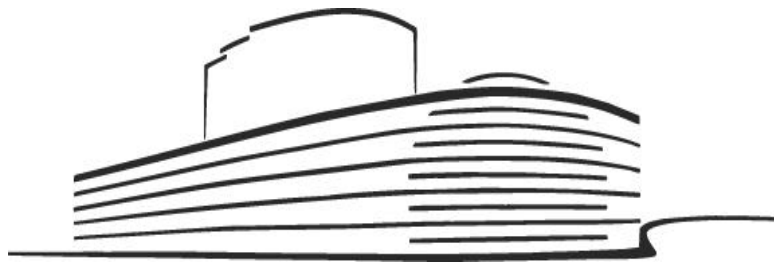


# EUROPEAN PARLIAMENT



2001 - 2002



## TEXTS ADOPTED

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## Company accounts \*\*\*I

A5-0130/2001

**Proposal for a European Parliament and Council directive amending Directives 78/660/EEC and 83/349/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies (COM(2000) 80 - C5-0106/2000 - 2000/0043(COD))**

The proposal was amended as follows:

Text proposed by the Commission <sup>1</sup>

Amendments by Parliament

### Amendment 1 RECITAL 1

(1) Article 32 of *the* Directive 78/660/EEC based on Article 54(3)(g) (*now 44(2)(g)*) of the Treaty requires the items shown in the annual accounts to be valued on the basis of the principle of purchase price or production cost.

(1) Article 32 of *Council* Directive 78/660/EEC *of 25 July 1978* based on Article 54(3)(g) of the Treaty *on the annual accounts of certain types of companies* requires the items shown in the annual accounts to be valued on the basis of the principle of purchase price or production cost.

### Amendment 2 RECITAL 3

(3) Article 29 of Directive 83/349/EEC based on Article 54(3)(g) (*now 44(2)(g)*) of the Treaty requires assets and liabilities to be included in consolidated accounts to be valued in accordance with Articles 31 to 42 and 60 of Directive 78/660/EEC.

(3) Article 29 of *Council* Directive 83/349/EEC *of 13 June 1983* based on Article 54(3)(g) of the Treaty *on consolidated accounts* requires assets and liabilities to be included in consolidated accounts to be valued in accordance with Articles 31 to 42 and 60 of Directive 78/660/EEC.

### Amendment 3 RECITAL 3 A (new)

<sup>1</sup> OJ C 311 E, 31.10.2000, p. 1.

*(3a) Article 1 of Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions<sup>(1)</sup> requires assets and liabilities to be valued in accordance with Articles 31 to 42 of Directive 78/660/EEC, except when Directive 86/635/EEC provides otherwise.*

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<sup>(1)</sup> OJ L 372, 31. 12. 1986, p. 1.

Amendment 4  
RECITAL 4

*(4) The annual and consolidated accounts of banks and other financial institutions are prepared in accordance to Council Directive 86/635/EEC, and* the annual and consolidated accounts of insurance undertakings are prepared in accordance with Council Directive 91/674/EEC. The amendments in *this* Directive do not *amend* the provisions of Directives *86/635/EEC and 91/674/EEC*, but the Commission may bring forward similar proposals to amend *these* Directives after having consulted the relevant advisory *committees*.

(4) The annual and consolidated accounts of insurance undertakings are prepared in accordance with Council Directive 91/674/EEC OF 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings<sup>(1)</sup>. The amendments in Directives *78/660/EEC and 83/349/EEC* do not *concern* the provisions of Directive 91/674/EEC, but the Commission may bring forward similar proposals to amend *that* Directive after having consulted the relevant advisory *committee*.

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<sup>(1)</sup> OJ L 374, 31. 12. 1991, p. 7.

Amendment 6  
RECITAL 7

(7) The Communication of the Commission on “Accounting Harmonisation: A New Strategy vis à vis International Harmonisation, called for the EU to work to maintain consistency between Directives *78/660/EEC and 83/349/EEC* and developments in international accounting standard setting.

(7) The Communication of the Commission on “Accounting Harmonisation: A New Strategy vis-à-vis International Harmonisation” called for the EU to work to maintain consistency between *Community Accounting* Directives and developments in international accounting standard setting, *in particular within the International Accounting Standards Committee (IASC)*.

