to a sole proprietor (manager);
5. impeccable business repute;
6. existence of and compliance with the rules for internal quality control;
7. payment of dues to the self-regulating organization of auditors in amounts and pursuant to the order established by the organization;
8. payment of contributions to the compensation fund (compensation funds) of the self-regulating organization of auditors.
	1. Auditors must satisfy the following requirements for membership in a self-regulating organization of auditors:
9. possession of the auditor qualification certificate;
10. good business (professional) repute;
11. payment of dues to the self-regulating organization of auditors in amounts and pursuant to the order established by the organization;
12. payment of contributions to the compensation fund (compensation funds) of the self-regulating organization of auditors;
13. existence of and compliance with the rules for internal quality control (for individual auditor).
	1. Audit firms and auditors shall be members of only one self-regulating organization of auditors.
	2. In order to become a member of a self-regulating organization of auditors as an audit firm, a for-profit legal entity shall submit a membership application to the self-regulating organization of auditors, and also provide the following documents:
14. charter documents;
15. the document confirming that an entry on the legal entity has been made in the Unified State Register of Legal Entities;
16. the list of auditors that are employees of the for-profit legal entity, with whom labour contracts have been concluded, accompanied by extracts from the register of auditors and audit firms confirming that persons in the list are auditors;
17. the list of members of the collegial executive body of the for-profit legal entity, indicating which of them are auditors, or an extract from the register of auditors and audit firms, confirming that the sole proprietor (manager), to whom authorities of the executive body of the for-profit legal entity have been transferred under contract, is an auditor, or an extract from the register of auditors and audit firms, confirming that the other for-profit legal entity, to which authorities of the executive body of the for-profit legal entity have been transferred, is an audit firm;
18. the list of the founders (participants) of the for-profit legal entity that are auditors and audit firms, accompanied by extracts from the register of auditors and audit firms, confirming that parties included in the list are auditors and audit firms, and also documents confirming shares of these parties in the charter (joint) capital of the for-profit legal entity;
19. written recommendations confirming good business repute of the for-profit legal entity from at least three auditors, data on whom has been included in the register of auditors and audit firms at least three years before the date of issue of recommendations, and who are not founders (participants) of the given for-profit legal entity, are not members of its management bodies, and are not its employees;
20. one copy of the approved rules for internal quality control;
21. other documents provided by the rules for accepting for-profit legal entities as members of the self-regulating organization of auditors.
	1. In order to become a member of a self-regulating organization of auditors as an auditor, a natural person shall submit membership application to the self-regulating organization of auditors indicating his full name, identity document, address of residence (registration), and shall also provide the following documents:
22. the auditor qualification certificate;
23. written recommendations confirming good business (professional) repute of the natural person from at least three auditors, data on whom has been included in the register of auditors and audit firms for at least three years before the date of issue of recommendations;
24. a statement on the absence of an unexpunged or unexpired conviction for economic crimes and also for moderately serious, serious and very serious crimes;
25. a document confirming that an entry on the individual entrepreneur has been made in the Unified State Register of Individual Entrepreneurs (for a person who is individual entrepreneur);

4.1) one copy of the approved rules for internal quality control (for a person who is individual entrepreneur);

