



EFRAG Press Release

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European Commission Formalises Working Relationship with EFRAG on the Application of IFRS in Europe

European Commissioner Charlie McCreevy and EFRAG Supervisory Board Chairman Göran Tidström today announced that the European Commission (EC) and the European Financial Reporting Advisory Group (EFRAG) have entered into a formal Working Arrangement on all issues relating to the application of IFRS in Europe.

The document recognises EFRAG's expertise on technical accounting issues related to IFRS (International Financial Reporting Standards). EFRAG will continue to act as an advisor by providing endorsement advice to the EC and technical input to the standard setters, IASB and IFRIC.

EFRAG Chairman Göran Tidström stated that "we welcome the signing of the Working Arrangement with the European Commission. It will clarify and enhance the role of EFRAG and also proves the commitment of the private sector to participate fully in the development of transparent financial reporting in Europe. By working together EFRAG and the European Commission can provide stronger input to the standard setting process."

Stig Enevoldsen, Chairman of EFRAG's Technical Experts Group added that "by agreeing the Working Arrangement we can now get on with the many accounting issues lying ahead, such as, fair value measurement, business combinations, performance reporting and SME accounting. These are pressing issues and it is essential that Europe's voice is heard. We are already seeing the benefit from the close working relationship with the European Commission".

Under the Working Arrangement EFRAG will participate proactively in the IASB's due process. EFRAG will, in close consultation with the Commission, participate in the early phases of debate on all issues related to the standard setting process and will, when requested by the Commission, attend working groups of IASB, liaise with European national standard setters and hold Advisory fora.

The Presidents of the EFRAG founding organisations were also present at the launch of the Working Arrangement, which was signed by European Commission Director General Alexander Schaub and Göran Tidström.

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About EFRAG

EFRAG – European Financial Reporting Advisory Group - was set up in 2001 to assist the European Commission in the endorsement of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) by providing advice on the technical quality of IFRS. It is a private sector body set up with the encouragement of the European Commission by the European organisations prominent in European capital markets, known collectively as the 'Founding Fathers'.

The work of the EFRAG Technical Experts Group (TEG) is overseen by a Supervisory Board drawn from the Founding Father organisations of EFRAG. The European Commission is an observer at the Supervisory Board meetings. EFRAG is funded by the Founding Father organisations.

EFRAG operates through a Technical Expert Group (TEG). The 11 members are drawn from throughout the European Union and from a variety of backgrounds. They devote 30 to 50% of their time to EFRAG including meetings for three days each month to consider IFRS and interpretations prepared by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. The chairman of TEG is full time. The chairman and all members of TEG and the working groups provide their time without charge to EFRAG.

The EFRAG TEG operates independently and in a transparent manner based on a due process and the decisions are taken independently of the Supervisory Board and other interests.

EFRAG also works closely with National Standard Setters in Europe. The chairmen of the three major Standard Setters in Europe participate in TEG meetings as non-voting members. EFRAG and the national standard setters are pooling the resources on the proactive work in order to stimulate, carry out and manage proactive development activities designed to encourage the debate in Europe and designed to enhance the quality of the proactive input to the IASB.

The founding father organisations are:

UNICE	Union of Industrial and Employers' Confederations of Europe
ERT	European Round Table
FEE	European Federation of Accountants
FESE	Federation of European Securities Exchanges
EFFAS	European Federation of Financial Analysts Societies
CEA	European Insurance Organisation
FBE	European Banking Federation
ESBG	European Savings Banks Group
EACB	European Association of Co-operative Banks
UEAPME	European Association of Craft Small- and Medium-sized Enterprises
EFAA	European Federation of Accountants and Auditors
CFA-I	CFA Institute

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