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**PRESS RELEASE**

**CESR's FIRST INITIATIVE TOWARDS MORE ROBUST ENFORCEMENT OF FINANCIAL INFORMATION IN EUROPE**

During the seventh meeting of CESR, held in Paris on 21 March 2003, the first CESR standard on Financial Information: Enforcement of standards on financial information in Europe (Ref.: CESR/03-073) was approved. The standard is being published today along with a feedback statement summarising the responses received during the consultation process (Ref.: CESR/03-074).

The standard represents a significant part of CESR's contribution to the task of developing and implementing a common approach to the enforcement of International Financial Reporting Standards (IFRS<sup>1</sup>) in Europe. The document sets out 21 high level principles which address various enforcement areas.

In particular, the standard outlines that:

- Independent administrative authorities set up in Member States, with the necessary powers, should have the ultimate responsibility for enforcement of financial information standards, but delegation is possible.
- The selection of financial information to be reviewed for enforcement purposes should, at least, include a risk based approach (a purely rotation or reactive approach is not acceptable).
- Enforcers should be able to take appropriate action, in particular by asking for public correction of misstatements.
- Cross border coordination on ex-ante and ex-post decision taken by the authorities will take place.

The standard was prepared by CESR-Fin, a permanent group of CESR chaired by Henrik Bjerre-Nielsen, Director General of the Danish Financial Supervisory Authority and more specifically by its Sub-committee on Enforcement (SCE), chaired by Mr Angelo Apponi, Chief Accountant at Commissione Nazionale per le Società e la Borsa (CONSOB). The final standard is being issued after careful consideration of the comments received during the consultation period and following a public hearing held on 7 January 2003 in Paris.

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<sup>1</sup> IFRS is the new name for the standards established by the International Accounting Standards Board (IASB)



Commenting on the publication of the standard, the Chairman of CESR, Arthur Docters van Leeuwen, said: “The standard published today sets out key principles for the harmonisation of European enforcement systems for financial reporting. The goal of harmonisation is twofold: to protect market integrity and investors in the EU and to facilitate access by European companies to international capital markets. These are important and challenging objectives against the background of recent events.”

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## Notes for Editors

1. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
  - Improve co-ordination among securities regulators;
  - Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the securities field;
  - Work to ensure more consistent and timely day to day implementation of community legislation in the member states.
2. The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the final report of the group of Wisemen on the regulation of European securities markets chaired by Baron Alexandre Lamfalussy. The report was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.
3. Each Member State of the European Union has one member on the Committee. The members are nominated by the Member States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented as members, at a senior level. The securities authorities of Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Malta, Slovenia and Slovakia meanwhile are CESR observers.
4. The CESR standard (Ref.: CESR/03-073), the Feedback Statement (Ref.: CESR/03-074) and the individual responses to the consultation (Ref.: CESR/03-040) can be viewed on the CESR website.
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