

# Effects of using International Financial Reporting Standards (IFRS) in the EU: public consultation

Fields marked with \* are mandatory.

## Impact of International Financial Reporting Standards (IFRS) in the EU: public consultation

---

### Purpose of the consultation

The European Commission is holding a public consultation to seek views from all interested parties on their experience of Regulation 1606/2002 ("[the IAS Regulation](#)"). The results of this public consultation will feed into the European Commission's evaluation of the IAS Regulation.

### Background

Applying internationally accepted standards - the International Financial Reporting Standards (IFRS) – means standardising companies' financial reporting to make financial statements more transparent and comparable. The ultimate aim is for the EU capital market and the single market to operate efficiently.

### *Scope of the IAS Regulation*

The IAS Regulation states that the IFRS must be applied to the consolidated financial statements of EU companies whose securities are traded on a regulated EU market. EU countries may extend the application of IFRS to annual financial statements and non-listed companies ([view an update on the use of options in the EU](#)). The Transparency Directive ([2004/109/EC](#)), as subsequently amended, also stipulates that all issuers (including non-EU ones) whose securities are listed on a regulated market located or operating in an EU country must use IFRS.

### *Impact of the IAS Regulation*

The implementation of IFRS in the EU has had an impact on cross-border transactions, trade, the cost of capital, investor protection, confidence in financial markets and stewardship by management. However, it is difficult to differentiate their impact from that of other significant factors, including other regulatory changes in the EU and internationally.

### *Developments since adoption*

Over 100 countries now use IFRS. These accounting standards have been increasingly discussed at international level (e.g. G20, Basel Committee) and with various interested parties in the EU, especially in the wake of the financial crisis.

Several initiatives concerning technical issues and governance are under way at both international and EU level. In the EU, [the Maystadt report's recommendations](#) are being implemented. These are designed to strengthen the EU's contribution to achieving global and high quality accounting standards by beefing up the role of the European Financial Reporting Advisory Group (EFRAG), which advises the Commission on IFRS matters.

#### *Current Commission evaluation*

The Commission is evaluating the IAS Regulation to assess:

- IFRS's actual effects
- how far they have met the IAS Regulation's initial objectives
- whether these goals are still relevant
- any areas for improvement.

This consultation is part of the evaluation process. The questionnaire was drafted with the help of an informal expert group which is to assist the Commission throughout the [process](#).

#### Target group(s)

Any interested party – commercial, public, academic or non-governmental, including private individuals.

**Especially:** capital market participants and companies preparing financial statements or using them for investment or lending purposes (whether or not they use IFRS).

#### Consultation period

7 August — 31 October 2014 (12 weeks).

#### How to submit your contribution

If possible, to reduce translation and processing time, please reply in one of the Commission's working languages (preferably English, otherwise French or German).

Contributions will be published on this website with your name (unless – in your response – you ask us not to).

**N.B.:** Please read the specific privacy statement to see how your personal data and contribution will be dealt with.

#### Reference documents and other, related consultations

- [IAS/IFRS standards & interpretations](#)
- [IFRS Foundation](#)
- [European Financial Reporting Advisory Group \(EFRAG\)](#)
- [Commission reports on the operation of IFRS](#)

#### Results of public consultation & next steps

The results will be summarised in a technical report and will feed into the evaluation report to be presented by the Commission in line with Article 9.2 of Regulation [258/2014](#).

## Questions

---

Please note that some questions do not apply to all groups of respondents.

