Basic information

2008/2648(RSP) RSP - Resolutions on topical subjects	Procedure completed
Resolution on the draft Commission regulation of 2 June 2008 amending Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards elements related to prospectuses and advertisements and on the draft Commission decision of 2 June 2008 on the use by third-country issuers of securities of certain third-country national accounting standards and international financial reporting standards to prepare their consolidated financial statements **Subject** 2.10.03 Standardisation, EC/EU standards and trade mark, certification, compliance 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 3.45.03 Financial management of undertakings, business loans, accounting	

Key events

Date	Event	Reference	Summary
23/10/2008	Decision by Parliament	T6-0520/2008	Summary
23/10/2008	Results of vote in Parliament		
23/10/2008	End of procedure in Parliament		

Technical information

Procedure reference	2008/2648(RSP)
Procedure type	RSP - Resolutions on topical subjects
Procedure subtype	Resolution on implementing act or powers
Legal basis	Rules of Procedure EP 115-p2-3
Stage reached in procedure	Procedure completed

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Motion for a resolution		B6-0544/2008	15/10/2008	
Text adopted by Parliament, single reading		T6-0520/2008	23/10/2008	Summary

European Commission

Document type	Reference	Date	Summary

Commission response to text adopted in plenary	SP(2008)7292	12/02/2009	

Resolution on the draft Commission regulation of 2 June 2008 amending Commission Regulation (EC) No 809/2004 implementing Directive 2003/71 /EC of the European Parliament and of the Council as regards elements related to prospectuses and advertisements and on the draft Commission decision of 2 June 2008 on the use by third-country issuers of securities of certain third-country national accounting standards and international financial reporting standards to prepare their consolidated financial statements

2008/2648(RSP) - 23/10/2008 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution tabled by the Committee on Economic and Monetary Affairs on the draft Commission regulation of 2 June 2008 amending Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards elements related to prospectuses and advertisements and on the draft Commission decision of 2 June 2008 on the use by third-country issuers of securities of certain third-country national accounting standards and international financial reporting standards to prepare their consolidated financial statements.

Parliament takes the view that third-country Generally Accepted Accounting Principles (third-country GAAP) should be considered equivalent to IFRS as adopted pursuant to Regulation (EC) No 1606/2002 in the event that investors are able to make similar decisions irrespective of whether they are provided with financial statements in accordance with IFRS or on third-country GAAP and in the event that audit assurance and enforcement at entity level are sufficient for investors to rely on. Regulators should maintain an active dialogue with their international counterparts regarding the application and consistent enforcement of IFRS and enhance cooperation and information-sharing.

Members note that IFRS that are issued by the International Accounting Standards Board (IASB) provide a solid basis for the regulators to work towards the convergence of accounting standards globally. They feel that the worldwide application of international accounting standards could improve the transparency and comparability of financial statements, thus bringing substantial benefits to companies and investors. Bringing about the convergence of accounting standards is an important task, but Parliament underlines that the ultimate goal must be for each jurisdiction to adopt IFRS whilst respecting its own democratic and legal framework.

It welcomes Regulation (EC) No 1569/2007, which provides for the definition of equivalence and establishes a mechanism for determining the equivalence of third-country GAAP. It underlines that Regulation (EC) No 1569/2007 requires that the Commission decision permit Community issuers to use IFRS adopted pursuant to Regulation (EC) No 1606/2002 in the third country concerned.

Members also note that the US recognises only financial statements prepared under IFRS as issued by the IASB. They acknowledges, however, that the US allows a short transition period during which financial statements prepared in accordance with IFRS adopted under Regulation (EC) No 1606 /2002 are also accepted without reconciliation requirements. They emphasise that certain third countries have not yet clearly and publicly stated when IFRS will be applied to their domestic issuers.

The resolution welcomes the roadmaps recently presented by certain third countries concerning a switch to IFRS. It calls on the Commission to monitor the progress made with the implementation of those roadmaps with a view to abolishing recognition of equivalence when predetermined changeover dates are reached.

Parliament amended the draft regulation and the draft decision, pointing out that The Indian Government and the Indian Institute of Chartered Accountants made a public commitment in July 2007 to adopt IFRS by 31 December 2011 and are taking effective measures to secure the timely and complete transition to IFRS by that date. Accordingly, India is added to the list of countries (China, Canada and Korea) whose Generally Accepted Accounting Principles may be used by a third country issuer prior to financial years starting on or after 1 January 2012, in order to prepare its annual consolidated financial statements and half-yearly consolidated financial statements. Two new articles are also inserted :

- the Commission shall continue to monitor, with the technical assistance of the CESR, the efforts made by third countries towards a changeover to IFRS and pursue an active dialogue with authorities during the convergence process. The Commission shall submit a report on progress made in this regard to the European Parliament and the European Securities Committee (ESC) during 2009;

- the dates announced publicly by third countries in relation to a changeover to IFRS shall serve as reference dates for the abolition of equivalence recognition for those third countries.