Basic information

2009/0001(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Financial services, financial reporting and auditing: Community programme 2010-2013 to support specific activities Repealed by 2012/0364(COD) Amended by 2009/0142(COD) Amended by 2009/0143(COD) Amended by 2009/0144(COD) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.04 Banks and credit 2.50.05 Insurance, pension funds 2.50.08 Financial services, financial reporting and auditing 8.70 Budget of the Union 8.70.02 Financial regulations	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	HOPPENSTEDT Karsten Friedrich (PPE-DE)	15/01/2009

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	TITLEY Gary (PSE)	04/02/2009
JURI Legal Affairs (Associated committee)	The committee decided not to give an opinion.	20/03/2009

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2957	2009-07-27

European Commission

Commission DG	Commissioner
Financial Stability, Financial Services and Capital Markets Union	MCCREEVY Charlie

Key events

Date	Event	Reference	Summary
23/01/2009	Legislative proposal published	COM(2009)0014	Summary
03/02/2009	Committee referral announced in Parliament, 1st reading		
31/03/2009	Vote in committee, 1st reading		Summary
06/04/2009	Committee report tabled for plenary, 1st reading	A6-0246/2009	
06/05/2009	Decision by Parliament, 1st reading	T6-0368/2009	Summary
06/05/2009	Results of vote in Parliament		
06/05/2009	Debate in Parliament		
27/07/2009	Act adopted by Council after Parliament's 1st reading		
16/09/2009	Final act signed		
16/09/2009	End of procedure in Parliament		
25/09/2009	Final act published in Official Journal		

Technical information

Procedure reference	2009/0001(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Repealed by 2012/0364(COD) Amended by 2009/0142(COD) Amended by 2009/0143(COD) Amended by 2009/0144(COD)
Legal basis	EC Treaty (after Amsterdam) EC 095
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/72480

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE420.115	16/02/2009	
Amendments tabled in committee		PE421.271	06/03/2009	
Committee opinion	BUDG	PE421.234	11/03/2009	
Committee report tabled for plenary, 1st reading/single reading		A6-0246/2009	06/04/2009	
Text adopted by Parliament, 1st reading/single reading		T6-0368/2009	06/05/2009	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	03671/2009/LEX	16/09/2009	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2009)0014	23/01/2009	Summary
Document attached to the procedure	SEC(2009)0054	23/01/2009	Summary
Commission response to text adopted in plenary	SP(2009)3616	07/07/2009	
Follow-up document	COM(2010)0504	27/09/2010	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0618/2009	24/03/2009	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Decision 2009/0716
OJ L 253 25.09.2009, p. 0008 Summary

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

2009/0001(COD) - 27/09/2010 - Follow-up document

The Commission presents a report on the funding of the International Financial Reporting Standards (IFRS) Foundation in accordance with thee requirements under Decision No 716/2009/EC establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing, The Decision allows the EU to provide a financial contribution towards the IFRS Foundation budget, subject to satisfactory progress being made to enhance the IFRS Foundation governance. The Commission examines in this report the latest developments concerning governance, without prejudging the debate about the need for further, more comprehensive reforms of the IFRS Foundation's governance, which are currently being reviewed through the IFRS Foundation's Monitoring Board. Until the latter formulates its recommendations and until they are implemented, it is essential that the International Accounting Standards Board (IASB) continues to have sufficient resources to deliver a number of urgent projects, notably those related to the financial crisis as well as key priorities for the EU, such as insurance accounting.