## Who are you?

1. In what capacity are you completing this questionnaire?

If it's *not* on behalf of an organisation, please indicate that you are a "private individual".\*

- Company preparing financial statements *[some specific questions for preparers marked with 'P']*
- Company using financial statements for investment or lending purposes *[some specific questions for users marked with 'U']*
- A company that both prepares financial statements and uses them for investment or lending purposes *[some specific questions for preparers and users marked with 'P' and 'U']*
- Association
- Accounting / audit firm
- Trade union / employee organisation
- Civil society organisation / non-governmental organisation
- Research institution / academic organisation
- Private individual
- Public authority *[one specific question for public authorities marked with 'PA']*
- Other

1.2. (As a) company using financial statements for investment or lending purposes - please specify\*

- Equity investor
- Debt investor (i.e. you make investment decisions)
- Financial analyst – sell side
- Financial analyst – buy side
- Lending institution
- Other

2. Where is your organisation/company registered, or where are you are located if you do not represent an organisation/company? Select a single option only. \*

- EU-wide organisation
- Global organisation
- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- The Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom
- Norway
- Iceland
- Liechtenstein
- Other European country
- Other

3. What is the name of the organisation or authority you represent? If you are part of a group, give the name of the holding company as well. \*

National Association of Pension Funds

4. In the interests of transparency, we ask organisations to supply relevant information about themselves by registering in the Transparency Register (<http://ec.europa.eu/transparencyregister>). If your organisation is not registered, your submission will be published separately from those of registered organisations. Is your organisation registered in the European Parliament/Commission Transparency Register? \*

- Yes  
 No

5. In the interests of transparency, your contribution will be published on the Commission's website. How do you want it to appear? \*

- Under the name supplied? (*I consent to the publication of all the information in my contribution, and I declare that none of it is subject to copyright restrictions that would prevent publication.*)  
 Anonymously? (*I consent to the publication of all the information in my contribution except my name/the name of my organisation, and I declare that none of it is subject to copyright restrictions that would prevent publication.*)

U.1. As a user, what sectors of industry do you cover? (Please tick all that apply) \*

- Industry  
 Financial services  
 Other

U.1.1. Industry - please specify (you may select more than one option). \*

- Consumer goods  
 Energy  
 Healthcare  
 Manufacturing  
 Information technology  
 Materials  
 Telecommunications  
 Utilities  
 Other

U.1.2. Financial services - please specify (several choices possible).\*

- Banking
- Insurance
- Other

U.2a.I. How international is your investment portfolio for *equity*?

	Over 70 %	30 - 70 %	Under 30 %	Don't know
<b>Domestic companies</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Other EU companies</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Non-EU companies</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

U.2b.I. How international is your investment portfolio for *debt*?

	Over 70 %	30-70 %	Under 30 %	Don't know
<b>Domestic companies</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Other EU companies</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Non-EU companies</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

U.3.A. If you are an analyst, what type of companies do you cover? Please tick all that apply.\*

- Companies in the country where you are established
- Companies based in other EU countries
- Non-EU companies

## Relevance of the IAS Regulation

### Objective

6. The rationale for the IAS Regulation, imposing internationally accepted standards - the International Financial Reporting Standards (IFRS) - was to make companies use the same set of accounting standards, thus ensuring a high level of transparency and comparability of financial statements. The ultimate aim was to make the EU capital market and the single market operate efficiently.

In your view, are the Regulation's objectives still valid today?\*

- Yes
- No
- No opinion

6.1. Comments.

Consistency of reporting across borders has significant value for investment confidence and for the free movement of capital across the EU. Raising standards was of vital importance in a number of European jurisdictions, and the increase in investor confidence has been accompanied by an increase in investment, assisting the single market's operation.

7. The IAS Regulation refers to IFRS as a set of global accounting standards. Over 100 countries use or permit the use of these standards. The US, for instance, allows EU companies listed in the US to report under IFRS. However, it continues to rely on its "generally accepted accounting principles" (GAAPs) for its domestic companies' financial statements, while the EU requires IFRS to be used for the consolidated accounts of EU listed companies.

Has the IAS Regulation furthered the move towards establishing a set of globally accepted high-quality standards?\*

- Yes
- No
- No opinion

### 7.1. Please explain.

IFRS are the global high-quality standards. The US is unusual -- all but unique -- in taking the decision (thus far) not to adopt IFRS, though as the question notes, even there IFRS is accepted, and increasingly used, by local companies. Almost all other major jurisdictions are already using IFRS or are moving in that direction. The EU's support has played a major role in fostering this global adoption.

