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Mr Fabrice Demarigny
Secretary General
The Committee of European Securities Regulators
11-13, avenue de Friedland
F-75008 PARIS
France

STATEMENT ON DRAFT STANDARD NO 2 ON FINANCIAL INFORMATION COORDINATION OF ENFORCEMENT ACTIVITIES

RESPONSES TO CONSULTATION PAPER CESR/03-317b

Dear Mr Demarigny,

The Federation of Finnish Insurance Companies is pleased to present the following comments on the Consultation Paper written by the CESR on Draft Standard No 2 on Financial Information and Coordination of Enforcement Activities.

The Federation of Finnish Insurance Companies is a joint body for insurance companies operating in Finland, representing their interests to government authorities, other trade organizations and the public. The Federation works to promote sound insurance business, adequate risk management and effective loss prevention, setting out from the idea of insurance. The total number of members in the Federation is 51, which includes 9 foreign insurers. In 2002 the volume of premium income was €6.0 billion for life and non-life, direct and reinsurance companies and €6.4 billion for statutory pension insurance companies.

The major proposals

As a supporter of coordination and convergence of enforcement activities carried out by EU National Enforcers, the Federation considers it useful to provide a principle-based standard establishing a framework that will be completed by implementation measures necessary for the realisation of the identified principles. It is of utmost importance to avoid the creation of national approaches to IFRS.

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.

The Federation fully supports Principle 1. However, the Federation would like to emphasize the importance of the availability of existing significant precedents also to listed companies so that listed companies could take the precedents into account in their financial information issues ex ante. It is also very important that significant decisions or summaries of significant decisions (without confidential information, such as names of entities) be published so that everybody (issuers, auditors, national standard setters and investors) will have the opportunity to familiarize with the significant precedents.

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.

Principle 3

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

The Federation agrees with CESR that the most practical way to foster harmonization in enforcement practices is via a database. Finland has not yet decided on the organization of National Enforcers. It is possible that all listed companies will be supervised by the Financial Supervisor, but when supervising listed insurance companies, the Financial Supervisor will take into consideration all supervisory work already done by the Insurance Supervisory Authority. In other words, both of the authorities are engaged in the enforcement of standards on financial information. It is also possible that the Financial Supervisor will be allowed to ask the Finnish Accounting Standards Board for statements to be able to interpret international accounting standards in the supervision of financial reporting by listed companies. The Federation would like to underline that it is extremely important that not only the primary IFRS supervisor but all the supervisors and any other organizations involved in interpreting international accounting standards in the IFRS supervision be given access to the CESR database and be bound by the duty to inform all EU National Enforcers of their decisions.

The Federation agrees with Principle 3 according to which the EU National Enforcers (including also national organizations which give statements concerning interpretation of international accounting standards for the supervisors) should follow a confidentiality regime consistent with that applicable to CESR members.

Principle 4

In order to achieve a high level of harmonization, the chairman of the SCE shall call European Enforcers Coordination Sessions (EECS) of the SCE to which all EU National Enforcers of standards on 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.

The Federation supports a wider forum where all EU National Enforcers who are committed to applying CESR enforcement standards may meet. With reference to the above mentioned responses to Principles 2 and 3 the Federation emphasizes that it is really important that all IFRS supervisors be able to exchange their views on enforcement cases and discuss decisions taken at national level.

The Federation will appreciate CESR consideration of the above comments and will be pleased to supply any further information that may be needed.

Yours sincerely,

Esko Kivisaari
Managing Director