



Mr Fabrice Demarigny  
Secretary General  
Committee of European Securities Regulators (CESR)  
11-13 avenue de Friedland

F-75008 Paris

e-mail: [secretariat@europescr.org](mailto:secretariat@europescr.org)

13 January 2003  
H 1.2 - Sü/To

**Consultation Paper: Proposed Statement of Principles of Enforcement of Accounting Standards in Europe**

Dear Mr Demarigny,

Thank you for the opportunity to express our views on CESR's consultative paper *Proposed Statement of Principles of Enforcement of Accounting Standards in Europe*. We welcome the intention to harmonise enforcement practices throughout Europe. An efficient and generally recognised enforcement regime is indispensable if accounting principles are to enjoy broad acceptance. Furthermore, harmonised framework conditions will guarantee the comparability of financial statements. Our comments on specific aspects of the consultation document are as follows:

**State versus privately organised enforcement**

The paper sets out general recommendations regarding the organisation of an enforcement body. It does not specify whether enforcement should be performed by the public or by the private sector. An analysis of the recommendations, however, reveals that certain statements imply that enforcement will be carried out by a state authority. We suggest that the following passages should be revised:

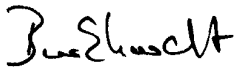
1. Principle 1 requires that "...*administrative authorities ... should have the ultimate responsibility for enforcement...*". If a two-tier organisation including some form of

state element is considered indispensable, it should be spelled out what, as a minimum, is meant by the term “ultimate responsibility”.

2. In the explanatory notes on Principle 19, delisting is mentioned as a possible sanction. Assuming that sanction mechanisms are to be imposed by the enforcement agency itself, however, delisting would normally presuppose a state-run enforcement body. We would suggest using examples of sanctions which do not predetermine the organisation of the enforcement system.
3. The explanatory notes on Principle 20 state that “*the CESRfin’s Sub-Committee on Enforcement is the forum where regulators compare their experiences...*”. We suggest the following wording: “ *the CESRfin’s Sub-Committee on Enforcement is the forum where the institutions involved in the enforcement process compare their experiences...*”. Otherwise, a situation may arise where organisations are represented on the sub-committee which are not involved in the enforcement process on a day-to-day basis.

Should you require any further information, please do not hesitate to contact us at any time.

Yours sincerely,



Katrin Burkhardt



Silvia Schütte