Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

By email: marketsremediesstrategicreview@cma.gov.uk

26 February 2026

Dear Madam or Sir,

Strategic review of 33 markets remedies and consultation on whether those remedies remain appropriate

PricewaterhouseCoopers LLP ("we") welcome the opportunity to respond to the Competition and Markets Authority ("CMA") consultation on whether certain market remedies remain appropriate ("the consultation"). Our response focuses specifically on the Statutory Audit Services Order 2014 (the "Order"), as this is most relevant to our audit practice and the entities we audit. As requested in the consultation, we have set out our views on whether any changes in circumstances, under the headings provided, may indicate that the remedy is no longer appropriate.

We agree with the proposal in the consultation to remove the Order as it has been largely overtaken by updated legislation mandating regular audit tendering and rotation for Public Interest Entities (PIEs). Its remaining effect is to impose a disproportionate burden on newly listed FTSE 350 companies, by forcing immediate audit tenders at a critical stage. This is potentially making the London Stock Exchange less attractive compared to other markets. This regulatory overlap and disruption are no longer justified, and the Order no longer serves its original purpose.

In response to the specific questions in the consultation:

(a) Market developments: changes in the market and competitive landscape since the remedy was introduced. For example, the entry and expansion of competitors to the bound businesses or a change in consumer behaviour.

Since the Order was issued in 2014, the Companies Act 2006 has also been amended to incorporate requirements for PIEs to tender their audit every 10 years and rotate their auditors after a tenure of 20 years. This Companies Act requirement has led to the vast majority, if not all the FTSE 350 retendering their audits in the last 10 years. Any switching of auditors was largely within the Big 4 firms, but in the period from 2016 to 2024, the non- Big 4 firms' share of the FTSE 350 has increased from 2% to 14%.

(b) Age and impact: the age of the remedy indicates that the remedy no longer addresses the original competition problem and/or consumer detriment which it was designed to remedy. For example, a remedy which predates developments such as the internet or a remedy requiring bound businesses to provide information to consumers which is no longer used or is no longer relevant to them.

Mandatory tendering and rotation under the Companies Act 2006 took effect on 16 June 2017, three years later than the Order. The Act requires all PIEs, including FTSE 350 companies, to follow a 10-year tendering or rotation cycle. This duplicates the requirements for FTSE 350 entities under the Order. The Order does not affect those PIEs that have existed for at least 10 years when they become part of the FTSE 350, because they will have tendered their audits within the past decade. (These entities will also be following the FRC's Audit Committees and the External Audit: Minimum Standard, now embedded in provisions 25 and 26 of the UK Corporate Governance Code). This refers, in paragraph 7, directly to the MFR regime and includes, in paragraph 24, disclosure of upcoming tender plans.)

However, the part of the Order that is not covered by the Companies Act is its effect on companies that were private but then become listed in the FTSE 350 and haven't held an audit tender within the last 10 years. For these companies, the Order forces them to tender their audit immediately after listing. We believe this requirement places an undue burden on these companies.

(c) Regulatory landscape: changes to relevant regulations or legislation affecting the appropriateness of the remedy. For example, alternative regulatory or legislative solutions have been introduced to address the original competition problem.

See response to (b)

(d) Changes to the bound businesses: structural, behavioural or other changes to businesses bound by the remedies. For example, the bound businesses have exited the relevant market.

In our view, the Order risks causing unnecessary disruption and significant costs for newly listed FTSE 350 companies. The immediate requirement to tender an audit upon entering the FTSE 350 may place newly listed entities under undue pressure at a critical time, diverting senior management resources and attention away from their core business and regulatory obligations. The additional administrative burden and expense may actively discourage companies from choosing to list on the London Stock Exchange, especially when compared to other international markets, none of which we believe impose comparable requirements that we are aware of. As a result, the Order may be undermining the attractiveness of the London Stock Exchange as a listing venue, with potentially negative implications for UK capital markets.

There is also a potential negative impact on the choice of provider of audit and non-audit services to FTSE 350 companies, as cooling off periods might mean some audit firms cannot compete in tenders that come at short notice.

We would be happy to discuss this matter further is helpful. If you have any questions regarding our response, please contact me at [✂] Yours faithfully

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Partner, Chief Risk & Quality Officer, PwC UK