### Scope

8. The obligation to use IFRS as set out in the IAS Regulation applies to the consolidated financial statements of EU companies whose securities are traded on a regulated market in the EU. There are about 7,000 such firms.

In your view, is the current scope of the IAS Regulation right (i.e. consolidated accounts of EU companies listed on regulated markets)?\*

- Yes
- No
- No opinion

### 8.2. Comments.

This is probably the best compromise, though it does miss large private companies and those traded on non-regulated markets. It may be worth consideration in due course to extend the requirement to all public interest entities.



9. National governments can decide to extend the application of IFRS to:
- individual annual financial statements of companies listed on regulated markets
  - consolidated financial statements of companies that are not listed on regulated markets
  - individual annual financial statements of companies that are not listed on regulated markets.

In your view, are the options open to national governments:\*

- Appropriate
- Too wide
- Too narrow
- No opinion

### Cost-benefit analysis of the IAS Regulation

10. Do you have pre-IFRS experience/ experience of the transition process to IFRS?\*

- Yes
- No

11. In your experience, has applying IFRS in the EU made companies' financial statements more transparent (e.g. in terms of quantity, quality and the usefulness of accounts and disclosures) than they were before mandatory adoption?\*

- Significantly more transparent
- Slightly more transparent
- No change
- Slightly less transparent
- Significantly less transparent
- No opinion

11.1. Please elaborate.

**There was a transformation of the information disclosed by companies in many EU markets, giving investors much greater insights into their performance and position. The impact on investor confidence and willingness to invest across EU borders was remarkable.**

12. In your experience, has applying IFRS in the EU altered the comparability of companies' financial statements, compared with the situation before mandatory adoption?

	Significantly increased	Slightly increased	No change	Slightly reduced	Significantly reduced	No opinion
In your country	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU-wide	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Compared with non-EU countries	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12.1. Please elaborate.

Put simply, it was possible to compare many companies on a like-for-like basis, in many cases for the first time. There was a much reduced requirement to re-engineer the numbers disclosed (with all that that implied in terms of error and reductions in confidence) in order to compare different companies.

13. Have financial statements become easier to understand

since the introduction of IFRS, compared with the situation before mandatory adoption?\*

- Yes, in general
- Yes, but only in certain areas
- No, in general
- No, except in certain areas
- No opinion

13.2. Please elaborate.

While there remain some challenges, overall the impact has been positive.

14. Has the application of IFRS in the EU helped create a level playing field for European companies using IFRS, compared with the situation before mandatory adoption? \*

- Yes
- Yes, to some extent
- No
- No opinion

14.1. Please elaborate.

This is the main benefit -- that all companies are comparable across the EU. In the case of many countries, the introduction of IFRS was a major step forward in the quality of accounting.

15. Based on your experience, to what extent has the application of IFRS in the EU affected access to capital (listed debt or equity) for issuers in domestic and non-domestic markets that are IFRS reporters?

	Made it a lot easier	Made it easier	No effect	Made it more difficult	Made it a lot more difficult	No opinion
Domestic capital	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU capital other than domestic	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-EU capital	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15.1. Please provide data / examples if available.

The anecdotal impact of a greater willingness to invest was very noticeable.

16. In your experience, has the application of IFRS in the EU had a direct effect on the overall cost of capital for your company or the companies you are concerned with? (Please distinguish - as far as possible – the impact of IFRS from other influences, e.g. other regulatory changes in the EU and the international credit crunch and crisis.)\*

- Cost has fallen significantly
- Cost has fallen slightly
- No effect
- Cost has risen slightly
- Cost has risen significantly
- No opinion

16.1. Please provide data/ examples if available.

In many ways, the positive impact of IFRS on investor confidence and willingness to invest and so in reducing the cost of capital has been masked by the financial crisis. But the introduction of IFRS has meant that the cost of capital for EU companies is noticeably lower than it might otherwise have been.

