



## IFIAR 2017 Member Profile – H3C

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  France	
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  <i>Haut Conseil du Commissariat aux Comptes / High Council for Statutory Audits</i>	
	<b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b>  <b>H3C Website :</b> <a href="http://www.h3c.org">www.h3c.org</a>  <b>Address:</b> Haut Conseil du Commissariat aux Comptes (H3C) 10 rue Auber 75009 Paris FRANCE  <b>Fax:</b> +33 1 44 51 09 35  <b>Contact Person(s) :</b>  <table border="0"> <tr> <td>▪ Eric BAUDRIER Director General Tel: (33) 1 44 51 09 38 Email: <a href="mailto:eric.baudrier@h3c.org">eric.baudrier@h3c.org</a></td> <td>▪ Melissa ANDRADE GOMES International Division Tel: (33) 1 44 51 08 85 Email: <a href="mailto:melissa.andradegomes@h3c.org">melissa.andradegomes@h3c.org</a></td> </tr> </table>	▪ Eric BAUDRIER Director General Tel: (33) 1 44 51 09 38 Email: <a href="mailto:eric.baudrier@h3c.org">eric.baudrier@h3c.org</a>
▪ Eric BAUDRIER Director General Tel: (33) 1 44 51 09 38 Email: <a href="mailto:eric.baudrier@h3c.org">eric.baudrier@h3c.org</a>	▪ Melissa ANDRADE GOMES International Division Tel: (33) 1 44 51 08 85 Email: <a href="mailto:melissa.andradegomes@h3c.org">melissa.andradegomes@h3c.org</a>	
<b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b>  The H3C is a high-level independent public authority, created by the <i>Loi de Sécurité Financière</i> (Financial Security Law) on 1st August 2003. The role		

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



	<p>and responsibilities of the H3C over the audit profession in France are defined and set out by law and decree in the <i>Code de commerce</i> (Commercial Code).</p> <p>The mission and responsibilities of the H3C cover:</p> <ul style="list-style-type: none"> <li>➤ Registration of statutory auditors, including third country auditors and audit firms, and the maintenance of registration lists ;</li> <li>➤ Adoption of standards relating to audit, ethics, and internal controls, as well as professional best practices;</li> <li>➤ Definition of the general guidelines and various fields for continuing education, as well as overseeing their compliance by statutory auditors;</li> <li>➤ Inspections : the definition of the framework and guidelines for inspections, the conduct of PIE and non-PIE auditor inspections (possibility to delegate certain non-PIE inspections), with the ability to issue recommendations in the follow-up of inspections;</li> <li>➤ Decisions on specific individual matters relating to the audit mandate and threshold of audit fees for non-audit services;</li> <li>➤ Enforcement : the conduct of investigations and adoption of sanctions;</li> <li>➤ Hearings on audit fee disputes</li> <li>➤ Cooperation with EU and non-EU counterparts</li> <li>➤ Conduct of market monitoring of PIE statutory audits in France</li> </ul> <p><b>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>2</sup></b></p>

