Capital market, financial services: application of international accounting standards

2001/0044(COD) - 13/02/2001 - Legislative proposal

PURPOSE: to present a Commission proposal for a Regulation of the European Parliament and of the Council on the application of international accounting standards. CONTENT: This proposal introduced the requirement that, at the latest from 2005 onwards, all EU companies listed in a regulated market as well as companies preparing admission for trading prepare their consolidated financial statemmets in accordance with International Accounting Standards (IAS) adopted for application within the EU. It also provides an option for Member States to permit or require the application of adopted IAS in the preparation of annual accounts and to permit or require the application of adopted IAS by unlisted companies. This means that Member States can require uniform application of adopted IAS to important sectors such as banking or insurance, regardless of whether companies are listed or not. This proposal also establishes the basic rules for the creation of an endorsement mechanism that will adopt IAS, the timetable for implementation and a review clause to permit an assessment of the overall approach proposed. It is extremely important to facilitate early application of the proposed legislation in order to meet the 2005 deadline set by the Lisbon Council. It is also crucial for the objective of comparability to achieve consistent application of IAS by all listed EU companies, with no national variations. The proposed Regulation will enter into force immediately in order to foster application of IAS by listed companies as soon as possible. Against this background, the main provisions of the proposed Regulation include powers of the Commission and publicity; requirements applying to EU companies and the Accounting Regulatory Committee.