17. In your view, has the application of IFRS in the EU improved protection for investors (compared with the situation before mandatory adoption), through better information and stewardship by management?\*

- Yes, to a great extent
- Yes, to a small extent
- It had no impact
- No, protection for investors has worsened
- No opinion

17.1. Please provide data/ examples if available.

The greater level of transparency and comparability has significantly increased the opportunities for investors effectively to challenge management and so to press for better stewardship by management.

18. In your view, has the application of IFRS in the EU helped maintain confidence in financial markets, compared with the likely situation if it had not been introduced?

(N.B.: the “enforcement” section of this questionnaire deals with how IFRS are/ were applied.)\*

- Yes, to a great extent
- Yes, to a small extent
- It had no impact
- No, confidence in financial markets has decreased
- No opinion

18.1. Please provide data/ examples if available.

Confidence is notably higher than it might otherwise be, particularly in some EU markets where confidence in other ways has been significantly eroded.

19. Do you see other benefits from applying IFRS as required under the IAS Regulation?\*

- Yes
- No
- No opinion

20. In your experience, on balance and at global level, how do the benefits of applying IFRS compare to any additional costs incurred – compared with the situation before mandatory adoption, bearing in mind the increasing complexity of businesses that accounting needs to portray?\*

- Benefits significantly exceed the costs
- Benefits slightly exceed the costs
- Benefits and costs are broadly equal
- Costs slightly exceed the benefits
- Costs significantly exceed the benefits
- No opinion

20.1. Please provide any additional comments you think might be helpful.

While there are costs, the benefits of quality, confidence and comparability notably outweigh these.

P7+U4. Has the application of IFRS in the EU influenced the need for other non-IFRS based information ("non-GAAP" information) to explain companies' financial performance, compared with the situation before mandatory adoption?\*

- Significantly increased
- Slightly increased
- No change
- Slightly reduced
- Significantly reduced
- No opinion

P7+U4.1. Please elaborate.

There is significant use of non-GAAP information in reporting to investors, but it is not noticeably greater than would be required in the context of other GAAPs in order to elucidate performance. Looking forward, we have argued that the IASB needs to address performance reporting, something which they do appear to have taken on board.

U.5. How have IFRS affected your ability to assess stewardship by management (including understanding companies' current performance, financial position, and generation of cash flows)?\*

- Significantly improved
- Slightly improved
- No change
- Slightly worsened
- Significantly worsened
- No opinion

U.6. How have IFRS affected your ability to estimate future cash flows for the companies you are covering?\*

- Significantly improved
- Slightly improved
- No change
- Slightly worsened
- Significantly worsened
- No opinion

U.7. In your experience, does the ongoing application of IFRS (excluding costs relating to the initial transition to IFRS) significantly change recurring costs for the analysis and benchmarking of companies – when compared with other costs that your company would otherwise have incurred if IFRS had not been applied?\*

- Increased by large amount
- Slightly increased
- No change
- Slightly reduced
- Reduced by a large amount
- No opinion

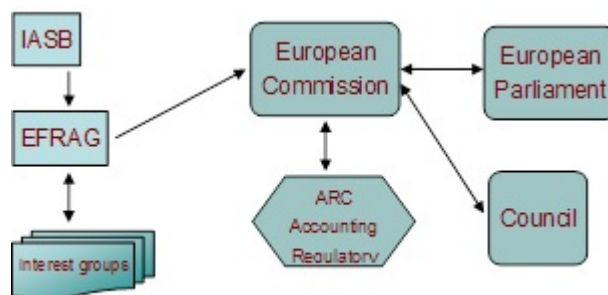


U.7.1. Please specify any additional costs or savings relating to analysing and benchmarking companies that apply IFRS, by comparison with non-IFRS reporters.\*

In effect with non-IFRS reporters we need to translate their accounts into IFRS equivalent numbers in order to mount any effective comparison.

