

**MEETING OF THE
ACCOUNTING DIRECTIVE COMMITTEE**

17 SEPTEMBER 2015

SUMMARY MINUTES

1. Approval of the draft agenda

The ADC members approved the agenda of the meeting.

2. Approval of the Rules of Procedure

One member enquired about the functioning of Article 13 of the draft Rules of Procedure on Access to documents and confidentiality. Explanations were given by the Commission services. The Chair suggested to invite ESMA as an observer to the next meetings. The ADC members approved this suggestion as well as the rules of procedure.

3. Commission's update

The Commission services updated orally the members on the situation worldwide as regards the adoption of reporting requirements that can be regarded as potential candidates for equivalence on the Country-By-Country Reporting.

4. Approach on equivalence (discussion)

On the basis of a working document distributed beforehand, the Commission services explained the approach proposed as regards (i) the interplay of the Transparency (2004/109/EC) and Accounting (2013/34/EU) Directives as regards the legal basis for forthcoming equivalence decisions, and (ii) an analysis of the appropriate consolidation level required for a CBCR prepared and published by issuers of securities on an EU regulated market. In particular, the analysis had regards to the situation depending on whether an issuer is established in the EU or not.

As regards point (i), most members could agree in principle with the approach consisting in recognising a strong interplay of the Accounting and Transparency Directives. Nevertheless, some members enquired whether that was sufficiently legally sound. The Commission services reassured that the approach proposed had been submitted to the Commission Legal Service.

As regards point (ii), in a preliminary discussion some members supported the Commission's tentative view that, on the basis of an analysis *mutatis mutandis* of the provisions in Chapter 10 of the Accounting Directive, a third country issuer might be granted the right to publish the Country-By-Country Reporting consolidated at the level of a parent company. More members did not concur with the Commission's tentative view. These members argued that such possibility might lead to potential distortions. For instance, in the case where a third

country parent entity would have listed subsidiaries in the EU, one subsidiary being established in the EU and the other in a third country, the third country parent CBCR would not represent a proper report for the EU subsidiary under Chapter 10 AD, whereas it would be proper for publication by the third country issuer. Many members nevertheless recognised the need to not unduly overburden issuers, including third country issuers. Whereas many members believed that the approach should factor in the overall objective of informing local populations in resource rich countries, one member on the contrary believed that investor protection should take precedence. One member asked that the case of dual listings involving both an EU and a third country capital market be examined. The Commission services were invited to revise the approach on this basis, and to continue the debate on the basis of this revised approach at a next meeting.

The Chair informed that ESMA was also discussing this issue with a view to issue a Q&A on Article 6 of the Transparency Directive. To this effect, the Chair asked members to get in touch and coordinate as far as possible their views with securities regulators in their jurisdiction.

Even though included in the working document, considerations on the potential content and features of an EU implementing act were postponed to a subsequent meeting.

5. Preliminary analysis of Canada (information)

The Commission services presented a preliminary and tentative analysis of the Canadian CBC Reporting requirements. They reminded that the Canadian legislative framework was still work in progress, in particular with respect to guidance and secondary legislation. Therefore no conclusion could be drawn up at this stage and until Canada had adopted final provisions. One member clarified that equivalence would only be possible with regard to extractive industries but not primary forests.

Two members suggested that a table be drawn up, summarising the main differences with the EU legislation, in particular with regard to differences in terms of scope. One attendee pointed in addition to the importance of the content, e.g. upstream and downstream activities as a potential source of differences.

6. Next steps (information)

The Chair informed that given the outcome of discussions, the **next meeting should take place on 26 November 2015**, in conjunction with a meeting of the Audit Regulatory Committee to take place on the same day.

7. AOB

No further point was raised by members. The Chair thanked the members and closed the meeting.

ACCOUNTING DIRECTIVE COMMITTEE

Meeting of 17 September 2015

PARTICIPANTS

MEMBERS

Austria

Ministry of Finance

Belgium

Commission Normes Comptables

Bulgaria

Ministry of Finance

Croatia

Absent

Cyprus

Ministry of Commerce

Czech Republic

Ministry of Finance

Denmark

Danish Business Authority

Estonia

Estonian Accounting Standards Board

Finland

Ministry of Employment and the Economy

France

DG Tresor

Germany

Bundesministerium der Justiz

Greece

Ministry of Economy, Infrastructure, Shipping

Hungary

Ministry for National Economy

Ireland

Department of Jobs Enterprise and Innovation

Italy

Latvia

Ministry of Finance

Lithuania

Ministry of Finance

Luxemburg

Commission de Surveillance du Secteur financier

Malta

Accountancy Board

The Netherlands

Ministry of Security and Justice

Poland

Ministry of Finance

Portugal

Absent

Romania

Ministry of Finance

Slovakia

Ministry of Finance

Slovenia

Absent

Spain

Absent

Sweden

Ministry of Justice

Swedish Accounting Standards Board

United Kingdom

Department for Business, Innovation and Skills

OBSERVERS

Iceland

Absent

Norway

Present

Lichtenstein

Absent

European Commission – DG Fisma

NOOTEBOOM Erik, Head of Unit

LEDURE Valérie, Deputy HoU

RABINE Jean-Philippe

BEGASSE Antoine

SANTORO Silvia

SWISTUN Piotr