

Dear Sirs,

I have the following specific comments to make on certain consultation questions(Box 6.1 p 132 et seq) in the above document-

-Remedy 1- regulatory scrutiny of audit committees-

First and foremost it is necessary to strengthen the current FRC requirement that "at least one member of the audit committee has recent and relevant financial experience".

The relevant EU directive states that " at least one member of the audit committee should have competence in accounting and/or auditing"-thus "auditing" becomes the defining skill. I appreciate that it could well be asserted that "auditing" has something of a bad name at present but that is irrelevant to the intended message.

Section 407 of the Sarbanes-Oxley Act of 2002 sets out very specific rules in describing the required attributes of the designated "financial expert" on an audit committee.

For a number of years, I attempted to convince the FRC of the need to strengthen its requirements. In the redrafting process of the current guidance, the September 2015 draft was, at long last, changed to reflect the EU directive. Sadly, the final guidance issued on 27 April 2016 reverted to the old requirement-based on my enquiries it became evident that the status quo was sustained based on a belated and strong push back from the business community.

In addition to the above there should be a new requirement that all designated "financial experts" on FTSE audit committees should be approved by the new Regulator proposed in the Kingman report.

Whilst not directly relevant to the CMA study, I believe that the new Regulator should be named the Governance Authority-audit and reporting is a subset of that. The proposed name of Audit, Reporting and Governance Authority is confusing, to say the least.

-Remedy 5-full structural or operational split-

I would be supportive of "operational split". That said I would go further than as suggested by para 6(c) on page 8 of the study. The audit aspect of the firms should have their own governance structures with a non executive oversight board and a management board-as a minimum all members of the latter should be subject to "fit and proper" confirmation by the new Regulator.

The above process would be consistent with the banks and the split out of their retail banking operations.

Yours faithfully,

Timothy G Boatman (FCA)

PS-I would note that I am a retired senior audit partner in a "Big 4"firm. I would also note that subsequently I have chaired a number of audit committees.

I confirm that I am content for my response (should it be published) to be attributed to me by name.