1. other documents provided by the rules for accepting natural persons as members of the self-regulating organization of auditors.
	1. Originals or duly certified copies of documents shall be submitted to the self-regulating organization of auditors. Originals of charter documents, auditor qualification certificates, documents confirming entry on a legal entity in the Unified State Register of Legal Entities or on an individual entrepreneur in the Unified State Register of Individual Entrepreneurs shall be received by the self-regulating organization of auditors for acquaintance and shall be returned to the person submitting them. In this case, the self-regulating organization of auditors shall retain copies of documents certified by the authorized official of this self-regulating organization of auditors. The rules for accepting members of the self-regulating organization of auditors may establish a requirement that duly certified translations into Russian must be provided for documents executed in whole or in part in a foreign language.
	2. Within 30 business days from the date following the day of submission of the documents mentioned in this Article, the self-regulating organization of auditors shall take decision on either accepting or rejecting the applicant as a member of the given self-regulating organization of auditors.
	3. A decision of the self-regulating organization of auditors on acceptance of members of the self-regulating organization of auditors shall enter into force from the date of payment of dues to the compensation fund (compensation funds) of the self-regulating organization of auditors, and also of membership entry fees established by the self-regulating organization of auditors.
	4. If the dues mentioned in section 9 of this Article have not been paid within 180 calendar days from the day following the day when the decision was taken to accept a member of the self-regulating organization of auditors, such decision shall be declared invalid by the self-regulating organization of auditors.
	5. A natural person in respect of whom a decision on acceptance as a member of a self-regulating organization of auditors has been invalidated shall have a right to resubmit, pursuant to the order established by this Article, the required documentation to be accepted as a member of the self-regulating organization of auditors, provided that one year has not passed from the date of issue of the auditor qualification certificate or from the date of completion of training under the program of continuing education provided by Article 11 of this Federal Law.
	6. The following shall constitute grounds for the self-regulating organization of auditors to take decision to refuse to accept an applicant as its member:
2. the applicant fails to comply with the requirements of this Article and the approved membership requirements of the self-regulating organization of auditors;
3. the applicant submits documents that do not meet the requirements established by this Article;
4. information, contained in the documents submitted to the self-regulating organization of auditors, is found to be false;
5. after issuance of the auditor qualification certificate to the natural person were discovered circumstances preventing such issue;
6. membership of the audit firm or auditor in this or another self-regulating organization of auditors is terminated (with the exception of termination of membership on the grounds specified in points 1, 4, and 8 of section 15 of this Article), if less than three years has passed from the date of adoption of a decision on the termination of membership.
	1. A decision of the self-regulating organization of auditors to refuse in admission to membership must be conveyed in writing not later than seven business days from the day following adoption of this decision.
	2. A decision to refuse in admission to membership in the self-regulating organization of auditors may be appealed in court.
	3. The following shall constitute grounds for terminating membership in a self-regulating organization of auditors:
7. written declaration of the audit firm or auditor on resigning membership in the self-regulating organization of auditors;
8. decision of the self-regulating organization of auditors on expelling an audit firm or auditor from membership as a disciplinary measure;
9. disclosure of false information in documents submitted for admission as a member of the self-regulating organization of auditors;
10. reorganization of the audit firm, except for cases of reorganization in the form of affiliation;
11. liquidation of the audit firm;
12. annulment of the auditor qualification certificate;
13. recognition of the audit report as intentionally false;
14. exception of information on the self-regulating organization of auditors from the state register of self-regulating organizations of auditors;
15. other grounds provided by federal laws.
	1. Membership of an auditor in a self-regulating organization of auditors shall be considered terminated from the date the self-regulating organization of auditors takes decision to terminate such membership.
	2. The membership of an audit firm in a self-regulating organization of auditors shall be considered terminated from the date of liquidation or reorganization of the audit firm or from the date the self-regulating organization of auditors takes decision to terminate such membership.
	3. If information on the self-regulating organization of auditors is deleted from the state register of self-regulating organizations of auditors, membership of an audit firm or auditor in such self-regulating organization of auditors shall be considered terminated from the date these audit firms or auditors are deleted by the authorized federal body from the master copy of the register of auditors and audit firms.
	4. Not later than seven business days from the date following the date of termination of membership of an audit firm or auditor in a self-regulating organization of auditors, this self-regulating organization of auditors shall notify in writing:
16. the party whose membership in the self-regulating organization of auditors has been terminated;
17. the audit firm where the auditor is an employee pursuant to the labour contract and whose membership in the self-regulating organization of auditors has been terminated;
18. other self-regulating organizations of auditors, except for cases of termination of membership through a declaration by an audit firm or auditor.

