

Brussels, 26 January 2009

## **Financial markets: Commission adopts measures to strengthen supervisory committees and standard-setting bodies for accounting and auditing**

*The European Commission has adopted a set of decisions to strengthen the supervisory framework for EU financial markets, in order to improve supervisory cooperation and convergence between Member States and to reinforce financial stability. Under the new rules, the three committees that supervise, respectively, the securities<sup>1</sup>, banking<sup>2</sup> and insurance<sup>3</sup> sectors will benefit from a clearer operational framework and more efficient decision-making processes. In addition, the Commission proposes that these committees, as well as key bodies involved in the standard-setting process for financial reporting and auditing at both EU and international level<sup>4</sup>, should be provided with financial support from the EU budget so that they can achieve their objectives as rapidly and efficiently as possible. The proposal for financial support now passes to the Council and the European Parliament for consideration.*

Internal Market and Services Commissioner Charlie McCreevy said: *"The financial crisis has demonstrated the need to further strengthen EU supervisory arrangements and has reminded us of the importance of transparency and independence, especially when setting financial reporting and auditing standards. An essential move in this direction is to reinforce the role of key bodies in these fields, at both European and international level, and to provide them with financial support.*

*"Additional reforms may be needed in relation to the EU supervisory framework, in particular in the light of the forthcoming recommendations of the High Level Expert Group chaired by Jacques de Larosière and other work under way."*

### **New framework for EU supervisory committees in securities, banking and insurance sectors**

The Commission has revised the Decisions establishing the EU Committees of Supervisors (CESR, CEBS and CEIOPS), setting up a clearer framework for the activities of the Committees and reinforcing current financial stability arrangements.

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<sup>1</sup> Committee of European Securities Regulators (CESR): <http://www.cesr-eu.org/>

<sup>2</sup> Committee of European Banking Supervisors (CEBS): <http://www.c-eps.org/>

<sup>3</sup> Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS): <http://www.ceiops.org/>

<sup>4</sup> International Accounting Standards Committee Foundation (IASCF), the European Financial Reporting Advisory Group (EFRAG) and the Public Interest Oversight Body (PIOB)

The new Decisions contain a non-exhaustive list of tasks that the Committees are expected to perform and enhance the role of the Committees as regards the safeguarding of financial stability. In order to improve the decision-making process of the Committees, the Decisions introduce qualified majority voting when consensus cannot be reached. Members who do not follow measures adopted by the Committees shall be prepared to present the reasons for this choice. The measures adopted by the Committees remain non-binding.

The revision of the Decisions establishing the Committees of Supervisors is, in the main, a follow-up to the Commission Communication on the review of the Lamfalussy process of November 2007 (IP/07/1731) and in response to the invitation of the May 2008 ECOFIN Council.

### **Financing of EU supervisory committees in securities, banking and insurance sectors and of key bodies involved in the standard setting process for financial reporting and auditing**

The Commission is proposing the establishment of a Community programme, providing direct funding from the Community budget to the three EU Committees of Supervisors (CESR, CEBS and CEIOPS) and to key international and European bodies involved in the standard-setting process for financial reporting and auditing. These bodies are the International Accounting Standards Committee Foundation (IASCF)<sup>5</sup>, the European Financial Reporting Advisory Group (EFRAG)<sup>6</sup> and the Public Interest Oversight Body (PIOB)<sup>7</sup>.

Stable, diversified, sound and adequate funding of these bodies will enable them to accomplish their mission in an independent and efficient manner. Enhanced supervisory convergence and cooperation will contribute to the stability of financial markets. At the same time, the high quality of internationally harmonised financial reporting and auditing rules and a level playing field for European businesses on the global markets are of key importance to the creation of a favourable business environment. The European contribution to the international accounting debate should also be enhanced by strengthening the resources and role of EFRAG.

The contributions would amount to EUR 36.2 million and would cover the period 1 January 2010 until 31 December 2013. The proposal will now enter the co-decision procedure with a view to adoption by the European Parliament and the Council.

The proposals are available at:

[http://ec.europa.eu/internal\\_market/finances/committees/index\\_en.htm](http://ec.europa.eu/internal_market/finances/committees/index_en.htm)

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<sup>5</sup>

[http://www.iasb.org/About+Us/About+the+IASC+Foundation/About+the+IASC+Foundatio  
n.htm](http://www.iasb.org/About+Us/About+the+IASC+Foundation/About+the+IASC+Foundatio<br/>n.htm)

<sup>6</sup> <http://www.efrag.org>

<sup>7</sup> <http://www.ipiob.org>