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PRESS RELEASE

Developing Cross-Atlantic financial markets: CESR and the SEC launch a work plan focused on financial reporting

The Committee of European Securities Regulators (CESR) and the US Securities and Exchanges Commission (SEC) published today a joint work plan which will be implemented immediately. The work plan is a direct output from the December 2005 meeting between CESR's Chairman, Arthur Docters van Leeuwen and Christopher Cox, Chairman of the US SEC, at which they emphasised their desire to build on the dialogue between CESR and the SEC in a concrete and practical manner.

The work plan will serve to guide the CESR-SEC Dialogue in the immediate future. (See previous announcement relating to the CESR-SEC Dialogue at <http://www.cesr.eu/index.php?docid=2092>.) The main focus of the work plan is the application by internationally-active companies of US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) in the European Union and the United States, respectively. In addition, the staff of CESR and the SEC will forge a closer dialogue on the modernisation of financial reporting and disclosure information technology, and regulatory platforms for risk management.

The close co-operation between the staff of CESR and the SEC on the application of US GAAP and IFRS in the European Union and the United States will promote:

- the development of high quality accounting standards;
- the high quality and consistent application of IFRS around the world;
- full consideration of international counterparts' positions regarding application and enforcement; and
- the avoidance of conflicting regulatory decisions on the application of IFRS and US GAAP.

In practical terms, as part of its regular review of corporate filings, the staff of the SEC will review issuers' implementation of IFRS in the United States. Staff of CESR Members also will continue to review US GAAP implementation by US issuers in the European Union. Under the work plan, the output of these reviews will be used in the following ways:

- The staff of CESR-Fin, the expert group within CESR focused on financial reporting, and the staff of the SEC, will share information about areas of IFRS and US GAAP that raise questions in terms of high-quality and consistent application.
- Where appropriate, the staff of CESR Members and the staff of the SEC will consult on issuer-specific matters regarding the application of US GAAP and IFRS in order to facilitate a solution that contributes to the consistent application of US GAAP or IFRS by companies that are both listed in the EU and registered with the SEC. Protocols for the sharing of this confidential information between the staff of CESR members and the staff of the SEC will be established.

These two levels of discussion will help ensure that high standards are maintained and consistent financial reporting is achieved.



Arthur Docters van Leeuwen, CESR's Chairman, noted, "This work plan takes forward the relationship that the SEC and CESR have developed in a proactive and transparent manner. The introduction of IFRS in Europe provides a dynamic opportunity for convergence in the EU and a benefit to global financial markets. Through CESR, the SEC can now undertake a co-ordinated discussion with Europe's securities supervisors, and this dialogue should strengthen the application of financial reporting standards to the benefit of both investors and market participants both in the EU and across the Atlantic."

Christopher Cox, Chairman of the SEC said, "As our markets grow more sophisticated, so must the relationships among regulators. The work plan demonstrates the intention of the SEC and CESR to have a forward-looking dialogue on key emerging issues, as well as take practical steps to encourage high-quality and consistent application of IFRS. The result will be greater protection and better disclosure for investors, particularly as they seek investment opportunities across the Atlantic."

Fabrice Demarigny, Secretary General of CESR, said, "This work plan creates a constructive and practical cooperation framework between the EU and US securities supervisors in the enforcement of financial reporting. I believe it will significantly contribute towards decisions on the use of IFRS in the US and US GAAP in Europe."

Ethiopsis Tafara, Director of the Office of International Affairs at the SEC, said, "This work plan represents the next step in the relationship between the SEC and CESR. Through the work plan, the SEC staff and CESR have greatly enhanced the framework for open dialogue and communication by which regulators share information to facilitate converged, or at least compatible, ways of addressing issues of common interest."



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 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, chaired by Baron Alexandre Lamfalussy. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on CESR's website.

2. CESR-Fin draws together the experts in financial reporting of each of the securities regulators in Europe and is the operational group within CESR which will take forward the dialogue with the SEC in relation to financial information. The group is chaired by Paul Koster, Commissioner of the Dutch AFM and CESR member.
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. From 1st January 2006, the securities supervisors of Romania and Bulgaria attend CESR meetings as observers.

4. For further information please contact:

CESR Fabrice Demarigny
Secretary General of CESR

Or Victoria Powell
Communications Officer

Tel: +33 (0)1.58 36 43 21 Fax: +33 (0)1.58 36 43 30

Email: secretariat@cesr.eu Web site: www.cesr.eu