**Article 19. Maintenance of the register of auditors and audit firms**

* 1. The register of auditors and audit firms is a systematized list of auditors and audit firms. The master copy of the register of auditors and audit firms is a set of registers of auditors and audit firms.
	2. The register of auditors and audit firms shall be kept by the self-regulating organizations of auditors in respect of their members. The master copy of the register of auditors and audit firms shall be kept by the authorized federal body.
	3. The order for keeping the register of auditors and audit firms and the master copy of the register of auditors and audit firms, and also the list of data to be included therein, shall be established by the authorized federal body.
	4. The register of auditors and audit firms and the master copy of the register of auditors and audit firms shall be kept in hard copy and in electronic form. In case of a discrepancy between entries on soft and hard copies, entries on hard copies shall take priority.
	5. Data contained in the register of auditors and audit firms shall be open and publicly accessible. This data shall be provided by the self-regulating organization of auditors at the written or electronic request from an interested party not later than 10 business days from the day following the day of receipt of the written or electronic request.
	6. Data on a member of the self-regulating organization of auditors shall be entered by the self-regulating organization of auditors in the register of auditors and audit firms not later than seven business days from the day following the day of entry into force of a decision on acceptance as a member in the self-regulating organization of auditors.
	7. The self-regulating organization of auditors shall not have a right:
1. to make any demands or set any requirements when entering data in the register of auditors and audit firms on a party in respect of whom a decision on acceptance as a member in the self-regulating organization of auditors has entered into force;
2. to charge a fee for entering data in the register of auditors and audit firms.
	1. Audit firms and auditors are obligated to provide written or electronic notification to the self-regulating organization of auditors where they are members on any changes in the data contained in the register of auditors and audit firms within 10 business days from the day following the day when such changes arise.
	2. Information on termination of membership of an audit firm or auditor in a self-regulating organization of auditors shall be entered in the register of auditors and audit firms not later than seven business days from the day following the day when membership was terminated, unless otherwise provided by this Federal Law.
	3. Within seven business days from the day following the day when data on an audit firm or auditor was entered in the register of auditors and audit firms, and also from the day following the day when changes to the data on an audit firm or auditor were entered in the register of auditors and audit firms, a self-regulating organization of auditors is obligated to transfer the relevant data to the authorized federal body for entry in the master copy of the register of auditors and audit firms, and also for disclosure of such data.
	4. Within five business days from the day following the day when the data mentioned in section 10 of this Article was received, the authorized federal body shall enter the relevant data or changes to the data in the master copy of the register of auditors and audit firms.
	5. A self-regulating organization of auditors shall keep the register of auditors and audit firms in respect of its members that meet the requirements of articles 3 and 4 of this Federal Law, starting from the day when data on it was entered in the state register of self-regulating organizations of auditors, pursuant to the order established by this Article.

**Article 20. Disciplinary and other measures in respect of audit firms and auditors**

* 1. A self-regulating organization of auditors may impose the following disciplinary measures against its member that has committed a violation of the requirements of this Federal Law, auditing standards, the independence rules for auditors and audit firms, or the code of professional ethics of auditors:
1. issue a directive that obligates the member of the self-regulating organization of auditors to eliminate violations disclosed on the results of an external quality control review and establishes deadlines for eliminating these violations;
2. issue a written warning to the member of the self-regulating organization of auditors on unacceptability of violation of the requirements of this Federal Law, auditing standards, the independence rules for auditors and audit firms, or the code of professional ethics of auditors;
3. impose a fine on the member of the self-regulating organization of auditors;
4. pass a decision suspending membership of the audit firm or auditor in the self-regulating organization of auditors until they eliminate the disclosed violations, but not more than 180 calendar days from the day following the day when the decision to suspend membership was taken;
5. pass a decision to expel the audit firm or auditor from membership in the self-regulating organization of auditors;
6. apply other measures established by the internal documents of the self-regulating organization of auditors.
	1. Disciplinary measures shall be applied by the self-regulating organization of auditors pursuant to the order established by the Federal Law of December 1, 2007 No.315-FZ “On Self-Regulating Organizations”.
	2. Any auditor in respect of whom a decision to suspend its membership in the self-regulating organization of auditors has been taken, shall for the duration of such decision not have a right:
7. to perform an audit;
8. to issue recommendations confirming good business (professional) repute to parties that wish to become members of a self-regulating organization of auditors;
9. to participate in the work of elective and specialized bodies of a self-regulating organization of auditors.
	1. An audit firm or individual auditor in respect of whom a decision to suspend their membership in the self-regulating organization of auditors has been taken, shall for the duration of such decision not have a right:
10. to conclude contracts on audit services;
11. to make changes in contracts on audit services concluded before issuance of the given decision by the self-regulating organization of auditors, where such changes increase obligations of the audit firm or individual auditor.
	1. At least seven business days before expiration of suspension of membership of an audit firm or auditor in the self-regulating organization of auditors, the self-regulating organization of auditors shall take decision to either restore membership of the audit firm or auditor in the self-regulating organization of auditors or to expel them from membership in the self-regulating organization of auditors.
	2. The authorized federal body for control and oversight may impose the following measures against an audit firm that has committed a violation of the requirements of this Federal Law, auditing standards, the independence rules for auditors and audit firms, or the code of professional ethics of auditors:
12. issue a directive that obligates the audit firm to eliminate violations disclosed on the results of an external quality control review and establishes deadlines for eliminating these violations;
13. issue a written warning on unacceptability of violation of the requirements of this Federal Law, auditing standards, the independence rules for auditors and audit firms, or the code of professional ethics of auditors;
14. send to the self-regulating organization of auditors where the audit firm is a member a binding directive on suspending membership of the audit firm in the self-regulating organization of auditors, for the period to eliminate the disclosed violations, but not more than 180 calendar days from the day following the day when the decision to suspend membership was taken;
15. send to the self-regulating organization of auditors where the audit firm is a member a binding directive on deleting of information on the audit firm from the register of auditors and audit firms.
16. send to the self-regulating organization of auditors where the audit firm, that has committed a violation of the requirements, established by section 6 of Article 1; section 1 of Article 8; section 2 of Article 10.1; points 2.1 and 3 of sections 2 and 3 of Article 13 of this Federal Law, is a member, a binding directive on deleting of information on the audit firm from the register of auditors and audit firms.