<sup>2</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to



	<p>The H3C Board is composed of 14 members who are appointed by decree for 6-year terms, as set out in Article L. 821-2 of the Commercial Code:</p> <p><b>Four magistrates:</b></p> <ul style="list-style-type: none"> <li>- a member of the <i>Cour de cassation</i> (French Supreme Court) who chairs the <i>Haut Conseil</i> - Ms. Christine GUÉGUEN (Chair)</li> <li>- two magistrates of the judicial order, one of whom chairs the Disciplinary Board formation - Mr. Jean-Pierre ZANOTO (Chair of the Disciplinary Board)</li> <li>- a member from the <i>Cour des comptes</i> (French National Audit Office) - Marie-Laure BELAVAL</li> <li>- Mr. François-Roger CAZALA</li> </ul> <p>The Chairman of the <i>Autorité des marchés financiers</i> (AMF - French Financial Markets Authority) or his representative - Mr. Gérard RAMEIX</p> <p>The Chairman of the <i>Autorité de contrôle prudentiel et de résolution</i> (ACPR - French Prudential Supervision and Resolution Authority) or his representative - Mr. François VILLEROY DE GALHAU</p> <p>The Director-General of the Treasury Department of the Ministry of Finance or his representative - Mr. Bruno BÉZARD</p> <p>A university professor specialized in legal, economic or financial matters - Ms. Dorothée GALLOIS-COCHET</p> <p><b>Four experts in economic and financial matters;</b></p> <ul style="list-style-type: none"> <li>- in the field of public offerings and entities whose securities are admitted to trading on a regulated market, - Mr. Philippe CHRISTELLE</li> <li>- in the field of banking and insurance - Mr. Gérard GIL</li> <li>- Ms. Caroline WEBER</li> </ul>
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p>- in the field of SMEs, private entities with an economic activity and non-profit associations - Mr. Jacques ETHEVENIN</p> <p>- in the area of national and international accounting matters</p> <p><b>Two former statutory auditors;</b> - Ms. Fabienne DEGRAVE - M. William DI CICCO</p> <p>A Government Commissioner, represented by the Director of Civil Affairs or his/her representative, sits on the Board with consultative powers. The current Government Commissioner is Ms. Carole CHAMPALAUNE.</p> <p><b><u>H3C Executive Officers :</u></b></p> <p>Chair of the Board : Ms Christine GUEGUEN</p> <p>Director General : Mr. Eric BAUDRIER</p> <p>Head of Enforcement / Rapporteur General : Mr. Thierry RAMONATXO</p>
	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>The composition requirements for the H3C Board are as set out above and within Article L. 821-2 of the Commercial Code. The Board members are subject to a 3-year cooling-off period prior to their appointment from having conducted any statutory audit activities, or having held any voting rights, or having taken part in the administrative or supervisory body or having been employed by an audit firm (<i>Article L. 821-3(I) of the Commercial Code</i>).</p>
	<p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>3</sup></b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

<sup>3</sup> Ibid.



	<p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p> <p>N/A</p> <hr/> <p><b>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>There is a recusal process through various safeguards against conflicts of interest. These are implemented through French laws and regulations, such as the Commercial Code and the H3C internal regulations. Article L821-3 requires a 3-year cooling-off period. It is also set out under French law that no Board member may deliberate on any matter which could lead to a conflict of interest.</p>
	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (e.g., in a management or inspection function)?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</b></p>
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p>The H3C is financially independent and adopts its budget on the basis of a proposal from the Chair of the Board. The funding arrangements of the H3C, as well as the fee levels, are set out under Art. L821-5 of the Commercial Code which provides that fixed and proportional levies are to be collected from the audit profession.</p>



	<p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>The fee levels are fixed by virtue of law and decree.</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</b></p>
	<p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>The 5 largest audit networks operating in France are inspected on an annual basis. Other PIE audit firms are inspected every 3 years (or 6 years for smaller firms), and non-PIE audit firms are inspected every 6 years.</p>
<p><b>6. Audit and Financial Market</b></p>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</b></p> <p>The term "auditor" used below encompasses both individual and audit firms.</p> <p><u>Number of auditors to be inspected</u> : 6 439 (of which 328 are PIE auditors and 6 111 non-PIE auditors)</p> <p><u>Number of public interest audit engagements</u> :</p> <p><i>(Kindly take note that the figures below are as declared on an annual basis by the French auditor population and take into account the French joint audit system,</i></p>



