



**BritishAmericanBusiness**

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**Department for Business, Energy & Industrial Strategy  
1 Victoria Street  
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United Kingdom**

**8 July 2021**

**Subject: Audit and Corporate Governance Review**

BritishAmerican Business (BAB) is the leading transatlantic trade association created as a result of the merger between the British-American Chamber of Commerce in the U.S. and the American Chamber of Commerce in the UK.

We are committed to strengthening the economic corridor between the United States and the United Kingdom. We support policies and actions that protect and enhance the environment for transatlantic trade and investment on behalf of our members.

BAB sits at the heart of a vibrant transatlantic community of stakeholders and businesses, small and large, which together form and contribute to one of the most successful economic relationships in the world: the U.S. is the UK's largest single trading partner for the UK, accounting for 19% of exports, and the 2<sup>nd</sup> largest source of imports with 11% of the total. Moreover, the UK is the U.S.' largest foreign investor - \$541 bn in 2017. Conversely, the US is the largest foreign investor in the UK - \$747 bn.

Consequently, BAB would like to take the opportunity to present several principles to support the current Review.

We welcome the consultation and support the UK's goals to bring greater transparency and ensure stronger levels of depth assurance, particularly but not limited to areas such as climate change, cybersecurity, digital privacy, and compliance with regulations.

While noting that different sectors have different needs, our members already commission a high level of assurance, both internally and from external providers. Therefore, we support an approach which relies on existing industry-led processes as the starting point for enhancing transparency and assurance.

As proposed, the changes will result in additional costs both for auditing firms and their clients, including D&O insurance premiums, IT and data storage costs, time away from core business activities, and additional counsel and advice to understand the new rules. Reforms must therefore be proportionate with these additional costs they will create.

As a representative organisation of many large U.S. multinationals, we would particularly encourage any changes to avoid duplicating existing frameworks. Otherwise, the new framework will place undue burdens on global companies that already have strong oversight in their parent entity's country. In the case of U.S.-headquartered companies, they are already subject to the Sarbanes-Oxley Act ("SOX"), which applies to publicly-traded companies, auditing firms, and other entities.

Finally, in the context of numerous parallel proposals and consultation, it is important to remember that regulatory transparency, stability, and predictability is fundamental to maintaining the UK's status as a highly attractive destination for U.S. investment.

To mitigate many of these challenges and reinforce the UK's profile as an open economy for inward investment, we would support mechanisms to enable wholly owned subsidiaries of U.S.-based companies and those with parent companies in similarly robustly regulated jurisdictions to be exempt from duplicative controls. Establishing a mechanism to recognise certain third country regimes as equivalent would ensure high standards are maintained, but also create new opportunities for the UK as part of a broader Global Britain trade agenda.

We appreciate the opportunity to offer our comments on this consultation and stand ready to assist the UK Government further as needed.

Duncan Edwards  
CEO



Emanuel Adam  
Director of Policy & Trade