6.1. Directives specified in points 3-5 of section 6 of this Article shall be grounds for a relevant entry to the register of auditors and audit firms by the self-regulating organization of auditors within 7 business days from the date of their receiving by the self-regulating organization of auditors.

6.2. The authorized federal body for control and oversight shall send directives specified in points 3-5 of section 6 of this Article to the self-regulating organization of auditors by advice-of-receipt post or through other means that ensure registering the fact of receiving and the date of receiving by the self-regulating organization of auditors.

7. A self-regulating organization of auditors shall notify the authorized federal body for control and oversight on execution of the directive specified in points 3-5 of section 6 of this Article during three business days from the day following the day of execution of the directive.

**Article 21. Keeping of the state register of self-regulating organizations of auditors**

* 1. The authorized federal body shall keep the state register of self-regulating organizations of auditors pursuant to the order established by this body.
	2. In order to enter information on a non-for-profit legal entity that meets the requirements specified in Article 17 of this Federal Law in the state register of self-regulating organizations of auditors, a non-for-profit legal entity shall submit an application to the authorized federal body, together with the following documents:
1. copy of its state registration certificate;
2. copy of its charter;
3. list of its members – natural persons who satisfy the requirements for membership in a self-regulating organization of auditors;
4. list of its members – for-profit legal entities which satisfy the requirements for membership in a self-regulating organization of auditors;
5. copies of documents confirming the state registration of its members – legal entities, certified by the non-for-profit legal entity;
6. copy of the approved rules for external quality control of the self-regulating organization of auditors;
7. copy of the decision (decisions) of the non-for-profit legal entity approving the auditing standards of the self-regulating organization of auditors, and copies of such standards (if available);
8. copy of the decision of the non-for-profit legal entity on acceptance of the code of professional ethics of auditors approved by the Audit Council, and a copy of this code;
9. copies of documents confirming that the non-for-profit legal entity has created specialized bodies provided by the Federal Law of December 1, 2007 No.315-FZ “On Self-Regulating Organizations”*,* copies of statutes on such bodies, and copies of documents on persons participating in their work;
10. copies of documents certified by the non-for-profit legal entity confirming existence of the compensation fund (compensation funds), creation of which is provided by this Federal Law;
11. copy of the decision of the non-for-profit legal entity on acceptance of the independence rules for auditors and audit firms approved by the Audit Council, and a copy of these rules.

2.1. The federal executive body responsible for the state registration of legal entities and natural persons as individual entrepreneurs and private (peasant) farms shall provide information on a non-for-profit legal entity and its members – legal entities in response to the interdepartmental request of the authorized federal body, if documents specified in points 1 and 5 of section 2 of this Article are not provided by the applicant.

