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PRESS RELEASE

**CESR proposes that Indian GAAP be accepted in the EU until
the end of 2011**

CESR has published today its advice to the European Commission on the equivalence of Indian GAAP to IFRS which recommends allowing the continued use of Indian GAAP by issuers admitted to trading on European markets until 2011 by which time it is expected that Indian GAAP will have converged with IFRS.

CESR's recommendations are contained in a technical advice (Ref. CESR/08-859) and can be summarised as follows:

CESR has recommended that the Commission accepts Indian GAAP according to Article 4 of the Commission Regulation establishing a mechanism for determining equivalence of third country GAAP. On the basis of the analysis CESR has undertaken, it believes it can draw the following conclusions:

- The Institute of Chartered Accounting of India (ICAI) has made, in July 2007, a public commitment to adopt International Financial Reporting Standards before 31 December 2011;
- The Indian Government confirmed publicly in May 2008, its intention to achieve convergence with IFRS by 2011;
- The ICAI has noted that it might make modifications to IFRS to reflect "Indian conditions" such as requiring additional disclosures, changing some terminology and omitting some options or alternative treatments. However, these changes are expected to be minor and the stated intention of both the ICAI and the Indian Government is that Indian Accounting Standards will to all intents and purposes be fully IFRS compliant by the end of the programme. Indian issuers will therefore be in a position to make an absolute statement of compliance with IFRS in their notes; and
- Effective measures are consequently being taken to secure the timely and complete convergence of Indian Accounting Standards to International Financial Reporting Standards by 31 December 2011.

One of the conditions for accepting the continued use of third country accounting standards on European markets for a limited period, is the existence of an appropriate convergence or adoption programme to IFRS which seeks to ensure that convergence takes place by no later than 31st December 2011.

CESR received a mandate from the European Commission in March 2008 requesting technical advice on Canadian, Indian and South Korean GAAPs. In response to this mandate, CESR published a technical advice on Canadian and South Korean GAAPs in May 2008 and now, in this advice (Ref. CESR/08-859), CESR provides details of its work and conclusions concerning Indian GAAP. (See notes for editors for further information on the definition of equivalence and the process).

Notes for Editors:

1. Within CESR, the operational group CESR-Fin chaired by Fernando Restoy, Vice-Chairman of the Spanish CNMV, has been charged with the preparation of CESR's advice.
2. The provisions of this *“Regulation establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament”* (“the Regulation on the mechanism”) was published on 18 December 2007.
3. The Commission Regulation (EC) No 1569/2007, lays down the conditions under which the GAAP of a third country may be considered equivalent to IFRS adopted pursuant to EC Regulation 1606/2002. The Regulation also sets out in Article 2 a definition of equivalence as well as in Article 4 conditions for the acceptance of third country accounting standards for a limited period as follows:

Third country issuers may be permitted to use financial statements drawn up in accordance with the accounting standards of a third country in order to comply with obligations under Directive 2004/109/EC and, by derogation from Article 35(5) of Regulation (EC) No 809/2004, to provide historical financial information under that Regulation for a period commencing any time after 31 December 2008 and expiring no later than 31 December 2011 in the following cases:

- 1. the third country authority responsible for the national accounting standards concerned has made a public commitment before 30 June 2008 to converge these standards with International Financial Reporting Standards before 31 December 2011 and both the following conditions are met:*
 - a) the third country authority responsible for the national accounting standards concerned has established a convergence programme before 31 December 2008 that is comprehensive and capable of being completed before 31 December 2011;*
 - b) the convergence programme is effectively implemented, without delay, and the resources necessary for its completion are allocated to its implementation;*
 - 2. the third country authority responsible for the national accounting standards concerned has made a public commitment before 30 June 2008 to adopt International Financial Reporting Standards before 31 December 2011 and effective measures are taken in the third country to secure the timely and complete transition to International Financial Reporting Standards by that date, or has reached a mutual recognition agreement with the EU before 31 December 2008.”*
4. Both the Prospectus Regulation and the Transparency Directive state that third country issuers (non-EU issuers), who have their securities admitted to trading on an EU regulated market, or who wish to make a public offer of their securities in Europe, are required to prepare and present the financial statements that they publish on the basis of EU endorsed IAS/IFRS, or on the basis of a third country's national accounting standards if they have been declared as equivalent to IAS/IFRS. At least six months before 1 January 2009, the Commission shall ensure a determination of the equivalence of the GAAP of third countries, pursuant to a definition of equivalence and an equivalence mechanism that it established in December 2007, on the basis of 2 CESR advices: an advice containing a definition of equivalence (ref. CESR/07-138) submitted to the Commission in March 2007 and an advice on a mechanism for determining the equivalence of the GAAPs of third countries (ref. CESR/07-289) submitted to the Commission in June 2007.
 5. 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.
6. Each Member State of the European Union has one member in 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.
7. For further information please contact:

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