

In case of discrepancies between the French and the English text, the French text shall prevail.

CSSF Regulation N° 16-10 organising continuing education of *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors)

(Mémorial A – No 244 of 5 December 2016)

The Executive Board of the Commission de Surveillance du Secteur Financier;
Having regard to Article 108a of the Constitution;
Having regard to the Law of 23 December 1998 establishing a financial sector supervisory commission ("Commission de surveillance du secteur financier") and in particular Article 9(2) thereof;
Having regard to the Law of 23 July 2016 concerning the audit profession and in particular Article 10 thereof;
Having regard to the opinion of the Consultative Committee for the Audit Profession;

Decides:

Article 1: Subject matter and scope

- (1) The *réviseurs d'entreprises* (statutory auditors) and the *réviseurs d'entreprises agréés* (approved statutory auditors), as defined in Article 1(33) and (34) of the Law of 23 July 2016 concerning the audit profession, shall take part in appropriate programmes of continuing education in order to maintain their theoretical knowledge, professional skills and values at a sufficiently high level.
- (2) The programmes of continuing education referred to in paragraph 1 shall satisfy specific criteria as to the nature and hours of training required.

Article 2: Criteria for the programme of continuing education

The criteria for the programme of continuing education for *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors) shall be defined by the CSSF.

Article 3: Requirements relating to continuing education

- (1) The *réviseurs d'entreprises* (statutory auditors) and the *réviseurs d'entreprises agréés* (approved statutory auditors) shall attend a minimum of 120 hours of continuing education per three-year reference period, of which a minimum of 20 hours per reference year.
- (2) The CSSF and the Institut des Réviseurs d'Entreprises may require documentary evidence enabling the identification of the training activities followed, their duration, their content, the organising body, as well as the certificate of attendance for a minimum of 60 of the 120 hours required per three-year reference period.

Article 4: Correlation of the training activities with the exercise of the profession

- (1) The training activities of *réviseurs d'entreprises* (statutory auditors) in accordance with Article 3(1) shall include a minimum of 8 hours' training with regard to the fight against money laundering and terrorist financing in accordance with the second subparagraph of Article 4 of the Law of 12 November 2004 on the fight against money laundering and terrorist and terrorist financing, as amended, per three-year reference period.

- (2) The *réviseurs d'entreprises agréés* (approved statutory auditors) shall follow training activities connected with the exercise of the activities of statutory audit, as defined in Article 1(6) of the Law of 23 July 2016 concerning the audit profession.

The training activities of *réviseurs d'entreprises agréés* (approved statutory auditors) shall comply with the following minimum requirements over a three-year reference period:

- 24 hours as regards international accounting standards (IFRS) where statutory audits of public-interest entities are carried out;
- 12 hours as regards the audit of financial information;
- 8 hours as regards the fight against money laundering and terrorist financing in accordance with the second subparagraph of Article 4 of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended;
- 8 hours as regards commercial and tax law;
- 4 hours as regards information technology;
- and 4 hours as regards professional ethics of the *réviseur d'entreprises* (statutory auditor) including rules of independence and ethics.

The *réviseurs d'entreprises agréés* (approved statutory auditors) involved in the audit of consolidated financial statements shall devote 12 hours to continuing education in the following areas:

- the statutory audit of transnational structures or groups;
- and the specific requirements connected with stock-exchange-listed companies.

- (3) Above and beyond the minimum requirements set out in paragraphs 1 and 2 of this article, the *réviseurs d'entreprises* (statutory auditors) and the *réviseurs d'entreprises agréés* (approved statutory auditors) shall select the training activities which best answer their needs and are directly connected with the fields in which they practice.

Article 5: Form of training activities

Eligible training activities shall take the following forms:

- participation in courses of universities or specialised institutions;
- participation in structured training organised at the workplace;
- participation in courses offered or organised by the Institut des Réviseurs d'Entreprises or another similar professional body;
- participation in colloquia, seminars or conferences directly related to the exercise of the profession;
- drafting of published articles or works connected with the exercise of the profession;
- participation in structured training sessions, notably in case studies within technical study groups in so far as their content is mainly connected with the activities of the profession;
- participation in research projects;
- participation in distance learning courses;
- participation in e-learning;
- participation in technical committees;
- acting as a lecturer or trainer for the activities referred to in the preceding indents.

Article 6: Monitoring activities of continuing education

- (1) Activities of continuing education to be pursued by the *réviseurs d'entreprises* (statutory auditors) in accordance with Article 3(1) and Article 4(1) and (3) shall be monitored by the Institut des Réviseurs d'Entreprises.

- (2) Activities of continuing education to be pursued by the *réviseurs d'entreprises agréés* (approved statutory auditors) in accordance with Article 3(1) and Article 4(2) and (3) shall be monitored by the CSSF.

Article 7: Declaration of particulars relating to continuing education

- (1) In the context of the declaration which they shall complete annually for the Institut des Réviseurs d'Entreprises, the *réviseurs d'entreprises* (statutory auditors) shall notify, each year in the month of January, a compilation of the training pursued in the course of the preceding calendar year. They shall indicate the nature of the training activities followed and the number of hours in respect of each training.
- (2) In the context of the declaration which they shall complete annually for the CSSF, the *réviseurs d'entreprises agréés* (approved statutory auditors) shall notify, each year in the month of January, a compilation of the training pursued in the course of the preceding calendar year.
- (3) In parallel, the *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors) shall maintain a detailed three-year list of the training activities, mentioning their nature and the number of hours corresponding thereto.