* 1. Within 40 business days from the day following the day of receipt of documents specified in section 2 of this Article, the authorized federal body shall consider and review information on the non-for-profit legal entity. Not later than five business days after the day when consideration and review of documents specified in section 2 of this Article is completed, the authorized federal body shall enter data on the non-for-profit legal entity in the state register of self-regulating organizations of auditors, or take decision on refusing to enter information on the non-for-profit legal entity in the state register of self-regulating organizations of auditors.
	2. Grounds for taking a decision on refusing to enter data on the non-for-profit legal entity in the state register of self-regulating organizations of auditors shall be:
1. the non-for-profit legal entity does not comply with the requirements specified in this Federal Law;
2. the non-for-profit legal entity submits documents that do not comply with the requirements specified in this Federal Law;
3. the non-for-profit legal entity fails to submit documents specified in section 2 of this Article (with the exception of documents specified in points 1 and 5 of section 5 of this Article);
4. the non-for-profit legal entity submits documents containing false information;
5. the non-for-profit legal entity has been deleted from the state register of self-regulating organizations of auditors on the grounds specified in points 3–6 of section 5 of this Article, provided that less than one year has passed since the time of removal.
	1. The following shall be the grounds for the authorized federal body to remove data on a non-for-profit legal entity from the state register of self-regulating organizations of auditors:
6. application of the self-regulating organization of auditors on deleting of data on it from the state register of self-regulating organizations of auditors;
7. liquidation or reorganization of the non-for-profit legal entity;
8. disclosure of false information in documents submitted by the non-for-profit legal entity in accordance with section 2 of this Article;
9. refusal by the self-regulating organization of auditors to duly participate in creation (including financing) and activity of the unified certification commission provided by this Federal Law;
10. repeated failure by the self-regulating organization of auditors within a single calendar year to meet the requirements of this Federal Law and regulations adopted in connection therewith on keeping the register of auditors and audit firms, including requirements for transfer of the relevant information to the authorized federal body for keeping the master copy of this register;
11. a court decision that has entered into legal force on deleting information on the non-for-profit legal entity from the state register of self-regulating organizations of auditors.
	1. The following shall serve as grounds for the authorized federal body to file a petition with a commercial court with the intent that data on a non-for-profit legal entity be removed from the state register of self-regulating organizations of auditors:
12. disclosure based on the results of a review that the self-regulating organization of auditors does not comply with the requirements specified in section 3 of Article 17 of this Federal Law;
13. disclosure based on the results of a review of the self-regulating organization of auditors carried out by the authorized federal body that activity of the self-regulating organization of auditors does not comply with the requirements of the legislation of the Russian Federation and other regulations on auditing;
14. failure by the self-regulating organization of auditors to discharge or meet the deadlines for discharging the binding directives of the authorized federal body specified in this Federal Law.
	1. From the date when a court agree to hear the petition of the authorized federal body on removing data on the non-for-profit legal entity from the state register of self-regulating organizations of auditors and until the date of entry into legal force of the court decision, the self-regulating organization of auditors shall not have a right to accept audit firms or auditors as members.
	2. In case provided by section 7 of this Article, or in case when data on a self-regulating organization of auditors was deleted from the state register of self-regulating organizations of auditors, audit firms and auditors that are members of this self-regulating organization of auditors have a right to become members of another self-regulating organization of auditors.
	3. For a period of 60 business days from the day following the day when data on a self-regulating organization of auditors was removed from the state register of self-regulating organizations of auditors, audit firms and auditors that were members of this self-regulating organization and have not become members of another self-regulating organization of auditors shall carry out auditing pursuant to the order provided by this Federal Law, however such audit firms and individual auditors shall not have a right to conclude contracts on audit services.
	4. Upon expiration of the period provided by section 9 of this Article, data on audit firms and auditors that have not become members of another self-regulating organization of auditors shall be removed by the authorized federal body from the master copy of the register of auditors and audit firms.
	5. If during the period provided by section 7 of this Article all members of the self-regulating organization have terminated their membership therein, then at the request of the authorized federal body a court may issue a decision to liquidate this self-regulating organization of auditors and appoint liquidators or a liquidation commission.
	6. The authorized federal body without any fee shall provide information, contained in the state register of the self-regulating organizations of auditors.

