

## **SEC's public hearing on the draft amendments to the notification regarding the approval of auditors**

The SEC is seeking public comments on the proposed amendments to the notification regarding approval of auditors. The amendments aim to promote and facilitate high potential auditors to enter into the capital market and enable current approved auditors to maintain their status without hurdle from excessive requirements. Being a part of SEC's Regulatory Guillotine Project, these amendments involve relaxation of some requirements in obtaining approval which may be overly rigid and inconsistent with current auditing practice and circumstances in Thailand. This is in line with our strategy to increase approved auditors to sufficiently support the ever-increasing listed companies while keeping up audit quality in the capital market in accordance with the international standards without imposing any excessive regulatory burdens.

### **Highlights of the proposed amendments include:**

- (1) Lower the requirements regarding audit experience from a minimum of ten years to a minimum of seven years with at least 4 years acting as an engagement partner or signing partner which is consistent with the current average years of experience before auditors are entrusted by audit firm to undertake engagement partner or signing partner role.
- (2) Lessen the requirements on minimum number of audit engagements and the nature of the businesses that the auditors performed their audit work and affixed their signatures on auditor's reports as well as the requirement on the experience as a signing partner as follows:
  - (2.1) In case the auditors have performed audit work as an engagement partner of commercial banks<sup>1</sup>: the auditors shall work as an engagement partner for at least one year during a five-year period prior to the filing date of the application for approval with the SEC Office, disregarding requirement that such auditors had to perform their audit work as a signing partners.
  - (2.2) In case the auditors have not performed audit work as an engagement partner of commercial banks: the number of audit engagements that the auditors shall perform their audit work and affix their signatures on auditor's reports is reduced from at least three businesses to at least two businesses. The requirement that such businesses must be different in nature is also removed. In this regard, the auditors

shall perform their audit work and affix their signatures on auditor's reports of such businesses during a five-year period prior to the filing date of the application for approval with the SEC Office.

- (3) Allow approved auditors who are unable to maintain their qualifications as a leader of an audit firm or as a partner of an audit firm or equivalent to maintain their status as approved auditors, without immediate termination, provided that steps are taken by auditor to make rectification to obtain the prescribed qualification within the given time period as set out by the SEC Office.

For more details of the public hearing, please visit [www.sec.or.th/hearing](http://www.sec.or.th/hearing). Stakeholders and interested parties are welcome to submit comments through the website, or facsimile: 0-2263-6097, 0-2033-4670, 0-2263-6497 or email: [waraporn@sec.or.th](mailto:waraporn@sec.or.th), [peerayas@sec.or.th](mailto:peerayas@sec.or.th), [tharaporn@sec.or.th](mailto:tharaporn@sec.or.th). The public hearing process ends on 9 March 2021.

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<sup>1</sup> According to the definition in the Financial Institutions Businesses Act B.E. 2551 (2008), “commercial bank” means a public limited company licensed to undertake commercial banking business, and shall include a retail bank, a commercial bank which is a subsidiary of a foreign commercial bank and a branch of a foreign commercial bank licensed to carry on commercial banking business.