Amendment 7

## RECITAL 8

(8) In order to maintain consistency between internationally recognised accounting standards and Directives 78/660/EEC **and Directive 83/349/EEC**, it is necessary to amend these Directives in order to allow for certain financial assets and liabilities to be valued at fair value. This will enable European companies to report in **line** with current international developments.

(8) In order to maintain **such** consistency between internationally recognised accounting standards and Directives 78/660/EEC, 83/349/EEC **and 86/635/EEC**, it is necessary to amend these Directives in order to allow for certain financial assets and liabilities to be valued at fair value. This will enable European companies to report in **conformity** with current international developments.

## Amendment 8

### RECITAL 8 a (new)

***(8a) This amendment to Directives 78/660/EEC, 83/349/EEC and 86/635/EEC is in line with the Commission Communication to the European Parliament and the Council of 13 June 2000 on the EU Financial Reporting Strategy: the way forward<sup>(1)</sup> which proposes the use of recognised International Accounting Standards for the preparation of consolidated financial statements by listed companies. The purpose of this amendment is to allow the application of the International Accounting Standard dealing with the recognition and measurement of financial instruments.***

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<sup>(1)</sup> COM(2000) 359.

## Amendment 9

### RECITAL 9

(9) Comparability of financial information throughout the Community makes it necessary to require Member States to introduce a system of fair value accounting. Member States **may permit or require** the adoption of that system **to all or certain categories** of companies **and to** both the annual and consolidated accounts or **to** consolidated accounts only.

(9) Comparability of financial information throughout the Community makes it necessary to require Member States to introduce a system of fair value accounting **for certain financial instruments**. Member States **should** permit the adoption of that system **by all companies or any classes** of companies **subject to Directives 78/660/EEC, 83/349/EEC and 86/635/EEC** in respect of both the annual and

*in respect of* both the annual and consolidated accounts or *in respect of* consolidated accounts only. **Further, Member States should be permitted to require the adoption of that system in respect of all companies or any classes of companies for both the annual and consolidated accounts or for the consolidated accounts only.**

Amendment 10  
RECITAL 10

(10) Fair value accounting should only be possible for those items where there is a **sufficiently developed** international consensus that fair value accounting is appropriate. Fair value accounting should **therefore** not be applied to all financial assets and liabilities.

(10) Fair value accounting should only be possible for those items where there is a **well-developed** international consensus that fair value accounting is appropriate. **The current consensus is that** fair value accounting should not be applied to all financial assets and liabilities, **for instance not to most of those relating to the banking book.**

Amendment 11  
RECITAL 11

(11) The notes on the accounts should include certain information concerning **the items** in the balance sheet which have been measured at fair value. The annual report should give an indication of the company's risk management objectives and **strategies** in relation to its use of financial instruments.

(11) The notes on the accounts should include certain information concerning **financial instruments** in the balance sheet which have been measured at fair value. The annual report should give an indication of the company's risk management objectives and **policies** in relation to its use of financial instruments.

Amendment 12  
RECITAL 11 a (new)

**(11a) Derivative financial instruments can have a significant impact on the financial position of companies. Disclosures on derivative financial instruments and their fair value are considered appropriate even if the company does not use fair value accounting. In order to limit the administrative burden for small companies, Member States should be allowed to exempt**

*small companies from this disclosure requirement.*

Amendment 13  
RECITAL 12

(12) Accounting for financial instruments is a fast evolving area of financial reporting which necessitates a *periodic* review. *This review should be carried out through the Contact Committee on the Accounting Directives in order to give Member States the opportunity to report on their experiences* with fair value accounting in practice.

(12) Accounting for financial instruments is a fast evolving area of financial reporting which necessitates a review *by the Commission based on the experiences of* Member States with fair value accounting in practice.

