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### Press Release

#### Co-ordinating enforcement of Financial Information

Following CESR's public consultation, CESR releases today the standard on the organisation of greater co-ordination of enforcement activities by supervisors of financial information in Europe 'Standard 2 on Financial Information – Co-ordination of Enforcement Activities' (Ref. CESR/03-317c) and CESR's Feedback Statement (Ref. CESR/04-045b) following CESR's consultation on the draft Standard.

The standards adopted will contribute to the creation within Europe of robust and consistent enforcement of the internationally recognised set of accounting standards (as published by the International Accounting Standards Board, IASB and endorsed by the European Commission) to be implemented by 2005. This will therefore deliver greater consistency of accounting treatment across Europe and will ensure a level playing field.

CESR proposes a set of standards on enforcement activities to accomplish this, and Standard no. 2 in particular sets out the establishment of a co-ordination mechanism for enforcement at a pan-European level.

The key principles introduced by Standard no. 2 include:

- **Discussion of enforcement decisions and experiences** within a **formalised structure** which will involve CESR Members and delegated authorities that are non-securities regulators, for example, stock exchanges, or national review panel (**'European Enforcers Co-ordination Sessions' - EECS**).
- **The principle that all supervisors should take into account existing decisions** taken by EU National Enforcers. Additionally, CESR proposes that where practicable within constraints of time and confidentiality, discussions with other EU National Enforcers should take place *before* significant decisions are taken.
- **The development of a database** as a practical reference tool which sets out decisions taken by EU National Enforcers, to provide a record of previous decisions reached in particular cases. The database of enforcement decisions will set out the principles upon which decisions have been taken by EU National Enforcers.

The final form of Standard no. 2 published today was subject to consultation in October 2003. The responses received were very supportive of the principles set out in the consultation document (a copy of the responses can be found on our website under consultation and under past consultations). The enforcement decisions will still be taken at a national level and will not formally be revised by the mechanism of increased co-operation put in place as a result of this standard. Nevertheless, this increased co-operation will lead to greater convergence over time.

CESR (through its permanent operational group, CESR-Fin) will now focus on the implementation of the principles established by Standard no. 2 and will come forward with further guidance on the implementation of these standards.



## Notes for Editors:

1. Standard no. 2 has been prepared by CESR's standing committee (CESR-Fin) in the area of financial reporting and more specifically by the Sub-Committee on Enforcement (SCE) of CESR-Fin. CESR-Fin is a permanent working group of CESR members active in the area of financial reporting. CESR-Fin plays a key role in the endorsement and enforcement of IFRS standards in Europe and is chaired by Mr John Tiner, Chief Executive of the Financial Services Authority (FSA) in the UK. CESR-Fin has established two permanent sub-committees, one dealing with issues related to the enforcement of financial reporting under IFRS (the Sub-Committee on Enforcement [SCE]), and the other (the Sub-Committee on International Standards Endorsement [SISE]). SCE is chaired by Mr Angelo Apponi, Chief Accountant at the Italian Commissione Nazionale per le Società e la Borsa (CONSOB). SISE is chaired by Philippe Danjou, Director of Corporate Accounting at the French Autorité des Marchés Financiers (AMF).
2. 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 field of securities;
  - Work to ensure more consistent and timely day to day implementation of community legislation in the member states.
  - 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 Wise Men on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself 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 the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level. The following nine Authorities of the Accession Countries have joined CESR with observer status: the Cyprus Securities and Exchange Commission, the Czech Securities Commission, the Estonian Financial Supervision Authority, the Hungarian Financial Supervisory Authority, the Latvian Financial and Capital Market Commission, the Lithuanian Securities Commission, the Malta Financial Services Authority, the Slovakian Financial Market Authority and the Slovenian Securities Market Agency.
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