

# Financial services, financial reporting and auditing: Community programme 2010-2013 to support specific activities

2009/0001(COD) - 23/01/2009 - Legislative proposal

**PURPOSE:** to establish a Community programme to support specific activities in the field of financial services, financial reporting and auditing.

**PROPOSED ACT:** Decision of the European Parliament and of the Council.

**BACKGROUND:** the financial services sector is a key component of the internal market, crucial for the proper functioning of the European economy and for global competitiveness. It is essential that the interests of the Community are adequately represented in the international standard setting processes.

In the context of the current financial crisis, EU Member States consider that the enhancement of supervisory convergence and cooperation in the field of financial services and in relation to financial reporting and auditing should be given a high priority. The Commission has recognised the key role that the Committees of Supervisors, IASCF (International Accounting Standards Committee Foundation), EFRAG (European Financial Reporting Advisory Group) and PIOB (Public Interest Oversight Board) play in the completion and operation of the Internal Market. At the same time, the Commission has identified that the proper implementation of some key Community policies could be at risk because of inadequate funding of these bodies. Community co-financing ensures that these bodies benefit from clear, stable, diversified, sound and adequate funding and that they are able to accomplish their public interest mission in an independent and efficient manner.

**IMPACT ASSESSMENT:** in an extensive ex-ante evaluation, the Commission assessed five possible policy options: (1) keeping the status quo; (2) increasing contributions within the existing funding models; (3) setting-up national funding schemes; (4) cofinancing under the Community budget; and (5) setting-up dedicated EU agencies (in relation to the Committees of Supervisors and EFRAG). The Commission concluded that the best way forward is to co-finance the Committees of Supervisors, either by way of action grants or by way of an operating grant.

**CONTENT:** the Commission proposes the establishment of a Community programme for the period from 1 January 2010 to 31 December 2013 to support the activities of bodies which contribute to the achievement of the policy objectives of the Community in relation to supervisory convergence and cooperation in the field of financial services and in relation to financial reporting and auditing. The following activities are covered by the Programme:

- activities supporting the implementation of Community policies aimed at supervisory convergence, in particular by means of training of personnel and management of information technology projects in the field of financial services;
- activities developing or providing input to the development of standards, applying, assessing or monitoring standards or overseeing standard setting processes in support of the implementation of Community policies in the field of financial reporting and auditing.

The Commission shall provide financing under the Programme in the form of grants and only upon the receipt of an appropriate work programme and an estimated overall budget. The beneficiaries of the Programme shall be as follows:

- in the field of financial reporting: the European Financial Reporting Advisory Group (EFRAG) and the International Accounting Standards Committee Foundation (IASCF);
- in the field of auditing: the Public Interest Oversight Board (PIOB).

Three other bodies with their respective headquarters in London, Paris and Frankfurt may also receive Community financing. The exclusive aim of these bodies is to provide administrative support to the Committee of European Securities Regulators (CESR), the Committee of European Banking Supervisors (CEBS) and the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS).

**FINANCIAL IMPLICATIONS:** the total amount to be borne by the Community's budget is **EUR 36.2 million** for the period 2010-2013.