Amendment 14  
ARTICLE 1, PARAGRAPH 1  
Article 42 a (Directive 78/660/EEC)

1. By way of derogation from Article 32, Member States shall permit or require in respect of all companies or any classes of companies valuation at fair value of *all balance sheet items, including derivative financial instruments, except for the items listed in paragraph 3.*

*2. Member States may restrict the permission or requirement set out in paragraph 1 to consolidated accounts as defined in Directive 83/349/EEC.*

*3. The following items shall not be valued at fair value:*

*(a) balance sheet items that are not financial instruments;*

*(b) liabilities, with the exception of liabilities which are:*

*(i) held as part of a trading portfolio;*

*(ii) accounted for as hedged items; or*

*(iii) derivative financial instruments.*

*4. Notwithstanding paragraph 1, Member*

1. By way of derogation from Article 32 *and subject to the conditions in paragraphs 2 to 4 of this Article*, Member States shall permit or require in respect of all companies or any classes of companies valuation at fair value of financial instruments, *including derivatives.*

*Such permission or requirement may be restricted to consolidated accounts as defined in Directive 83/349/EEC.*

*2. For the purpose of this Directive, commodity-based contracts that give either contracting party the right to settle in cash or some other financial instrument shall be considered to be derivative financial instruments, except when they:*

*(a) were entered into in order to meet the company's expected purchase, sale or usage requirements, and continue to do so;*

*(b) were designated for such purpose at their inception; and*

*(c) are expected to be settled by delivery of the commodity.*

*3. Paragraph 1 shall apply only to*

*States may:*

- (a) exclude items held-to-maturity, other than derivative financial instruments, from valuation at fair value;*
- (b) exclude originated loans and advances not held for trading purposes from valuation at fair value;*
- (c) restrict the valuation at fair value to items held for trading purposes. Where this restriction is applied, all derivative financial instruments are deemed to be held for trading purposes;*
- (d) exclude commodity-based contracts that were originally designated for the purposes of meeting a company's expected purchase, sale or usage requirements in that commodity and which are expected to be settled by delivery of the commodity.*

*liabilities that are:*

- (a) held as part of a trading portfolio; or*
  - (b) derivative financial instruments.*
- 4. Valuation according to paragraph 1 shall not apply to:**
- (a) non-derivative financial instruments held to maturity;*
  - (b) loans and receivables originated by the company and not held for trading purposes; and*
  - (c) interests in subsidiaries, associated undertakings and joint ventures, equity instruments issued by the company, contracts for contingent consideration in a business combination as well as other financial instruments with such special characteristics that the instruments, according to what is generally accepted, should be accounted for differently from other financial instruments.*
- 5. By way of derogation from Article 32, Member States may in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, permit valuation at the specific amount required under that system.**

Amendment 15

ARTICLE 1, POINT 1

Article 42 b (Directive 78/660/EEC)

1. The fair value referred to in Article 42a is determined by reference to:

(a) a market value, for those *items* for which a reliable market can readily be identified. Where a market value is not readily identifiable for an *item* but can be identified for its components, the market value *of that item* may be derived from that of its components; or

(b) *the* value resulting from *established*

1. The fair value referred to in Article 42a is determined by reference to:

(a) a market value, for those *financial instruments* for which a reliable market can readily be identified. Where a market value is not readily identifiable for an *instrument* but can be identified for its components *or for a similar instrument*, the market value may be derived from that of its components *or of the similar instrument*; or

(b) *a* value resulting from *generally*



valuation models and techniques, for those *items* for which a reliable market cannot be readily identified. Such valuation models and techniques should ensure a reasonable approximation of the market value.

2. Those *items* that cannot be measured reliably *in a way that is free from material error and bias* by the methods *as* described *under either (a) or (b) of* paragraph 1, *may not be measured at fair value and should instead* be measured in accordance with Articles 34 to 42.

*accepted* valuation models and techniques, for those *instruments* for which a reliable market cannot be readily identified. Such valuation models and techniques should ensure a reasonable approximation of the market value.

2. Those *financial instruments* that cannot be measured reliably by *any of* the methods described *in* paragraph 1 *shall* be measured in accordance with Articles 34 to 42.

Amendment 16  
ARTICLE 1, POINT 1  
Article 42 c (Directive 78/660/EEC)

1. Notwithstanding Article 31(1)(c)(aa), where a *balance sheet item has been valued at fair value* in accordance with Article 42a(1) a change in the *fair value of that item should* be included in the profit and loss account *in arriving at the profit or loss for the financial year*.