## Endorsement mechanism & criteria

### *The EU's IFRS endorsement process*



In the EU, IFRS are adopted on a standard-by-standard basis. The procedure is as follows:

- The International Accounting Standards Board (IASB) issues a standard.
- The European Financial Reporting Advisory Group (EFRAG) holds consultations, advises on endorsement and examines the potential impact.
- The Commission drafts an endorsement regulation.
- The Accounting Regulatory Committee (ARC) votes and gives an opinion.
- The European Parliament and Council examine the standard.
- The Commission adopts the standard and publishes it in the Official Journal.

This process typically takes 8 months.

#### *Endorsement criteria*

Under Article 3.2 of the IAS Regulation, any IFRS to be adopted in the EU must:

- be consistent with the "true and fair" view set out in the EU's [Accounting Directive](#)
- be favourable to the public good in Europe
- meet basic criteria on the quality of information required for financial statements to serve users (i.e. statements must be understandable, relevant, reliable and comparable, they must provide the financial information needed to make economic decisions and assess stewardship by management).

In his October 2013 [report](#), Mr Maystadt discussed the possibility of clarifying the "public good" criterion or adding 2 other criteria as components of the public good, namely that:

- any accounting standards adopted should not jeopardise financial stability
- they must not hinder the EU's economic development.

He also suggested that more thorough analysis of compliance with the criteria of prudence and respect for the public good was needed.

21. In the EU, IFRS are adopted on a standard-by-standard basis. The process, which typically takes 8 months, is as follows:

- The International Accounting Standards Board (IASB) issues a standard.
- The European Financial Reporting Advisory Group (EFRAG) holds consultations, advises on endorsement and examines the potential impact.
- The Commission drafts an endorsement regulation.
- The Accounting Regulatory Committee (ARC) votes and gives an opinion.
- The European Parliament and Council examine the standard.
- The Commission adopts the standard and publishes it in the Official Journal.

Do you have any comments on the way the endorsement process has been or is being conducted (e.g. in terms of the interaction of players, consistency, length, link with effective dates of standards, outcome, etc.)?\*

The time delay is unfortunate, and we do not think that the scope for avoiding the application of IFRS standards in the EU is helpful to market confidence. We note that a number of companies in effect report according to full IFRS as well as IFRS as endorsed in the EU -- adding to costs and making clear that these companies recognise that investors want the confidence that reporting under full IFRS provides.

22. Under Article 3.2 of the IAS Regulation, any IFRS to be adopted in the EU must:

- be consistent with the "true and fair" view set out in the EU's [Accounting Directive](#)
- be favourable to the public good in Europe
- meet basic criteria on the quality of information required for financial statements to serve users (i.e. statements must be understandable, relevant, reliable and comparable, they must provide the financial information needed to make economic decisions and assess stewardship by management).

Are the endorsement criteria appropriate (sufficient, relevant and robust)?\*

- Yes
- Yes, to some extent
- No
- No opinion

23. There is a necessary trade-off between the aim of promoting a set of globally accepted accounting standards and the need to ensure these standards respond to EU needs. This is why the IAS regulation limits the Commission's freedom to modify the content of the standards adopted by the IASB.

Does the IAS Regulation reflect this trade-off appropriately, in your view? \*

- Yes
- No
- No opinion

23.1. If not, do you think the IAS Regulation should allow the Commission more leeway to modify standards adopted by the IASB? What conditions should be stipulated?\*

As discussed above, we do not believe that the endorsement process serves the EU's interests. It undermines investor confidence and introduces the suspicion that changes to standards are made for political reasons, rather than to enhance investor confidence and lower the cost of capital. It is hard to see what are the needs that are specific to the EU that should not be persuasive of the standard-setters in the process of creating the standards in the first place.

24. Have you experienced any significant problems due to differences between the IFRS as adopted by the EU and the IFRS as published by the IASB ("carve-out" for IAS 39 concerning macro-hedging allowing banks to reflect their risk-management practices in their financial statements)? \*

- Yes
- No
- No opinion

24.1. If so, please explain the nature of the problem and how it has (or has not) been resolved. \*

The inconsistency of reporting across banks is unhelpful in mounting international comparisons.

