

## **PROPOSAL TO ENHANCE THE ROLE AND WORKING PROCESS OF EFRAG**

European Financial Reporting Advisory Group announces plans aimed at strengthening European input to the standard setting process of IASB

*Brussels, 5 December 2003:* EFRAG, the European Financial Reporting Advisory Group, is today launching proposals which will mark a new phase in EFRAG's development and which aim to maximise its effectiveness as the voice of European financial reporting.

In early 2003 EFRAG started a process of reviewing its role and working methods, following its initial phase of operation. This review coincided with mounting criticism in Europe on the complexities and/or general direction of certain International Financial Reporting Standards, (IFRS).

The emerging view is that European concerns need to be more fully taken into consideration in the international accounting standard setting process. This view was echoed by the ECOFIN meeting of July 2003. Accordingly, the proposals to enhance the role and working process of EFRAG have been conceived with the purpose of strengthening European input to the IASB.

Mr. Göran Tidström, EFRAG Supervisory Board Chairman noted that:

"The proposals will make EFRAG more effective by improving its internal organization, increasing transparency, and by strengthening EFRAG's impact on the global standard setting process.

EFRAG's role is to develop and express the European position on matters related to international financial reporting standard setting. As such, EFRAG is now recognised as a 'liaison standard-setter' by the IASB."

Key proposals include:

- An increased emphasis on EFRAG's pro-active role, in order to allow EFRAG to present European concerns at the earliest stage.
- Full recognition of EFRAG by the IASB.
- Introduction of *Advisory Forum* to allow a wide range of stakeholders to contribute to the European financial reporting debate.
- A more efficient working processes including:
  - More integrated relationship with the National Standard Setters;
  - Smaller and more efficient Supervisory Board; and
  - Full-time Chairman for the Technical Expert Group (TEG).
- Need for increase in EFRAG resources.

EFRAG is conducting an open consultation process for the '*Proposals for the Enhancement of the Role and Working Process of EFRAG*'. The proposals are available to download from the EFRAG website. Comments should be provided no later than January 12, 2004. EFRAG will also organize a public hearing in Brussels on January 8, 2004. For more details please visit: <http://www.efrag.org/>

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**Note for editors:**

**1. About EFRAG**

EFRAG, the European Financial Reporting Advisory Group, was set up principally for the purpose of:

- Providing pro-active advice to IASB (the International Accounting Standards Board);
- Advising the European Commission on the acceptability of International Financial Reporting Standards (IFRS) for endorsement for use in Europe in the consolidated accounts of all listed companies;
- Advising the European Commission on any resulting changes to be made to the accounting directives and related topics.