1. Notwithstanding Article 31(1)(c), where a *financial instrument is valued* in accordance with Article 42b, a change in the value *shall* be included in the profit and loss account. *However, such a change shall be included directly in equity, in a fair value reserve, where:*

*(a) the instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account, or*

*(b) the change in value relates to an exchange difference arising on a monetary item that forms part of a company's net investment in a foreign entity.*

2. Member States may permit or require *the gain or loss on a financial asset that is not held for trading purposes* to be *recognised* directly in equity, in *a* fair value reserve. *To the extent that gains and losses on such items that have been recognised in equity are actually realised, they must be removed from the fair value reserve. The Member States may lay down rules governing the use of the fair value reserve.*

2. Member States may permit or require *a change in the value of an available for sale financial asset, other than a derivative financial instrument*, to be *included* directly in equity, in *the* fair value reserve.

**3. Notwithstanding paragraph 1, the change in the fair value of an item measured in accordance with Article 42b should not be included in the profit and loss account in arriving at the profit or loss for the financial year, but must be included directly in the fair value reserve where:**

**(a) that item is accounted for as a hedging instrument under a system of hedge accounting that allows such changes in value not to be shown in the profit and loss account, or**

**(b) such change in value relates to an exchange difference arising on a monetary item that forms part of a company's net investment in an affiliated foreign undertaking.**

**4. The fair value reserve referred to in paragraph 3 should be reduced to the extent that the amounts shown therein are no longer necessary for the implementation of the valuation methods under the circumstances referred to in subparagraphs (a) and (b) of paragraph 3. The Member States may lay down rules governing the use of the fair value reserve.**

**Deleted**

**4. The fair value reserve shall be adjusted when amounts shown therein are no longer necessary for the implementation of paragraphs 1 and 2.**

Amendment 17  
ARTICLE 1, POINT 2  
Article 43 a (Directive 78/660/EEC)

**2. The following Articles 43a, 43b and 43c are inserted:**

**“Article 43a**

Where valuation at fair value has been applied **under Article 42a**, the notes on the accounts **must indicate at least the following information:**

**(a) the items in the balance sheet that have been measured at fair value;**

**(b) where fair values have been determined in accordance with Article**

**“Article 42d**

Where valuation at fair value **of financial instruments** has been applied, the notes on the accounts **shall disclose:**

**(a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 42b(1)(b);**

**(b) per category of financial instruments, the fair value, the changes in value**

**42b(1)(b)**, the significant assumptions underlying the valuation models and techniques;

(c) per category of **items measured at fair value**, the fair value, **and the profits or losses recognised** directly in the profit and loss account **and** in the fair value reserve **referred to in Article 42c(3)**;

(d) **for the fair value reserve referred to in Article 42c(2) and Article 42c(3) a table showing separately:**

(i) **the amount of the reserve at the beginning of the financial year;**

(ii) **the differences included in the reserve during the financial year;**

(iii) **the amounts transferred from the reserve during the financial year and the nature of any such transfers;**

(iv) **the amount of the reserve at the end of the financial year;**

(e) for each class of derivative financial instruments, information about the extent and nature of the **derivative financial** instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows .

**included** directly in the profit and loss account **as well as changes included** in the fair value reserve;

(c) for each class of derivative financial instruments, information about the extent and **the** nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; **and**

(d) **a table showing movements in the fair value reserve during the financial year.**

#### Amendment 18

#### ARTICLE 1, POINT 2

Articles 43 b and 43 c (Directive 78/660/EEC)

**2. The following Articles 43a, 43b and 43c are inserted:**

#### **Article 43b**

**When a company is permitted to use valuation at fair value in accordance with Article 42a (1), but decides not to do so, the following disclosures should be given for each class of derivative financial**

**2. In Article 43(1)**

**(a) the reference in point 10 to "Articles 31 and 34 to 42" is replaced by a reference to "Articles 31 and 34 to 42c", and**

**(b) the following point is added:**

**"(14) Where valuation at fair value of financial instruments has not been applied in accordance with Section 7a:**

**(a) for each class of derivative financial instruments:**

for each class of derivative financial instruments:

