

GUIDANCE ON AUDITORS' QUALIFICATIONS

I. Acceptable Accounting and Auditing Standards

An Applicant for listing must publish or file audited financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) or other standards acceptable to AFSA. Financial statements should be audited and reported on by independent, competent and qualified auditors in accordance with auditing standards of the International Auditing and Assurance Standards Board (IAASB) or other standards acceptable to AFSA.

II. Qualification Criteria

AIX will only approve listing where it is satisfied that the firm providing audit services (the "Firm") proves its compliance with the below qualification criteria:

- (1) Legal Capacity: the Firm is a legal entity duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, has corporate power to, and is qualified to, provide audit services in every jurisdiction in which it transacts the business.
- (2) No Litigation: there are no lawsuits, actions or administrative, arbitration or other proceedings or governmental investigations pending or threatened against or relating to the Firm or the Firm's business.
- (3) Insurance: the Firm holds professional indemnity insurance which covers all types of civil liability arising in connection with the conduct of the auditor's business by its personnel. Equivalent requirement is set for the Ancillary Service Providers for provision of Audit Services in the AIFC (please refer to paragraph 8.1.1 of the AIFC Auditors' Rules).
- (4) Personnel: at least 2 employees of the Firm should have:
 - (i) at least 5 years of relevant post qualification audit experience in the past 7 years, including at least one year of experience in a managerial role supervising and finalizing audits;
 - (ii) an international qualification or certification in the field of accounting and auditing.
 - (iii) membership in good standing in international professional associations of accountants and auditors.

(5) No Conflict: The Firm is free of any conflict of interest in respect of the audited company.

To confirm compliance with the Qualification Criteria, a Firm (except for the Ancillary Service Providers licensed by AFSA for provision of Audit Services) must submit to AIX a **Representation Letter** in the form acceptable to AIX.

III. Eligible Auditors

AIX considers requirement of the Rule MLR4.1(5) of the AIX Business Rules in respect of the auditor's competence and qualification being satisfied where the Firm is an **AFSA-licensed Ancillary Service Provider** for provision of Audit Services.

If the Firm is not an AFSA-licensed Ancillary Service Provider, then the qualification and competence will be assessed by AIX to ensure that the Firm meets the **Qualification Criteria** as outlined in section 2 of this Guidance.