

SUMMARY RECORD**MEETING OF
THE ACCOUNTING REGULATORY COMMITTEE
OF 16 JULY 2003**

M. David Wright, Director at the Internal Market DG, European Commission, chaired the fourth official meeting of the Accounting Regulatory Committee ("ARC"). An implementing measure featured on the agenda of this meeting.

The Chairman, joined by all Members States, extended a special word of welcome for the representatives from Acceding Member States who for the first time joined the Accounting Regulatory Committee in an observer capacity and very soon as full members. CEIOPS, the Committee of European Insurance and Occupational Pensions Supervisors, attended the ARC in an observer capacity for the first time.

IMPLEMENTING MEASURE**Proposal for a Commission Regulation adopting certain international accounting standards in accordance with Regulation (EC) N° 1606/2002 of the European Parliament and of the Council**

The Accounting Regulatory Committee voted unanimously in favour of the draft Commission Regulation proposing the endorsement of all existing IAS and related interpretations, with the exception, at this stage, of IAS 32 and 39.

The Chairman underlined the importance of this historic moment, being the first time that the ARC and the Commission are invited to take a position on the endorsement of IAS.

The Chairman explained that the draft Commission regulation on the table represented the first leg of this endorsement process i.e. the immediate adoption of all existing IAS with the exception of IAS 32 and 39 that are the subject of a thorough review by the IASB. The Chairman added that revised IAS 32 and 39 would be duly considered at a later stage when available.

The Chairman recalled that the "split endorsement" approach proposed had been debated in depth at the last meeting of the ARC on 10 April and was supported by Member States as well as by the private sector.

The Chairman opened the floor for comments or statements. Member States expressed unanimous support to the Commission proposal. Observer bodies concurred with the ARC members. Many Member States regretted the absence of a complete set of IASs and all stressed the importance to consider revised IAS 32 and 39 as soon as possible. Written statements from two observer bodies were circulated.

The Chairman welcomed the constructive spirit of the ARC that had led to this first endorsement of IAS. Appreciative of the offer of banking supervisors to help in this process, the Chairman insisted on the need for the IASB and the banking and insurance industries to find an acceptable solution for IAS 32 and 39 as soon as possible. The Chairman recalled the conclusions of the ECOFIN Council of 15 July urging the pursuit of the dialogue between both parties in order to find an acceptable technical solution for both standards.

OTHER AGENDA POINTS

Agenda point 1 - Approval of the minutes of the previous ARC

The minutes (ARC/2003-04-10/4) of the ARC meeting of 10 April 2003 were adopted.

Agenda point 2 – Joint presentation by the Commission and EFRAG of the endorsement process

A representative from the Commission provided a short description of the endorsement process, the role of the different bodies at the technical level (EFRAG) and the political one (ARC, Council, Parliament) for the benefit of the observers from the Acceding Member States.

The Chairman took advantage of this presentation to invite members of the ARC to come forward with suggestions to improve the role and the functioning of EFRAG before 15 September.

Agenda point 3- Presentation by EFRAG of the new IFRS 1 on First Time Application of International Financial Reporting Standards

The Chairman invited M. Van Helleman, Chairman of the Technical Expert Group of the EFRAG (the "European Financial Reporting Advisory Group") to provide an overview of the new IFRS 1 on first time application of International Financial Reporting Standards, aimed at facilitating the take-up of IAS and IFRS.

IFRS 1 supersedes SIC 8 interpretation that required first-time adopters of IAS to indulge in lengthy and cumbersome accounting retreatments as if the companies had always been under IAS. IFRS 1 represents a marked progress for companies that will switch-over to IAS in 2005.

Agenda point 4 – Miscellaneous – Draft Interpretative Commission Communication concerning the IAS Regulation and the modernised Accounting Directives

The Chairman (Karel Van Hulle) introduced a document of the Commission services on presenting the articulation between the IAS Regulation and the modernised Accounting Directives. This document builds on a Questions & Answers paper that was discussed in two previous Contact Committee meetings. Some delegations at that time considered that it would be useful to give a high profile to these matters. The Chairman explained broadly each of the four sections of the possible Commission Communication and the reasoning behind the conclusions. The document covers the status of non-adopted IAS, the articulation between the IAS Regulation and the Accounting Directives regarding the scope of consolidation, disclosure requirements and gives public status to the joint statements made by the Council and the Commission when the Directive modernising the Accounting Directives was adopted. These statements deal in particular with the Articles

of the Accounting Directives that continue to be relevant to consolidated accounts e.g. the annual report, the audit report, etc... ARC members were invited to provide their comments, if any, in writing before 15 September.

ACCOUNTING REGULATORY COMMITTEE

Meeting of 16 July 2003

PARTICIPANTS' LIST

Austria

Bundesministerium für Justiz

Finanzministerium

Finanzmarktaufsicht

Belgium

Commission des Normes Comptables

Ministère des Affaires Economiques

Denmark

Danish Financial Supervisory Authority

Danish Commerce and Companies Agency

Finland

Ministry of Trade and Industry

France

Conseil National de la Comptabilité

Ministère de l'Economie, des Finances et de l'Industrie (Trésor)

Germany

Bundesministerium der Justiz

Bundesministerium für Wirtschaft und Arbeit

Greece

Ministry of Economy and Finance

Ireland

Institute of Chartered Accounts in Ireland

Enterprise, Trade and Employment

Italy

CONSOB

ISVAP

Ministry of Economy and Finance

Banca d'Italia

Luxembourg

Commission de Surveillance du Secteur Financier

Ministry of Justice

Netherlands

Ministerie van Justitie

Portugal

CMVM

Spain

Banco de España

ICAC

Sweden

Ministry of Justice

United Kingdom

Department of Trade and Industry

OBSERVERS

Czech Republic

Ministry of Finance

Estonia

Ministry of Finance

Hungary

Financial Supervisory Authority

Ministry of Finance

Latvia

Ministry of Finance

Lithuania

Ministry of Finance

Poland

Ministry of Finance

Slovakia

Ministry of Finance

Slovenia

Slovenian Institute of Auditors

Iceland

Ministry of Finance

Norway

Kredittisynet

EFTA Secretariat

European Central Bank

Banking Advisory Committee (BAC)

Committee of European Securities Regulatory (CESR)

Insurance Committee

Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS)

European Financial Reporting Advisory Group (EFRAG)

Commission

David Wright, Chairman of the ARC

Karel Van Hulle, Head of Unit "Accounting & Auditing"

Philippe Pellé, Secretary to the ARC

Eurostat