Recent changes to the IFRS Foundation's constitution: following a review by the Trustees in 2009, the issue of public accountability was addressed by creating a link to a Monitoring Board of public authorities. The membership of the IASB was increased from 14 to 16 members (to be implemented no later than July 2012) in order to ensure a broad geographic distribution within the Board. Further changes in 2009 focussed on enhancing the transparency and accountability of the IFRS Foundation and the IASB and expanding stakeholder engagement and outreach, whilst enhancing governance. The report outlines the key changes:

- the IASB will in future be required to carry out a public consultation every 3 years about its work programme, starting no later than mid-2011;
- the term of office of IASB members will become shorter (5 years, extendable by 3 years maximum), except for the Chair who will remain eligible for a full 5 years second term;
- there will be a possibility to shorten the due process below the minimum 30-day duration in the IASB's Handbook. This brings greater flexibility in cases of urgency, like those at the height of the financial crisis, which made it necessary to introduce new reclassification rules for financial instruments;
- the objectives of the IFRS Foundation are amended to emphasise that the overall objective is the global adoption of IFRS, whereas convergence is only a means to facilitate this objective.

Composition and powers of the Monitoring Board: the report sets out the Board's composition and powers and notes that the Monitoring Board is still developing its procedures and working arrangements to accomplish in practice its public interest mission. The Commission considers that the Monitoring Board is a useful step towards greater accountability and transparency of the IFRS Foundation's work. Nevertheless, the Commission considers that a comprehensive review of the IFRS Foundation's governance framework – including the role of the Monitoring Board - is appropriate, in particular to assess the need to strengthen its accountability towards public authorities.

Other commitments made by the Board of Trustees: the Trustees have agreed to undertake immediately a full strategic review of the Foundation beyond June 2011, i.e. beyond the completion of the convergence agenda of the IASB and the US Financial Accounting Standards Board (FASB), including the financing of the organisation. The review will include public consultation with stakeholders and the Monitoring Board. The Trustees have also decided to undertake a full review of the effectiveness of the IFRS Advisory Council, and a review of the oversight framework of the IASB. The Commission welcomes the launch of these reviews. Consultations have already started in a number of fora.

Future governance reforms: the Commission considers that further steps are necessary and the Monitoring Board has established a Governance Working Group (WG) to carry out a comprehensive review. The Governance WG has been given broad mandate to cover all relevant aspects of the IFRS Foundation's governance, including its institutional structure as well as the link between accounting standards and various public policy objectives, including market transparency and financial stability. The Commission considers that the Governance WG should aim to report its conclusions and recommendations by the end of 2010 and that the latter should be implemented as soon as possible thereafter.

Roadmaps for third countries to apply IFRS to their domestic issuers: many countries have continued to make progress towards the full convergence of their standards with IFRS and towards the eventual adoption of IFRS for their domestic issuers. The Committee of European Securities Regulators (CESR) has provided advice to the Commission and has indicated that China, Canada, India, and South Korea continue to make progress in pursuing their convergence or adoption programmes. The United States Securities and Exchange Commission issued a policy statement confirming that it intends to take a decision about IFRS during 2011. Japan has announced its intention to take a decision around 2012 on whether to adopt IFRS by 2015 or 2016. In the meantime, some Japanese companies can already apply IFRS on a voluntary basis.

Conclusions: the Commission concludes that the IFRS Foundation has made progress on several key benchmarks referred to in Decision 716/2009 /EC. As part of any future comprehensive reform of the IFRS Foundation, the latter's funding arrangements would need to ensure a non-voluntary, transparent and stable funding platform with a broad geographical basis. In this respect, it is particularly important that all major jurisdictions contribute towards the budget of the IFRS Foundation in proportion to their weight in global capital markets.

While discussions continue concerning a more comprehensive reform of the IFRS Foundation's governance model, the IASB should be appropriately funded to ensure that it can deliver urgently required standards, including those related to the financial crisis such as the reform of the accounting requirements concerning financial instruments. The Commission therefore considers that the **short-term funding needs of the IASB should be supported** , in accordance with the Decision 716/2009/EC, while a comprehensive review of its governance model is carried out by the Monitoring Board.

On the basis of the preceding analysis, the Commission recommends that the EU should provide the IFRS Foundation with the funding provided for in Decision

716/2009/EC from 2011. The Commission nevertheless emphasises that a comprehensive review of the IASB's governance model should be carried out as a matter of urgency. The recommendations arising from this assessment will need to be available by 2011 and implemented as soon as possible thereafter.