## Quality of IFRS financial statements

25. What is your overall opinion of the quality (transparency, understandability, relevance, reliability and comparability) of financial statements prepared by EU companies using IFRS?\*

- Very good
- Good
- Moderate
- Low
- Very low
- No opinion

25.1. Please provide any additional comments you think might be helpful.

There is always room for improvement, and while the improvement over the last several years has been remarkable we think that there is further to go. Nonetheless, the standard is generally pretty good.

26. Given that firms have complex business models and transactions, how would you rate financial statements prepared in accordance with IFRS in terms of complexity and understandability?\*

- Very complex & difficult to understand
- Fairly complex & difficult to understand
- Reasonable
- Not complex or difficult
- No opinion

26.1. Please provide any further comments you think might be helpful, specifying any particular areas of accounting concerned, if appropriate.

The complexity arises as much because of the complexity of business these days, and particularly the way in which risk is management within business as from the accounting standards themselves.

27. How would you rate financial statements prepared using IFRS in terms of complexity and understandability – compared with other sets of standards you use?

	IFRS information is easier to understand than...	IFRS information is neither easier nor more difficult to understand than ...	IFRS information is more difficult to understand than ...	No opinion
Information under your local GAAPs	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information under any other GAAPs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27.1. What are your local GAAPs?

UK

27.2. Please identify other GAAPs you are using as a basis for comparison.

US

27.3. Please provide any additional comments you think might be helpful.

Often it is just a question of what one is used to, but that is one major benefit of IFRS -- that one only needs to be used to one standard and the reporting that arises under one standard, rather than having active and informed insight under a number of different GAAPs.

28. How do IFRS compare with other GAAPs in terms of providing a true and fair view of a company's (group's) performance and financial position?

	IFRS are better than...	IFRS are equivalent to...	IFRS are worse than...	No opinion
Your local GAAPs (as identified under question 27)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Any other GAAPs (as identified under question 27)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



28.1. Please provide any additional comments you think might be helpful.

The scope for a true and fair override under IFRS is greater than that under US GAAP, and the baseline of reporting feels more close to reality and less likely to be gamed in any case because of its being based on principles rather than the rules-based approach of US GAAP.

29. How often is it necessary to depart from IFRS under “extremely rare circumstances” (as allowed by IFRS), to reflect the reality of a company’s financial performance and position in a fairer way?\*

- Often
- Sometimes
- Hardly ever
- Never
- No opinion

29.1. Please provide additional comments and examples of departures from IFRS that you have seen.

This is an important safety valve, but it is vitally important that it is not used more often than absolutely necessary -- in the vast majority of cases IFRS reporting and associated disclosure does indeed give a true and fair view of a company's position and performance.

30. How would you rate the extent to which IFRS allows you to reflect your company's business model in your financial statements?\*

- This is not an issue
- IFRS are flexible enough
- IFRS should be more flexible, so different business models can be reflected
- No opinion

30.1. Please explain.\*

This question is addressed to issuers/preparers so not appropriate for us as users to answer.

## Enforcement

Since 2011, the European Securities and Markets Authority (ESMA) has been coordinating national enforcers' operational activities concerning compliance with IFRS in the EU. ESMA has taken over where the Committee of European Securities Regulators (CESR) left off.

Enforcement activities regarding companies listed on regulated markets are defined in the Transparency Directive (2004/109/EC , as subsequently amended).

31. Are the IFRS adequately enforced in your country?\*

- Yes
- Yes, to some extent
- No
- Not applicable
- No opinion

31.1. Please provide any additional comments you think might be helpful.

Enforcement is the key issue for IFRS. We believe that the FRC has stepped up and is beginning to do a better job in this respect; other markets are further behind.

32. Does ESMA coordinate enforcers at EU level

satisfactorily? \*

- Yes
- Yes, to some extent
- No
- Not applicable
- No opinion

32.1. Please provide any additional comments you think might be helpful.

Again, this seems to be a work in progress. There is more coordination and debate, but much more is still needed.