**Article 22. State control (oversight) over activity of the self-regulating organizations of auditors**

* 1. State control (oversight) over activity of the self-regulating organizations of auditors shall be carried out by the authorized federal body.
	2. Compliance by the self-regulating organizations of auditors with the requirements of this Federal Law and regulations, issued in accordance with it,shall be subject to state control (oversight) over activity of the self-regulating organizations of auditors.
	3. State control (oversight) over activity of the self-regulating organizations of auditors shall be carried out through scheduled and extraordinary reviews.
	4. A scheduled review of a self-regulating organization of auditors shall be carried out no more than every two years in accordance with the plan of reviews approved by the authorized federal body.
	5. Grounds for an extraordinary review of a self-regulating organization of auditors may include a complaint submitted to the authorized federal body regarding action (inaction) of a self-regulating organization of auditors violating the requirements of this Federal Law and regulations, issued in accordance with it. Such a complaint may be submitted to the authorized federal body by an audit firm or auditor and also by federal executive bodies, executive bodies of constituent units of the Russian Federation, the Central Bank of the Russian Federation, other self-regulating organizations of auditors, public associations, and other parties in cases provided by other federal laws. Other grounds for carrying out of an extraordinary review by the authorized federal body of a self-regulating organization of auditors shall be established by the legislation of the Russian Federation.
	6. The order for appointment and carrying out of a review of a self-regulating organization of auditors, the review program, and also the order for recording its results shall be established by the authorized federal body.
	7. The chairperson of the reviewed self-regulating organization of auditors may appeal to the chief official of the authorized federal body against action (inaction) of officials carrying out the review within 10 business days from the day following the day when this action (inaction) was committed;
	8. In case of disclosure of violations by the self-regulating organization of auditors of the requirements of this Federal Law and regulations, issued in accordance with it, the authorized federal body may apply the following measures based on the results of the review:
1. issue a directive that obligates the self-regulating organization of auditors to eliminate the violations disclosed on the results of the review and establishes deadlines for elimination of these violations;
2. issue a written warning on unacceptability of violation of the requirements of this Federal Law and regulations, issued in accordance with it;
3. issue a decision on deleting of information on the non-for-profit legal entity from the state register of self-regulating organizations of auditors on the grounds specified in points 3–5 of section 5 of Article 21 of this Federal Law;
4. file a petition with a commercial court on deleting of information on the non-for-profit legal entity from the state register of self-regulating organizations of auditors.
	1. Within three business days from the day following the day when the decision was taken based on the results of the review of the self-regulating organization of auditors, the authorized federal body shall be obligated to notify the self-regulating organization of auditors in writing of the decision taken. The authorized federal body shall be obligated to inform the Audit Council on the results of the review of the self-regulating organization of auditors carried out by the authorized federal body at the Council’s next meeting.
	2. Within three business days after the expiration of the period established by the authorized federal body for elimination of the violation, the self-regulating organization of auditors should inform at the following meeting the authorized federal body in writing, as well as the Audit Council, on elimination of disclosed violations.

