



SURUHANJAYA SYARIKAT MALAYSIA
COMPANIES COMMISSION OF MALAYSIA

COMPANIES ACT 1965: SSM'S PRACTICE NOTE NO. 7/2010

RE: GUIDELINES FOR AUDITORS TO INFORM THE REGISTRAR PRIOR TO CESSATION OF OFFICE UNDER SECTION 172A OF THE COMPANIES ACT 1965

1. This Practice Note serves to assist the auditors in the procedures to notify the Registrar (and the Stock Exchange in the case of a public listed company) prior to cessation of office pursuant to section 172A of the Companies Act 1965 (CA 1965).

Background

2. Section 172A of CA 1965 was introduced via the Companies (Amendments) Act 2007 and became effective as at 15 August 2007. Section 172A of CA 1965 requires an auditor of a company to notify the Registrar and the Stock Exchange (in the case of a public listed company) in the event he ceases to hold office in such company under the following circumstances:

- (i) where he is to be removed from office by resolution of the company at a general meeting pursuant to section 172(4) of CA 1965 **AND** where the said auditor has made a representation in writing to the company under section 172(5)(b) of CA 1965; or

- (ii) where he intends to resign and gives a written notice to the directors of the company of his intention to resign pursuant to section 172(15) of CA 1965.

Procedures for notification to the Registrar in cases of removal from office

3. In the case of a removal from office, the company is required upon receiving the special notice of a resolution to remove the auditor to forthwith send a copy of such notice to the auditor concerned and the Registrar pursuant to section 172(5)(a) of CA 1965. Upon receipt of the special notice from the company, the auditor may opt to make a written representation to the company.

4. Where the auditor chooses to make a written representation pursuant to section 172(5)(b) of CA 1965, he may, within seven (7) days after receipt of the notice, make a written representation to the company and request the company to send a copy of such written representation to every shareholder of the company to whom the notice is sent.

5. Where the auditor has made written representation to the company, he shall within seven (7) days of the submission of the written representations to the company, submit to the Registrar (and the Stock Exchange where the company is a public listed company), the following documents:

- (i) a copy of the written representation; and
- (ii) if the auditor is aware of the reasons of his removal, a notification on the reasons for such removal in the form of the template as per **Appendix 1**.

6. In the event the auditor accepts the removal and chooses not to make any written representation to the company, he is not required to notify the Registrar of such removal.

Procedures for notification to the Registrar in cases of resignation from office

7. In the case where an auditor of a company wishes to resign from his office and has given a written notice to the directors of the company of his desire to resign pursuant to section 172(15) of CA 1965, he shall, within seven (7) days from the date of the submission of such notice, lodge with the Registrar (and to the Stock Exchange in the case of a public listed company) the following documents:

- (i) a copy of the written notice of resignation; and
- (ii) a written explanation on the reason(s) for such resignation in the form of the template as per **Appendix 2**.

Non-application of section 172A of the CA 1965

8. Section 172A of CA 1965 does not apply in cases where an auditor:

- (i) does not wish to seek for a re-appointment at the annual general meeting; or
- (ii) is not re-elected at the annual general meeting of the company.

REGISTRAR OF COMPANIES

COMPANIES COMMISSION OF MALAYSIA

20 January 2010

AUDIT FIRM'S LETTER HEAD

Our Ref :

Your Ref :

1. Corporate Accounts Monitoring Section

Companies Commission of Malaysia

Level 26, Menara SSM@Sentral

No. 7, Jalan Stesen Sentral 5

Kuala Lumpur Sentral

50470 Kuala Lumpur.

2. Corporate Surveillance and Investigation Division (Where the company is a public listed company)

Bursa Malaysia Berhad

Level 12 Bukit Kewangan

50200 Kuala Lumpur.

Dear Sirs,

RE: NOTIFICATION OF REMOVAL AS COMPANY AUDITOR OF

..... (Company name and registration no.)

1. Pursuant to Section 172A of the Companies Act 1965, I/we wish to notify the Companies Commission of Malaysia (SSM) [and Bursa Malaysia Berhad (Bursa)] that *I/we have been served with a special notice of resolution to be removed as auditor(s) of the above

company with effect from(Insert date of receipt of the special notice).

2. *To my/our knowledge / As notified by the Company, the reason(s) for my/our removal *is/are as follows:

[To state the reason(s) for removal]

3. *I/We have made written representations to the company pursuant to section 172(5)(b) of the Companies Act 1965. A copy of the written representations to the company of *my/our removal is hereby attached for SSM's (and Bursa's) attention.

Yours faithfully,

Name of Auditor
Auditor's Licence No.

Audit Firm Name
Audit Firm No.

Lodged by :

Name	:
Address	:
Tel no	:
Mobile no.:

*Delete whichever is inapplicable

AUDIT FIRM'S LETTER HEAD

Our Ref :

Your Ref :

1. Corporate Accounts Monitoring Section

Companies Commission of Malaysia

Level 26, Menara SSM@Sentral

No. 7, Jalan Stesen Sentral 5

Kuala Lumpur Sentral

50470 Kuala Lumpur.

2. Corporate Surveillance and Investigation Division (Where the company is a public listed company)

Bursa Malaysia Berhad

Level 12 Bukit Kewangan

50200 Kuala Lumpur.

Dear Sirs,

RE: WRITTEN EXPLANATION ON THE INTENDED RESIGNATION

AS COMPANY AUDITOR OF.....(Company name and registration no.)

1. Pursuant to Section 172A of Companies Act 1965, *I/we wish to notify the Companies Commission of Malaysia (SSM) [and Bursa

Malaysia Berhad (Bursa)] that *I/we have tendered our intention to resign as auditor(s) of the above company with effect from (Insert date of notice to resign).

2. The reason(s) for *my/our resignation *is/are as follows (*Kindly tick the box below to indicate your reason(s) for resignation. You may tick more than one box*):

Voluntary resignation

- Dissolution of audit firm
- Audit firm internal restructuring
- Threat to professional independence
- Client wishes to appoint another auditor
- Others (*please state the reasons*)

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Requested by company (shareholders or Board of Directors)

- Client intends to cease operation of the company
- Company internal restructuring which includes change in management / shareholdings
- Disagreement on audit fee and disbursements
- Disagreement on terms and conditions of the audit engagement
- Others (*please state the reasons*)

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Others *(please state the reasons)*

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4. *I/We attach a copy of the notice of intention to resign for SSM's (and Bursa's) attention.

Yours faithfully,

Name of Auditor
Auditor's Licence No.

Audit Firm Name
Audit Firm No.

Lodged by:

Name	:
Address	:
Tel no.	:
Mobile no:

*Delete whichever is inapplicable