

The Committee of European  
Securities Regulators (CESR)  
attn. Mr. Fabrice Demarigny  
Secretary General  
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FRANCE

Our ref. : AdK  
Direct dial : Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0279  
Date : Amsterdam, 6 January 2004  
Re : Consultation Paper – Draft standard no 2 on Financial Information – Coordination  
of Enforcement activities

Dear Mr. Demarigny,

Herewith we would like to provide you with our comments on this draft standard on coordination of enforcement activities regarding financial statements.

#### *General*

As stated in the consultation paper the general interpretation of existing IFRS standards belongs to the primary responsibility of IFRIC. To the extent that standards do not cover the accounting treatment of certain transactions and events, it is in our opinion the primary responsibility of the companies to choose a method and treatment of financial reporting in compliance with the IFRS Framework for the preparation and presentation of Financial Statements. Any interpretation of IFRS standards is a standard setting activity that is not to be performed by a supervisory entity. So we object against any kind of interpretative role to be played by the securities regulators in this respect, as this is in conflict with their supervisory role.

#### *Principle 1*

*Ex ante and ex post enforcement decisions taken by competent independent administrative authorities or by bodies delegated by these authorities ("EU National Enforcers") should take into account existing precedents consistent with the timing and feasibility constraints which characterize the decision. Where practicable, discussions with other EU National Enforcers should take place before significant decisions are taken.*

Regarding financial statements, the supervisory entities should neither take ex ante enforcement decisions nor give ex ante advises regarding financial reporting by issuers; we refer to our general remarks above. In our opinion ex post enforcement decisions should only relate to financial reporting matters that are dealt with in existing IFRS standards and that have not been applied correctly in the financial statements.

We agree that these decisions will inevitably create precedents and we are in favour of a timely consultation with other EU National Enforcers before an (ex post) enforcement decision is taken. We advise to set up procedures for this consultation process.

## *Principle 2*

*Within a reasonable time after decisions are taken by an EU National Enforcer, details of these decisions should be made available to the other EU National Enforcers in accordance with the policies developed by CESR.*

We agree with this statement in order to reach consistency in the decisions taken by the different enforcers and relating to similar cases. We further refer to our comment on principle 4 below.

## *Principle 3*

*The EU National Enforcers should follow a confidentiality regime consistent with that applicable to CESR members.*

We advise to anonymise the case descriptions to prevent misuse of the information recorded in the database. We strongly request to give access to other parties than the EU enforcers to the (ex post) enforcement decisions in order to stimulate harmonisation of IFRS financial reporting.

## *Principle 4*

*In order to achieve a high level of harmonisation, the chairman of the SCE shall call European Enforcers Coordination Sessions (EECS) of the SCE to which all EU National Enforcers of standards of financial information should participate. Such sessions will be aimed at discussing decisions taken at national level, as well as experiences in the application of standards on enforcement.*

These sessions may result into dialogues with bodies such as IASB or IFRIC. For harmonisation purposes we advise to disclose this dialogue and the related issues to others than the EU regulators/enforcers e.g. the companies and auditors.

Yours sincerely,

Prof. dr. Martin Hoogendoorn  
Chairman Council for Annual Reporting (CAR)