

DRAFT SUMMARY RECORD

MEETING OF

THE ACCOUNTING REGULATORY COMMITTEE AND CONTACT COMMITTEE

15 OCTOBER 2008

This meeting of the ARC was scheduled at short notice to enable action to be taken on accounting issues in line with the Conclusions of the ECOFIN Council of 7 October. There was the urgent need to amend accounting standards to allow, during periods of market turmoil, the reclassification of financial instruments with effect from the third quarter of this year. The Commission proposal being presented for a vote today was aimed at adopting the amendments to IAS 39 and IFRS 7 issued by the IASB on 14 October.

I. VOTE ON COMMISSION PROPOSAL-DRAFT COMMISSION REGULATION AMENDING REGULATION (EC) NO 1725/2003 ADOPTING CERTAIN INTERNATIONAL ACCOUNTING STANDARDS IN ACCORDANCE WITH REGULATION (EC) NO 1606/2002 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL AS REGARDS INTERNATIONAL ACCOUNTING STANDARD (IAS) 39 AND INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 7

The draft Regulation was accepted unanimously. The Commission would also be making a Declaration below and also issue a press release.

Some Member States asked that the minutes of today's ARC meeting expressly state that they were not in agreement with the last sentence of the forthcoming Commission Declaration. At the same time one other Member State indicated that it had no definite position on this particular matter.

II. DISCUSSION

Before the vote a frank discussion on the proposal had taken place. The Chairman explained that the original proposal by the Commission had since been withdrawn and replaced by one encompassing yesterday's amendments by the IASB. He confirmed that these amendments would make it possible to reclassify financial instruments in times of market turmoil such as the one we were now facing. He explained that the serious situation in the markets meant we needed to act with extreme urgency. This was why, provided there was a favourable vote in today's ARC meeting, the Commission services

would urgently proceed to seek approval of Parliament and Council to enable the Commission to adopt the measure this very day.

He recognised that other accounting issues may also need to be urgently addressed in the light of current events and that the Commission would, today, be making a Declaration to that effect. He described the envisaged content of the Declaration.

The Chairman then invited EFRAG, SARG and CESR to give their opinions on the Commission proposal from a technical standpoint. All three organisations recommended adoption of the proposal.

Views of member states

Some Member States were prepared to accept the proposal only on the basis that the Commission would urgently act to address other issues (e.g. fair value option, embedded derivatives) by the end of this month (October). In their view, the Commission Declaration should clearly recognise such.

Other Member States fully supported the proposal and thought it was essential that solutions be found at global level i.e. by the IASB and that we should resist temptation for European-level amendments. These same Member States had clear concerns about some of the wording in the Commission's Declaration. Another Member State signalled it had no definite position on this particular aspect.

One Member State welcomed the new amendments to IAS39 and IFRS7, and their endorsement today by the EU.

The Member State wished to congratulate the IASB for responding promptly to the EU's requests for key changes to IAS39 and IFRS7, and the EC for the efficient adoption process. In doing so, the IASB and the EU have shown that they can respond quickly to the needs of stakeholders in these difficult times. This reflects well on the status of IASB as a standard-setter, and on the EU's adoption process.

The Member State noted that the Commission will release a Declaration later today.

The Member State recognised that there may be remaining issues with respect to IAS39 and IFRS7. It stated it will co-operate fully in the EU deliberations on such issues, but points out that it would only be able to support proposals which are agreed by the IASB, since that is the only way that transparency, comparability and global acceptability of financial statements clearly needed in global markets be achieved.

The Member State will contribute to an in-depth reflection on the standard-setting process, provided it is undertaken under the auspices of the new Monitoring Group. A Review by the Monitoring Group would usefully include a broad group of IASB stakeholders from other leading global economies (such as China and India).

The Chairman concluded the discussion by explaining that, already, a meeting was being set up with stakeholders to discuss other problematic areas in the accounting field in the early part of next week. He requested that Member States should urgently communicate their concerns on accounting issues to the Commission by next Monday (20 October) close of business.

III. NEXT MEETING

The next ARC meeting was scheduled for 6 November 2008.

ACCOUNTING REGULATORY COMMITTEE AND CONTACT COMMITTEE

Meeting of 15 October 2008

PARTICIPANTS' LIST

Austria

Ministry of Justice

Permanent Representation

Belgium

FOD Economie

Commission normes Comptables

Bulgaria

Cyprus

Czech Republic

Ministry of Finance

Denmark

Danish Commerce and Companies Agency

Danish Financial Supervisory Authority

Estonia

Permanent Representation

Finland

Ministry of Employment and the Economy

France

Ministère des Finances

Permanent Representation

Germany

Bundesministerium des Justiz

Greece

Ministry of Economy and Finance

Hungary

Permanent Representation

Ireland

Department of Enterprise, Trade and Employment

Italy

ISVAP

CONSOB

Ministry of Economy and Finance

Latvia

Permanent Representation

Lithuania

Permanent Representation

Luxemburg

Commission de Surveillance du Secteur Financier

Ministry of Justice

Malta

Accountancy Board

Ministry of Finance

The Netherlands

Ministry of Justice

Poland

Ministry of Finance

Portugal

CNC

CMVM

Romania

Permanent Representation

Slovakia

Slovenia

Ministry of Finance

Spain

Banco de España

ICAC

Sweden

Ministry of Finance

United Kingdom

Department for Business, Enterprise and Regulatory Reform

Permanent Representation

OBSERVERS

Iceland

Liechtenstein

Norway

FSA

European Institutions/Committees

European Central Bank

Banking, Finance and Insurance Commission (CBFA)

Committee of European Banking Supervisors (CEBS)

Committee of European Securities Regulators (CESR)

Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS)

European Financial Reporting Advisory Group (EFRAG)

Standards Advice Review Group (SARG)

Commission

DELSAUX Pierre, Director, "Free movement of capital, company law and corporate governance"

HOOIJER Johannes Jeroen, Head of Unit F3: "Accounting"

LINDER Ulf, Deputy Head of Unit F3 "Accounting"

CROCI Remo, Secretary to the ARC/F3

BIEBEL Reinhard/F3

BUI Philippe/F3

DECKERS Alain/F3

HRUDOVA Jitka/F3

LEPPILAHTI Arto/F3

LICHTENBERGER Jung-Duk/H2

MONZON Angel/F3

ZUGO Liliana/F3

VAN DER LINDEN Bea/F3