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Mr Fabrice Demarigny
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Reference Number

04/10.031/Nz/Haa

The Hague

January 7, 2004

Subject

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Re: Consultation Paper – Draft standard no. 2 on financial information –
Coordination of enforcement activities

Dear Mr. Demarigny,

The Confederation of Netherlands Industry and Employers (VNO-NCW), is pleased to respond to the invitation to comment on the draft standard no. 2 on coordination of enforcement activities regarding financial statements which was published in October 2003.

VNO-NCW is the largest employers' organization in the Netherlands, representing the common interests of Dutch Business, both at home and abroad and provides a variety of services for its members.

General

VNO-NCW agrees with the statement in the consultation paper that 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 the primary responsibility of companies to choose a method and treatment of financial reporting in compliance with the IFRS Framework for the preparation and presentation of financial statements. In principle any interpretation of IFRS is a standard setting activity that is not to be performed by a supervisory body. So, in this respect any kind of interpretive role to be played by the securities regulators, is in conflict with their supervisory role and should therefore be avoided as much as possible.

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.

On ex ante enforcement decisions or ex ante advices by supervisory bodies regarding financial reporting by issuers we refer to our general remarks above. However, in some cases companies will have a need for ex ante decisions. These decisions will inevitably create precedents. Therefore VNO-NCW is in favour of a timely consultation with other EU National Enforcers before an enforcement decision is taken. We advise to set up procedures for this consultation process.

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.

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.

In order to reach consistency in the decisions taken by the different enforcers and relating to similar cases we agree with this statement. Further we 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.

In our opinion the case descriptions to prevent misuse of the information recorded in the database should be anonymous. In order to stimulate harmonization of IFRS financial reporting access should be given to other parties than the EU enforcers to the enforcement decisions.

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 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 a dialogue with bodies such as IASB or IFRIC. For harmonization purposes we are of the opinion that this dialogue and the related issues to others than the EU regulators/enforcers e.g. the companies and auditors should be made public.

Yours sincerely,

M.W. Noordzij
Senior advisor