**Article 23. Concluding provisions**

* 1. Before 1 January 2010:
1. audit firms and auditors shall be obligated to meet the requirements for membership in the self-regulating organizations of auditors specified in this Federal Law, and in addition audit firms shall also bring their charter documents into compliance with the requirements of this Federal Law;
2. audit firms and individual auditors holding audit licenses for which the effective term has not expired shall have a right to perform an audit;
3. audit firms and individual auditors holding audit licenses for which the effective term expires in the period from 1 January 2009 to 1 January 2010 shall have a right to perform an audit without renewing of a document confirming existence of a license;
4. auditors that fail to meet the requirement established by this Federal Law on membership in the self-regulating organizations of auditors shall have a right to participate in auditing (perform an audit);
5. professional associations of auditors accredited before the date of entry into force of this Federal Law and which bring their charter documents into compliance with the requirements specified in this Federal Law for self-regulating organizations of auditors shall have a right to duly submit an application to the authorized federal body on entering information on them in the state register of self-regulating organizations of auditors.
	1. From 1 January 2010 audit licenses shall be expired, audit firms and individual auditors that have not joined self-regulating organizations of auditors shall not have a right to perform an audit and render audit-related services.
	2. Until 1 January 2010 pursuant to the order established before the date of entry into force of this Federal Law the following shall be carried out:
6. license control in accordance with the Federal Law No. 128-FZ of 8 August 2001 “On Licensing of Certain Types of Activity”*;*
7. external quality control of audit firms and individual auditors that are not members of self-regulating organizations of auditors;
8. confirmation that auditors are in compliance with the requirements for training under programs of continued education.
	1. From the date of entry into force of sections 1-8 of Article 11 of this Federal Law, auditors holding valid auditor qualification certificates issued before this day shall have a right:
9. until 1 January 2012 participate in auditing (perform an audit) in accordance with the type of auditor qualification certificate that they hold;
10. until 1 January 2013 pass the qualification examination provided by this Federal Law under the simplified procedure. The simplified procedure for passing the qualification examination for such persons shall be established by the authorized federal body. In addition, such persons shall not be subject to the requirement specified in point 2 of section 1 of Article 11 of this Federal Law that at least two years of the last three years of experience in auditing or bookkeeping and preparation of financial statements fall at work in an audit firm.

4.1. From 1 January 2012 auditors, holding valid auditor qualification certificates, issued in accordance with the Federal Law No. 119-FZ of 7 August 2001 “On Auditing” shall have a right to participate in auditing (perform an audit) in accordance with the type of auditor qualification certificate that they hold, with the exception of participating in auditing (performing an audit) provided by section 3 of Article 5 of this Federal Law.

* 1. Until 1 January 2013 at the time of admission to a self-regulating organization of auditors firms and natural persons may present to the self-regulating organization of auditors recommendations of at least three auditors who have valid auditor qualification certificates issued prior to entry into force of this Federal Law, but no later than three years before issuing recommendations confirming good business (professional) repute of the applicant.
	2. The register of auditors and audit firms shall be published by the self-regulating organizations of auditors, information on which has been entered in the state register of self-regulating organizations of auditors before 1 January 2010, on their official websites not later than 1 February 2010.
	3. The master copy of the register of auditors and audit firms shall be published by the authorized federal body on its official website not later than 1 March 2010.
	4. Until the establishment of the Audit Council provided by this Federal Law, its functions shall be discharged by the audit council under the authorized federal body, created before the entry into force of this Federal Law.
	5. Until the approval by the authorized federal body of the federal auditing standards provided by this Federal Law, the federal audit rules (standards) approved before the date of entry into force of this Federal Law shall be statutory for audit firms, auditors, self-regulating organizations of auditors and their employees.

9.1. Until the calendar year following the year when International Standards on Auditing are endorsed for application on the territory of the Russian Federation, the federal audit rules (standards), approved by the Government of the Russian Federation, and federal auditing standards, approved by the authorized federal body, are mandatory for audit firms, auditors, self-regulating organizations of auditors, their employees.

9.2. *[expired]*

* 1. Until the approval by the Audit Council founded in accordance with this Federal Law of the code of professional ethics of auditors provided by this Federal Law, the code of ethics of auditors of Russia approved by the audit council under the authorized federal body created before the date of entry into force of this Federal Law shall be statutory for audit firms and auditors.
	2. The self-regulating organizations of auditors, information on which has been entered in the state register of self-regulating organizations of auditors before 1 July 2010, not later than 1 September 2010 shall establish the unified certification commission provided by this Federal Law.
	3. The independence rules for auditors and audit firms provided by this Federal Law shall be:
1. approved by the Audit Council established in accordance with this Federal Law not later than 1 October 2010;
2. accepted by the self-regulating organizations of auditors not later than 31 December 2010.
	1. The Regulation for endorsement of International Standards on Auditing for application on the territory of the Russian Federation shall be approved by the Government of the Russian Federation not later than 1 October 2015.
	2. International Standards on Auditing shall be endorsed for application on the territory of the Russian Federation not later than two years from the date of entry into force of the Regulation for endorsement of International Standards on Auditing for application on the territory of the Russian Federation.
	3. Until the endorsement of International Standards on Auditing for application on the territory of the Russian Federation:
3. self-regulating organizations of auditors shall develop draft federal auditing standards pursuant to the order, approved by the Audit Council;
4. the Audit Council shall discuss drafts of the federal auditing standards and recommend them for approving by the authorized federal body;
5. the authorized federal body shall approve federal auditing standards.