(a) information about the extent and nature of the *derivative financial* instruments, *including significant terms and conditions that may affect the amount, timing and certainty of future cash flows;*

(b) *the fair value of the derivative financial instruments.*

#### **Article 43c**

*Where valuation at fair value has not been applied under Article 42a(1), and where a company has not made use of the option to make a value adjustment in respect of a financial fixed asset in accordance with Article 35(1)(c)(aa) and therefore carries that financial fixed asset at an amount in excess of its fair value, it should disclose:*

(a) the book value and the fair value of either the individual assets or appropriate groupings of those individual assets; *and*

(b) the reasons for not reducing the book value, including the nature of the evidence that provides the basis for the belief that the book value will be recovered."

(i) *the fair value of the instruments, if such a value can be determined by any of the methods prescribed in Article 42b(1);*

(ii) information about the extent and *the* nature of the instruments; *and*

(b) *for financial fixed assets referred to in Article 42a, carried at an amount in excess of their fair value and without use being made of the option to make a value adjustment in accordance with Article 35(1)(c)(aa):*

(i) the book value and the fair value of either the individual assets or appropriate groupings of those individual assets;

(ii) the reasons for not reducing the book value, including the nature of the evidence that provides the basis for the belief that the book value will be recovered."

#### **Amendment 19**

##### **ARTICLE 1, POINT 2 A (new)**

Article 44, paragraph 1 (Directive 78/660/EEC )

**2a. The text of Article 44 (1) is replaced by the following text:**

**"1. Member States may permit the companies referred to in Article 11 to draw up abridged notes on their accounts without the information required in Article 43(1)(5) to (12) and (14)(a). However, the notes must disclose the information specified in Article 43(1)(6) in total for all the items concerned."**

Amendment 20  
ARTICLE 1, POINT 3  
Article 46 a (Directive 78/660/EEC)

3. The following Article 46a is inserted:

**“Article 46a**

*Whether or not use has been made of valuation at fair value referred to in Section 7a, the annual report shall give an indication of:*

- (a) the company's financial risk management objectives and strategies in relation to its use of financial instruments, and how these objectives are implemented; and*
- (b) the company's exposure to price risk, credit risk, liquidity risk, counter-party risk, cash flow risk and risk of future developments in relation to its use of financial instruments .”*

3. In Article 46 (2) the following point is added:

*“(f) in relation to the company's use of financial instruments and, where material for the assessment of its assets, liabilities, financial position and profit or loss,*

- the company's financial risk management objectives and policies ,including its policy for hedging each major type of forecasted transaction for which hedge accounting is used, and*
- the company's exposure to price risk, credit risk, liquidity risk and cash flow risk.”*

Amendment 21  
ARTICLE 1, POINT 3 a (new)  
Article 59 (Directive 78/660/EEC)

*3a. In Article 59 (2)(a) and (b) the reference to "Articles 31 to 42" is replaced by a reference to "Section 7 or 7a".*

Amendment 22  
ARTICLE 1, POINT 4  
Article 52 a (Directive 78/660/EEC)

4. The following Article 52a is inserted:

**“Article 52a**

*The Parliament and the Council shall, acting in accordance with the procedure laid down in Article 251 of the Treaty, acting on a proposal from the Commission and within three years of the adoption of this Directive, examine and, where necessary, amend Articles 42a, 42b, 42c, 43a, 43b, 43c and 46a of Directive 78/660/EEC in the light of the experience acquired in applying these Articles and*

4. The following Article is inserted:

**“Article 61a**

*Not later than 1 January 2007, the Commission shall review the provisions in Articles 42a to 42d, 43(1)(10) and (14), 44(1), 46(2)(f) and 59(2)(a) and (b) in the light of the experience acquired in applying provisions on fair value accounting and taking account of international developments in the field of accounting and, if appropriate, submit a proposal to the European Parliament and*

*taking account of international developments in the field of accounting.”*

*the Council with a view to amending those Articles.”*

Amendment 23  
ARTICLE 2, POINT -1 (new)  
Article 29 (Directive 83/349/EEC)