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

2009/0001(COD) - 16/09/2009 - Final act

PURPOSE: to improve the conditions for the functioning of the internal market by supporting the operation, activities or actions of certain bodies in the fields of financial services, financial reporting and auditing.

LEGISLATIVE ACT: Decision No 716/2009/EC of the European Parliament and of the Council establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing.

CONTENT: the Council adopted a decision establishing a programme on financial services, following an agreement reached with the European Parliament in first reading. The programme is established for the period from 1 January 2010 to 31 December 2013. It will enable the Community to participate in the funding of certain bodies, both European and international, so as to ensure the effectiveness of EU policies in the financial services sector and in the fields of financial reporting and statutory audit. The aim is to enable such bodies to accomplish their mission in an independent and efficient manner.

Beneficiaries include the following:

- as regards regulation and supervision, the ad hoc structures supporting the Committee of European Securities Regulators, the Committee of European Banking Supervisors and the Committee of European Insurance and Occupational Pensions Supervisors;
- in the field of financial reporting, the International Accounting Standards Committee Foundation (IASCF) and the European Financial Reporting Advisory Group (EFRAG);
- in the field of auditing, the Public Interest Oversight Board.

Award of grants: the Commission shall provide financing under the Programme in the form of grants and only upon receipt of an appropriate work programme and an estimated overall budget. Any beneficiary of funding awarded under the Programme shall indicate in a prominent place, such as a website, a publication or an annual report, that it has received funding from the budget of the European Union.

Financial provisions: the Decision provides for a financial envelope amounting to EUR 38 700 000 for the 2010-13 period. Within that envelope, commitment appropriations to the beneficiaries listed in Section B of the Annex shall be at least EUR 13 500 000, those to the IASCF shall be no more than EUR 12 750 000, and those to the EFRAG shall be no more than EUR 11 250 000.

Monitoring: the Commission shall ensure that for any action financed by the Programme under an action grant, the beneficiary submit annually a technical and financial report on the progress of work and a final report after completion of the action.

Evaluation: no later than 6 months before the end of the Programme, the Commission will submit to the European Parliament and the Council a report on the achievement of the Programme's objectives. The European Parliament and the Council shall, in accordance with the Treaty, decide whether to continue the Programme after 31 December 2013.

It should be noted that the Council also adopted:

- a regulation introducing a legal framework for credit rating agencies and a directive updating capital requirements for banks which constitute a significant part of the work programme it launched last autumn in response to the financial crisis;
- a regulation on cross-border payments and a directive on electronic money, in the light of assessments of the application of existing rules.

ENTRY INTO FORCE: 15/10/2009.

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 20102013.

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

2009/0001(COD) - 06/05/2009 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 537 votes to 20, with 5 abstentions,

a legislative resolution amending, under the first reading of codecision procedure, the proposal for a decision of the European Parliament and of the Council establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing.

The amendments are the result of a compromise agreement between Parliament and Council. The compromise text notes that IASCF and EFRAG are currently undergoing governance reforms the need for which has been highlighted by the recent financial crisis to ensure that through their structure and processes they accomplish their public interest mission in an independent, efficient, transparent and democratically accountable manner. The importance of those reforms was stressed in the report of the de Larosière Group of February 2009. The reforms should be in place by the time the Community co-financing starts. In relation to the IASCF, this should include, inter alia, meeting certain expectations, in particular the creation of the Monitoring Board with relevant powers and appropriate composition, greater transparency and legitimacy in the IASCF's standard-setting and agenda-setting processes, the enhancement of the effectiveness of the Standards Advisory Council and the formalisation of the role of impact assessments as part of the due process of the IASB.

