



Date: 17 December 2007
Ref.: CESR/07-822

PRESS RELEASE

CESR publishes key information from its database of enforcement decisions taken by EU National Enforcers of financial information (IFRS)

Today, as a further contribution to the promotion of market confidence and supervisory convergence in the European Union, CESR is publishing extracts from its database of enforcement decisions taken by EU National Enforcers participating in European Enforcers Co-Ordination Sessions (EECS).

EU National Enforcers of financial information monitor and review financial statements and consider whether they comply with IFRS and other applicable reporting requirements, including relevant national law.

Operating under CESR-Fin, EECS is a forum in which all EU National Enforcers of financial information, whether CESR members or not, meet to exchange views and discuss experiences of enforcement. A key function of EECS is the analysis and discussion of decisions taken by independent EU National Enforcers in respect of financial statements published by issuers with securities traded on a regulated market and who prepare their financial statements in accordance with IFRS.

According to CESR Standard No 1, some EU National Enforcers may provide an opinion on a particular accounting issue before an issuer's financial statements have been finalized and published. These decisions are made on the basis of information and assumptions supplied by the issuer to provide the context for the question and which may not be challenged by the Enforcer. These decisions are identified as pre-clearance decisions.

EECS is not a decision-making forum. It neither approves nor rejects decisions taken by EU National Enforcers who apply their judgement, knowledge and experience to the particular circumstances of the cases that they consider. Relevant factors may include other areas of national law beyond the accounting requirements. Interested parties should therefore consider carefully the individual circumstances when reading the cases. As IFRS are principles based, there can be no one particular way of dealing with numerous situations which may seem similar but in substance are different. Consistent application of IFRS means consistent with the principles and treatments permitted by the standards.

Decisions taken by Enforcers do not provide generally applicable interpretations of IFRS, which remains the role of the International Financial Reporting Interpretations Committee (IFRIC).

As proposed in CESR Standard No 2 on Financial Information, 'Co-Ordination of Enforcement Activities', CESR has developed a confidential database of enforcement decisions taken by individual EECS members as a source of information to foster appropriate application of IFRS. In response to public comment to the Standard, CESR committed to publish extracts of the database to provide issuers and users of financial statements with similar assistance.

Publication of enforcement decisions will inform market participants about which accounting treatments EU National Enforcers may consider as complying with IFRS; that is, whether the treatments are considered as being within the accepted range of those permitted by the standards or IFRIC interpretations. Such publication, together with the rationale behind these decisions, will contribute to a consistent application of IFRS in the European Union.

Decisions that deal with simple or obvious accounting matters, or oversight of IFRS requirements, will not normally be published, even if they were material breaches leading to sanctions. The



selection criteria are based on the above stated objectives, and accordingly, only decisions providing market participants with useful guidance will be published.

On this basis, all cases submitted to the enforcement database are considered as appropriate for publication, unless:

- Similar decisions have already been published by CESR, and publication of a new one would not add any substantial value to the fostering of consistent application;
- The decision deals with a simple accounting issue that, even having been considered a material infringement, does not in itself have any accounting merit;
- There is no consensus in the EECS to support the submitted decision.
- A particular EU National Enforcer, on a grounded and justified basis, believes that the decision should not be published;

Published decisions will generally include a description of the accounting treatment or presentation at issue, the decision taken by the National Enforcer and a summary of the Enforcer's underlying rationale. In response to concerns about confidentiality and privacy laws, and which vary between EU jurisdictions, extracts will not usually include the name of the issuer or the enforcer or any other details that would enable the issuer or its jurisdiction to be identified.

CESR will continue publishing further extracts from the database on a regular basis.

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Notes for Editors

1. The communication has been prepared by CESR's operational Committee in the area of endorsement and enforcement of financial reporting standards in Europe (CESR-Fin) chaired by Mr Paul Koster, member of the board of The Netherlands Authority for the Financial Markets.
2. For more information on the functioning of the European Enforcers Coordination Session, please refer to "*CESR's review of the implementation and enforcement of IFRS in the European Union*" (ref CESR 07-352) which was published on CESR's website on 7 November 2007.
3. Norway and Iceland are included in the reference to the EU, even though they are not members of the EU.
4. 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.

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.

5. For further information please contact:
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