Article 8: Time for keeping documentary evidence

The *réviseurs d'entreprises* (statutory auditors) and the *réviseurs d'entreprises agréés* (approved statutory auditors) shall keep documentary evidence for a minimum period of three years following the end of the three-year reference period.

Article 9: Transitional provisions

This CSSF regulation follows the repeal of the Grand-ducal Regulation of 15 February 2010 organising the continuing training of *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors) and restates the provisions of the latter. Consequently, the first three-year reference period starting from the entry into force of this CSSF regulation shall begin on 1 January 2016 and end on 31 December 2018.

Article 10: Publication

This CSSF regulation shall be published in the Mémorial and on the website of the Commission de Surveillance du Secteur Financier.

Luxembourg, 21 November 2016

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

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Director

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EXPLANATORY MEMORANDUM

This draft CSSF regulation was drawn up pursuant to Article 10 of the Law of 23 July 2016 concerning the audit profession. It restates the aspects connected with continuing education of *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors).

The rules set out in this draft CSSF regulation are based on the provisions of “International Education Standards” 7 and 8 published by the International Accounting Education Standards Board (as an extension of the International Federation of Accountants). These standards define the foundations of continuing professional education and professional skills required from *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors). In addition, these standards are recognised internationally by all the audit professionals.

Prior to the adoption of the Law of 23 July 2016 concerning the audit profession, similar continuing education requirements already existed under the Grand-ducal Regulation of 15 February 2010 organising the continuing training of *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors).

COMMENTS ON THE ARTICLES

Comment on Article 1:

Article 1 of this draft CSSF regulation lays down the general principle of the necessity of continuing education that is appropriate to a profession subject to numerous and constant developments related to legal and regulatory aspects as well as to the economic environment.

Comment on Article 2:

Article 2 of this draft CSSF regulation specifies that the CSSF, as the public oversight authority of the audit profession, shall set out criteria for the programmes of continuing education of *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors) that shall be satisfied, notably by defining the areas, subjects and number of hours.

Comment on Article 3:

Article 3 of this draft CSSF regulation is based on the provisions of paragraph 15 of “International Education Standard 7”.

A minimum of 60 hours per three-year reference period shall be evidenced by written documents which include all the compulsory particulars listed in Article 3.

The other 60 hours may be subject to a declaration made in good faith by the *réviseur d'entreprises* (statutory auditor) or the *réviseur d'entreprises agréé* (approved statutory auditor). Certain training activities, such as the drafting of published articles or works connected with the exercise of the profession, the participation in research projects or the participation in technical committees cannot give rise to a written documentary evidence stating all the compulsory particulars.

However, this tolerance does not rule out that the *réviseur d'entreprises* (statutory auditor) or the *réviseur d'entreprises agréé* (approved statutory auditor) may supply, whenever possible, evidence of his or her activity (for example, newspaper clippings, copies of publications, conference programmes).

Comment on Article 4:

Where appropriate, the Institut des Réviseurs d'Entreprises may issue a professional recommendation in order to supplement the provision laid down in Article 4(1) with one or more subjects deemed useful by the profession.

Article 4(2) of this draft CSSF regulation is based on the provisions of paragraph 8 of “International Education Standard 8”. This implies a minimum hourly volume of training over a three-year reference period in the areas or subjects essential to the exercise of the profession of *réviseur d'entreprises agréé* (approved statutory auditor).

The training relating to the audit of financial information covers mainly the international standards on auditing, as well as the relevant practical applications.

The training relating to information technology covers mainly the accounting and the financial reporting system. The *réviseur d'entreprises agréé* (approved statutory auditor) shall be able to analyse the risks and to assess the controls for covering these risks in the framework of the audit of financial information.

The CSSF and the Institut des Réviseurs d'Entreprises have reserved the right to specify the training referred to in paragraph 3 of this article.

Comment on Article 5:

Article 5 of this draft CSSF regulation lists the activities which may be considered as appropriate activities of continuing education in order to maintain theoretical knowledge, professional skills and values of *réviseurs d'entreprises* (statutory auditors) and *réviseurs d'entreprises agréés* (approved statutory auditors) at a sufficiently high level. This list is based on the provisions of paragraphs 11 and A7d of “International Education Standard 7”.

Comment on Article 6:

As far as *réviseurs d'entreprises* (statutory auditors) are concerned, the effective monitoring of the training activities pursued falls under the responsibility of the Institut des Réviseurs d'Entreprises with reference to letter (c) of Article 62 of the Law of 23 July 2016 concerning the audit profession.

As far as *réviseurs d'entreprises agréés* (approved statutory auditors) are concerned, the effective monitoring of the training activities pursued falls under the responsibility of the CSSF with reference to letter (c) of Article 36(3) of the Law of 23 July 2016 concerning the audit profession.

Comment on Article 7:

Article 7 of this CSSF regulation specifies the methods for monitoring continuing education. It should be borne in mind that this monitoring relies on a mandatory declaration either to the Institut des Réviseurs d'Entreprises regarding *réviseurs d'entreprises* (statutory auditors) or to the CSSF regarding *réviseurs d'entreprises agréés* (approved statutory auditors). The CSSF and the Institut des Réviseurs d'Entreprises shall define the declaration format required.

Comment on Article 8:

No comment.

Comment on Article 9:

The aim is to match the three-year reference periods with calendar years.