The main amendments are as follows:

Objectives: the general objective of the Programme is to improve the conditions for the functioning of the internal market by supporting the operation, activities or actions of certain bodies in the fields of financial services, financial reporting and auditing. The independence of the Committees of Supervisors set out in their establishing decisions shall not be undermined by the implementation of the Programme.

Beneficiaries: beneficiaries that carry out international activities in third countries, such as the IASCF and the PIOB, shall not continue to benefit from the Programme if after the first two years of co-financing they have not made significant progress towards ensuring that neutral funding arrangements form a majority of their total funding, including from third-country participants.

The Commission is empowered to select new beneficiaries for the Programme and to amend the Annex accordingly.

Award of grants: the compromise text sets out the new terms under which beneficiaries may receive an action grant or an operating grant.

Financial provisions: the financial envelope for the implementation of the Decision over the period **2010-2013 is EUR 38.7 million** (the Commission had proposed EUR 36.2 million over the 2010-2013 period). Within that envelope, commitment appropriations to the beneficiaries set out in Section B of the Annex shall be at least EUR 13.5 million, those to the IASCF shall be no more than EUR 12.75 million, and those to the EFRAG shall be no more than EUR 11.25 million.. The compromise text adds that where the Commission presents its first appropriation request as part of the preliminary draft budget in relation to the IASCF, it shall, 1 month in advance of such request, provide a report on the governance reforms of the IASCF to be delivered to the European Parliament and the Council. The report shall focus on the governance structure and processes, including the composition and powers of the Monitoring Board, in particular on the ability of that body to accomplish its public interest mission in a transparent and efficient manner. It will also set out progress as regards the **roadmaps for third countries** to introduce IFRS for their domestic issuers.

Where the Commission presents its first appropriation request as part of the preliminary draft budget to the budgetary authority in relation to the year following the first 2 years of financing of the IASCF and the PIOB, it shall, 1 month in advance of such request, provide a report on whether the IASCF and the PIOB have made significant progress towards ensuring that neutral funding arrangements form a majority of their total funding, including from third-country participants. That report shall be assessed by the European Parliament and the Council with regard to whether significant progress towards neutral funding, including from third-country participants, has been made.

Evaluation: the Commission will present the following reports to Parliament and Council:

- no later than 6 months before the end of the Programme, a report based, inter alia, on the annual reports;

- by 1 July 2010, a report on the need for further reforms of the financial supervisory system in the EU, taking account of the responsibilities under the Treaty, and shall, as appropriate, put forward the necessary legislative proposals. The text notes that the report should use the report of the de Larosière Group as a basis for action;
- together with the preliminary draft budget for 2011, a report on the possible adjustments to be made to the total financial envelope with regards to commitment appropriations to the beneficiaries set out in Section B of the Annex;
- by 1 July 2010, present a report on reinforcing European audit firm oversight cooperation.

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

2009/0001(COD) - 23/01/2009 - Document attached to the procedure

This Commission staff working document comprises of an extensive ex-ante evaluation for establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing.

The Commission has recognised the key role that the Committees of Supervisors: the International Accounting Standards Committee Foundation (IASCF); the European Financial Reporting Advisory Group (EFRAG); the Public Interest Oversight Board (PIOB) 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**.

This working document is composed of a general evaluation report and four detailed annexes, each of them devoted to the proposed beneficiaries of the Community funding (Committees of Supervisors, IASCF, EFRAG and PIOB).

The report concludes that the best way forward is to co-finance the Committees of Supervisors, IASCF, EFRAG and PIOB either by way of action grants (Committees of Supervisors) or by way of an operating grant (IASCF, EFRAG and PIOB). This approach would ensure that:

1) the Committees of Supervisors and EFRAG are adequately equipped with the financial means to carry out certain strategic projects, which significantly exceed the current funding arrangements; and that

2) IASCF, EFRAG and PIOB do not only rely on non-diversified and voluntary funding from interested parties thus avoiding concerns as to the independence of their standard-setting related activity.