***-1. The text of Article 29 (1) is replaced by the following text:***

***“1. Assets and liabilities to be included in consolidated accounts shall be valued according to uniform methods and in accordance with Sections 7 and 7a and Article 60 of Directive 78/660/EEC.”***

Amendment 24  
ARTICLE 2, POINT -1 A (new)  
Article 34 (Directive 83/349/EEC)

***-1a. In Article 34***

***(a) the reference in point 10 to "Articles 31 and 34 to 42" is replaced by a reference to "Articles 31 and 34 to 42c", and***

Amendment 25  
ARTICLE 2, POINT 1  
Article 34 a (Directive 83/349/EEC)

***1. The following Articles 34a, 34b and 34c are inserted:***

***“Article 34a***

***Where valuation at fair value has been applied in accordance with Article 42a(1) of Directive 78/660/EEC, the notes on the consolidated accounts must indicate at least the following information:***

***(a) the items in the consolidated balance sheet that have been measured at fair value;***

***(b) where fair values have been determined in accordance with Article 42b(1)(b) of Directive 78/660/EEC, the***

***1. In Article 34***

***(b) the following points are added:***

***“14. Where valuation at fair value of financial instruments has been applied in accordance with Section 7a of Directive 78/660/EEC:***

***(a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 42b(1)(b) of that Directive;***

***(b) per category of financial instruments, the fair value, the changes in value included directly in the profit and loss***

significant assumptions underlying the valuation models and techniques;

(c) per category of *items measured at fair value*, the fair value, *and the profits or losses recognised* directly in the *consolidated* profit and loss account *and* in the fair value reserve *referred to in Article 42c(3) of Directive 78/660/EEC*;

(d) *for the fair value reserve referred to in Article 42c(2) and Article 42c(3) of Directive 78/660/EEC a table showing separately:*

(i) *the amount of the reserve at the beginning of the financial year;*

(ii) *the differences included in the reserve during the financial year;*

(iii) *the amounts transferred from the reserve during the financial year and the nature of any such transfers;*

(iv) *the amount of the reserve at the end of the financial year;*

(e) for each class of derivative financial instruments, information about the extent and nature of the *derivative financial* instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

account *as well as, in accordance with Article 42c of that Directive, changes included* in the fair value reserve;

(c) for each class of derivative financial instruments, information about the extent and *the* nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; *and*

(d) *a table showing movements in the fair value reserve during the financial year”.*

#### Amendment 26

#### ARTICLE 2, POINT 1

Articles 34 b and 34 c (Directive 83/349/EEC)

#### *Article 34b*

*When a company is permitted to use valuation at fair value in accordance with Article 42a(1) of Directive 78/660/EEC, but decides not to do so, the following disclosures should be given for each class of derivative financial instruments:*

(a) *information about the extent and nature of the derivative financial*

*15. Where valuation at fair value of financial instruments has not been applied in accordance with Section 7a of Directive 78/660/EEC:*

(a) for each class of derivative instruments:

*instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows;*

*(b) the fair value of the derivative financial instruments.*

#### **Article 34c**

*Where an undertaking included in the consolidation has not applied valuation at fair value under Article 42a(1) of Directive 78/660/EEC and has not made a value adjustment in respect of a financial fixed asset in accordance with Article 35(1)(c)(aa) of Directive 78/660/EEC, and therefore carries that financial fixed asset at an amount in excess of its fair value the notes on the consolidated accounts must disclose:*

*(a) the book value and the fair value of either the individual assets or appropriate groupings of those individual assets; and*

*(b) the reasons for not reducing the book value, including the nature of the evidence that provides the basis for the belief that the book value will be recovered."*

*(i) the fair value of the instruments, if such a value can be determined by any of the methods prescribed in Article 42b(1) of that Directive;*

*(ii) information about the extent and the nature of the instruments; and*

*(b) for financial fixed assets referred to in Article 42a, carried at an amount in excess of their fair value and without use being made of the option to make a value adjustment in accordance with Article 35(1)(c)(aa) of that Directive:*

*(i) the book value and the fair value of either the individual assets or appropriate groupings of those individual assets;*

*(ii) the reasons for not reducing the book value, including the nature of the evidence that provides the basis for the belief that the book value will be recovered."*

