

Mr Fabrice Demarigny
Secretary General
CESR

via E-Mail: secretariat@europefesco.org

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14.01.2003

Comments to the "Proposed Statement of Principles of Enforcement of Accounting Standards in Europe"

Dear Mr Demarigny,

we welcome the proposed statement of principles as a suitable basis for an enforcement of accounting standards within the EU member states. As stated in the CESR paper the latter should be responsible to implement enforcement and to operate enforcement mechanisms on a national level based on harmonized principles to provide a level playing field for enterprises. We support the possible carrying out of enforcement also by private bodies on behalf of the competent administrative authority.

We have only remarks on the following topics:

Principle 6 together with paragraph 6 on page 5 (beginning with "The above requirement...")

It should be clarified that the administrative authority should not monitor the complete work (case by case) of the enforcement body. Parallel working structures should be avoided. The authority should rather intervene only in the case of a stated general poor performance of the enforcement body probably together with infringements against the enforcement principles or in single serious cases of breaches against accounting rules by major enterprises with an corresponding public interest in examining the case in a joint approach of oversight authority and enforcement body.

Principle 7

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S.W.I.F.T.
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We would prefer on a mid term basis a comprehensive enforcement which covers also enterprises which are not issuers of securities. Such an approach could strengthen confidence in accounting practices and corporate governance in the EU on a broader basis. However, enforcement resources should not be wasted by binding them in too intensive and frequent examinations of less important enterprises. That could be prevented by an appropriate design of the methods of enforcement as described in Principle 13. Nonetheless, small enterprises should be exempted from being monitored by the enforcement body. Therefore we would propose to complete Principle 7 with "c) not active on regulated markets but as to be defined as major enterprises following member states' legal definitions as far as available."

Best regards.

Hillen

Arndt