

Our ref: LPL/ga
Your ref:

Statutory Audit Market Study
Competition and Markets Authority (CMA)
7th Floor
Victoria House
37 Southampton Row
London WC1B 4AD

25 Farringdon Street
London
EC4A 4AB
United Kingdom
T +44 (0)20 3201 8000
F +44 (0)20 3201 8001
rsmuk.com

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Dear CMA

RSM UK* welcomes the opportunity to comment on your current market study into the Statutory Audit Market. We believe there is widespread public concern about audit quality and a perception that large audit firms are not meeting reasonable market expectations.

We also consider that many stakeholders ('end users') are both well placed and well informed to provide their views and comments on most of the issues raised in the consultation document. We are therefore starting from the simple premise that it is now widely accepted to be in the public interest that there should be increased choice and reduced concentration in the audit market.

Accordingly, we are focusing our comments on the measures required to reduce the barriers for non-Big Four firms to build their capacity (as helpfully set out in paragraphs 4.13 to 4.26 of the consultation document). We therefore confirm our support of the measures succinctly put in paragraphs 4.13 (a) to (c), including a market share cap on the Big Four; b) joint and/or shared audits; and c) shared audit methodologies and technologies.

As a firm, we have been a consistent supporter of a proportionate regulatory intervention in the audit market. Back in 2007 our then Head of Audit commented, in response to the FRC investigation of that time, that the remedies required to increase choice in the audit market for listed companies included restricting the number of public interest entities that can be undertaken by any one firm (*a market cap*) and introducing a requirement for joint audit. Eleven years on a lot more has been written but nothing much has changed.

Our longstanding views were then reflected a few months ago in a position paper jointly agreed with a number of other large non-Big Four firms and we therefore now attach that paper as a fuller commentary of our views on this really important subject.

Yours faithfully

Laurence P Longe
Chairman

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