#### **Amendment 27**

#### **ARTICLE 2, POINT 2**

#### **Article 36 a (Directive 83/349/EEC)**

**2. The following Article 36a is inserted:**

#### **"Article 36a**

*Whether or not use has been made of valuation at fair value referred to in Section 7a of Directive 78/660/EEC, the consolidated annual report shall give an indication of :*

*(a) the undertaking's financial risk management objectives, and how these objectives are met through its use of financial instruments; and*

**2. In Article 36 (2) the following point is added:**

*"(e) in relation to the use by the undertakings of financial instruments and, where material for the assessment of assets, liabilities, financial position and profit or loss,*

*- the financial risk management objectives and policies of the undertakings, including their policies for hedging each major type of forecasted transaction for*



*(b) information on the undertaking's exposure to price risk, credit risk, liquidity risk, counter-party risk, cash flow risk and risk of future developments in relation to its use of financial instruments."*

*which hedge accounting is used, and*

*- the exposure to price risk, credit risk, liquidity risk and cash flow risk."*

Amendment 28  
ARTICLE 2, POINT 3  
Article 48 (Directive 83/349/EEC)

**3. The following Article 48 is inserted:**

***Deleted***

***"Article 48***

***The Parliament and the Council shall, acting in accordance with the procedure laid down in Article 251 of the Treaty on a proposal from the Commission and within three years of the adoption of this Directive, examine and, where necessary, amend Articles 34a, 34b, 34c and 36a of Directive 83/349/EEC in the light of the experience acquired in applying these Articles and taking account of international developments in the field of accounting."***

Amendment 29  
ARTICLE 2, POINT 3 A (new)  
Article 50 a (new) (Directive 83/349/EEC)

**3a. The following Article is inserted:**

***"Article 50a***

***Not later than 1 January 2007, the Commission shall review the provisions in Articles 29(1), 34(10), (14) and (15) and 36(2)(e) in the light of the experience acquired in applying provisions on fair value accounting and taking account of international developments in the field of accounting and, if appropriate, submit a proposal to the European Parliament and the Council with a view to amending those Articles."***

Amendment 30  
ARTICLE 2 a (new)

**Article 2a**

***Directive 86/635/EEC is hereby amended as follows:***

***The text of Article 1 (1) is replaced by the following text:***

***“1. Articles 2, 3, 4(1), (3) to (5), 6, 7, 13, 14, 15(3) and (4), 16 to 21, 29 to 35, 37 to 41, 42 first sentence, 42a to 42d, 45(1), 46(1) and (2), 48 to 50, 50a, 51(1), 56 to 59, 61 and 61a of Directive 78/660/EEC shall apply to the institutions mentioned in Article 2 of this Directive, except where this Directive provides otherwise. However, Articles 35(3), 36, 37 and 39(1) to (4) of this Directive shall not apply with respect to assets and liabilities that are valued in accordance with Section 7a of Directive 78/660/EEC.”***

Amendment 31

ARTICLE 3, PARAGRAPH 1, SUBPARAGRAPH 1

1. Member States shall bring into force the laws, regulations and administrative provisions necessary for them to comply with this Directive before..... They shall forthwith inform the Commission thereof.

1. Member States shall bring into force the laws, regulations and administrative provisions necessary for them to comply with this Directive before ***1 January 2004***. They shall forthwith inform the Commission thereof.

Amendment 32

ARTICLE 4

**Article 4**

***This Directive shall enter into force on the twentieth day following its publication in the Official Journal of the European Communities.***

**Deleted**

**European Parliament legislative resolution on the proposal for a European Parliament and Council directive amending Directives 78/660/EEC and 86/349/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies (COM(2000) 80 – C5-0106/2000 – 2000/0043(COD))**

**(Codecision procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2000) 80)<sup>1</sup>,
  - having regard to Articles 251(2) and 44 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0106/2000),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Legal Affairs and the Internal Market (A5-0130/2001),
1. Approves the Commission proposal as amended;
  2. Asks to be consulted again should the Commission intend to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council and Commission.

<sup>1</sup> OJ C 311 E, 31.10.2000, p. 1.