16. The Rules for self-regulating organizations of auditors on replacement of valid auditor qualification certificates issued before 1 January 2011 in cases of changes of surname, name and patronymic or other information contained therein shall be approved by the authorized federal body. The fee for replacement of auditor qualification certificates in cases established by this section shall be charged in accordance with section 7 of Article 11 of this Federal Law.

**Article 24. *[expired]***

**Article 25. On invalidating certain legislative acts (provisions of legislative acts) of the Russian Federation**

* 1. From the date of entry into force of this Federal Law, the following shall be expired:
1. articles 1–14, 17, 18, 20–22 of the Federal Law of August 7, 2001 No. 119-FZ “*On Auditing”* (*the official gazette “Set of the Legislation of the Russian Federation”*, 2001, No. 33, art. 3422);
2. points 1–6, 8, 9, 11 and 12 of the Federal Law of December 14, 2001 No. 164-FZ “*On Amendments and Addenda to the Federal Law “On Auditing”* (*the official gazette “Set of the Legislation of the Russian Federation”*, 2001, No. 51, art. 4829);
3. Article 3 of the Federal Law of December 30, 2004 No. 219-FZ “*On Amendments to Certain Legislative Acts of the Russian Federation Following to Adoption of the Federal Law “On Credit Histories”* (*the official gazette “Set of the Legislation of the Russian Federation”*, 2005, No. 1, Article 45);
4. Article 23 of the Federal Law of February 2, 2006 No. 19-FZ “*On Amendments to Certain Legislative Acts of the Russian Federation and Invalidation of Certain Provisions of Legislative Acts of the Russian Federation Following to Adoption of the Federal Law “On Placement of Orders for Delivery of Goods, Performance of Works, Provision of Services for State and Municipal Needs”* (*the official gazette “Set of the Legislation of the Russian Federation”,* 2006, No. 6, art. 636);
5. sections 1 and 2 of Article 4 of the Federal Law of November 3, 2006 No. 183-FZ “*On Amendments to the Federal Law “On Agricultural Cooperation” and Certain Legislative Acts of the Russian Federation”* (*the official gazette “Set of the Legislation of the Russian Federation”,* 2006, No. 45, art. 4635).
	1. The following shall be expired from 1 January 2010:
6. section 3 of Article 15, articles 16 and 19 of the Federal Law of August 7, 2001 No. 119-FZ “*On Auditing”* (*the official gazette “Set of the Legislation of the Russian Federation”*, 2001, No. 33, art. 3422);
7. section 10 of Article 1 of the Federal Law of December 14, 2001 No. 164-FZ “*On Amendments and Addenda to the Federal Law “On Auditing”* (*the official gazette “Set of the Legislation of the Russian Federation”,* 2001, No. 51, art. 4829);
8. section 3 of Article 4 of the Federal Law of November 3, 2006 No. 183-FZ “*On Amendments to the Federal Law “On Agricultural Cooperation” and Certain Legislative Acts of the Russian Federation”* (*the official gazette “Set of the Legislation of the Russian Federation”,* 2006, No. 45, art. 4635).
	1. The following shall be expired from 1 January 2011:
9. Federal Law of August 7, 2001 No. 119-FZ “*On Auditing”* (*the official gazette “Set of the Legislation of the Russian Federation”,* 2001, No. 33, art. 3422);
10. section 7 of Article 1 of the Federal Law of December 14, 2001 No. 164-FZ “*On Amendments and Addenda to the Federal Law “On Auditing”* (*the official gazette “Set of the Legislation of the Russian Federation”,* 2001, No. 51, art. 4829).

**Article 26. Entry into force of this Federal Law**

1. This Federal Law shall enter into force from 1 January 2009, except for sections 1–9 of Article 11 and articles 12 and 16 of this Federal Law.
2. Sections 1–8 of Article 11 of this Federal Law shall enter into force from 1 January 2011.
3. Section 9 of Article 11 and articles 12 and 16 of this Federal Law shall enter into force from 1 January 2010.