	<p><i>meaning that one audit engagement may be held by two audit firms)</i></p> <table border="1"> <tr> <td colspan="2">Analysis of the number of PIE engagements* held by all PIE audit firms</td></tr> <tr> <td><b>PIE Regulated markets</b> (Including listed UCITS and debt issuers on a regulated market)</td><td><b>1 280</b></td></tr> <tr> <td><b>PIE Non-regulated markets</b></td><td><b>1 442</b></td></tr> <tr> <td>Credit institutions</td><td>626</td></tr> <tr> <td>Mutual companies (Book II)</td><td>388</td></tr> <tr> <td>Insurance companies</td><td>377</td></tr> <tr> <td>Non-profit provident institutions or other</td><td>51</td></tr> <tr> <td><b>Total</b></td><td><b>2 722</b></td></tr> </table> <p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</b></p> <p>The 5 largest networks in France hold up to 68% of the 2 722 PIE audit engagements in France.</p> <p><i>(Extract from a H3C Publication: H3C Report on the French statutory audit market, published on 16 June 2016. Statistics provided are on the basis of data collected as of 31 December 2015)</i></p>	Analysis of the number of PIE engagements* held by all PIE audit firms		<b>PIE Regulated markets</b> (Including listed UCITS and debt issuers on a regulated market)	<b>1 280</b>	<b>PIE Non-regulated markets</b>	<b>1 442</b>	Credit institutions	626	Mutual companies (Book II)	388	Insurance companies	377	Non-profit provident institutions or other	51	<b>Total</b>	<b>2 722</b>
Analysis of the number of PIE engagements* held by all PIE audit firms																	
<b>PIE Regulated markets</b> (Including listed UCITS and debt issuers on a regulated market)	<b>1 280</b>																
<b>PIE Non-regulated markets</b>	<b>1 442</b>																
Credit institutions	626																
Mutual companies (Book II)	388																
Insurance companies	377																
Non-profit provident institutions or other	51																
<b>Total</b>	<b>2 722</b>																
<p><b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b></p>	<p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p> <input checked="" type="checkbox"/> Registration/Licensing  <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting  <input checked="" type="checkbox"/> Permanent Education of Auditors  <input checked="" type="checkbox"/> Enforcement  <input checked="" type="checkbox"/> Other: <u>Market monitoring</u> </p> <p>Kindly refer to our response in 2.3</p>																





	<p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>4</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p> <p>The H3C is legally responsible for the registration of statutory auditors and audit firms, including third country auditors, as well as the maintenance of the registration lists. The H3C has a Registration Division which handles and reviews all registration applications before their presentation to a Board panel composed of 5 H3C Board members who determines each application. Nevertheless, the H3C has the possibility to delegate the registration of statutory auditors and audit firms to the National Company of Auditors (CNCC).</p> <hr/> <p><b>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>5</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The H3C holds the responsibility for the adoption of standards relating to audit, ethics and internal controls, as well as professional best practices, which are officially approved by the Minister of Justice. The draft auditing, ethics and internal control standards are drafted by a commission,</p>
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<sup>4</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

<sup>5</sup> Ibid.





	<p>established under the H3C and composed of an equal number of H3C Board members and statutory auditors.</p>
	<p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>6</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The H3C is responsible for defining and ensuring compliance of the general policies relating to continuing education. Nevertheless, the H3C can delegate the monitoring of permanent education of auditors to the National Company of Auditors (CNCC).</p>
	<p><b>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>7</sup> are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The H3C Enforcement division, led by a Rapporteur general/Head of Enforcement, is responsible for investigations conducted on statutory auditors and audit firms. The H3C Board, through its Disciplinary Board, may adopt sanctions against statutory auditors and their audited entities.</p>

<sup>6</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

<sup>7</sup> Ibid.



	<p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p> <ul style="list-style-type: none"> <li>- The H3C, through the Bureau formation, may adopt decisions on individual cases on specific matters relating to the duration and starting date of the audit mandate and threshold of audit fees for non-audit services.</li> <li>- The H3C is the appeal body for audit fee disputes;</li> <li>- The H3C is responsible for market monitoring of PIE statutory audits as set out under Article 27 of the EU Regulation 537/2014.</li> </ul> <p>The H3C may also be called upon to provide its input and comments on various audit-related matters, including on draft legal texts with regards audit supervision.</p>
<b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b>	<p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p>N/A</p>
<b>9. Major Events and Activities</b>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p><b>13 December 2016:</b> The H3C renewed cooperation arrangements with the PCAOB US on the supervision of statutory auditors and audit firms in France and in Japan</p>