33. Has enforcement of accounting standards in your country changed with the introduction of IFRS?\*

- Enforcement is now more difficult
- Enforcement has not changed
- Enforcement is now easier
- Not applicable
- No opinion

33.1. Please provide any specific relevant examples.

Any change has been pretty marginal, for the positive if anything, but it is hard to tell whether this is just a new attitude by the regulators (perhaps following the financial crisis) rather than down to IFRS as such.

34. In your experience, have national law requirements influenced the application of IFRS in the EU country or countries in which you are active? \*

- Yes, significant influence
- Yes, slight influence
- No
- No opinion
- Not applicable

34.1. If you have identified differences in the way IFRS are applied in different EU countries, to what extent does this limit the transparency and comparability of company financial statements?

\*

- Much less transparent & comparable
- Slightly less transparent & comparable
- No impact on transparency or comparability
- No opinion

34.1.1. Please detail.

No really marked impact. The legal influences generally are upon disclosures rather than the headline numbers, and do not seem to impact comparability as such.

35. If you are aware of any significant differences in enforcement between EU countries or with other jurisdictions, do they affect your practice in applying IFRS or analysing financial statements? \*

- Yes, significantly
- Yes, but the impact is limited
- No
- No opinion
- Not applicable

35.1. Please provide specific details.

Enforcement is an issue for IFRS globally, but the impact of this on analysis and the approach to comparisons is limited -- though there is a clear reduction in the degree of confidence of an investment decision in markets where enforcement is poor.

36. The recitals of the IAS Regulation stress that a system of rigorous enforcement is key to investor confidence in financial markets. However, the Regulation contains no specific rules on penalties or enforcement activities, or their coordination by the EU.

Should the IAS Regulation be clarified as regards penalties and enforcement activities?\*

- Yes
- No
- No opinion

37. Should more guidance be provided on how to apply the IFRS? \*

- Yes
- No
- No opinion

### Consistency of EU law

**There are different types of reporting requirements in the EU (e.g. prudential requirements, company law, tax, etc.)**

38. How would you assess the combined effects of, and interaction between, different reporting requirements, including prudential ones? \*

It is clear to us that prudential requirements should not trump financial reporting requirements. Prudential regulators have access to a great deal more information and insight into the performance of financial companies, far greater insights than those available to external investors (who rely only and solely on the publicly disclosed financial numbers). Given this, the prudential regulators should not be given scope to intrude and intervene on the financial reporting standards in ways which lower the quality of publicly disclosed information. Any risk that they will do so reduces investor confidence and raises the risks of investor flight in a crisis -- if they cannot trust the numbers disclosed when markets become difficult, there is a vastly increased chance that they simply will not take the risk and will withdraw. This would damage the sound financial institutions as well as further undermining the weak.

39. Do you see any tensions in interaction between the IAS Regulation and EU law, in particular:

	No	Yes	To some extent	No opinion
Prudential regulations (banks, insurance companies)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company law	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

### User-friendliness of legislation

All standards are translated into the official EU languages before they are adopted. The Commission also regularly draws up a consolidated version of the current standards enacted by the EU (

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:02008R1126-20130331:EN:NOT> ). The consolidated version does not include any standards that are not yet in force, but can be applied before the date of entry into force.

40. Are you satisfied with the **consolidated version** of *IFRS standards adopted by the EU*, which is not legally binding, or would you like to see improvements?

- Satisfied
- Need for improvements
- I wasn't aware of it
- I don't use it
- No opinion

41. Are you satisfied with the quality of **translation** of IFRS into your language *provided by the EU*

?\*

- Yes
- Yes, to some extent
- No
- No opinion
- Not applicable

### General

42. Do you have any other comments on or suggestions about the IAS Regulation?

n/a

**Thank you for your valuable contribution.**

**Contact**

✉ [MARKT-F3@ec.europa.eu](mailto:MARKT-F3@ec.europa.eu)

---