

MEETING OF THE
ACCOUNTING DIRECTIVE COMMITTEE
2 FEBRUARY 2016
SUMMARY MINUTES

1. Approval of the draft agenda

Given the status of Canadian law and corresponding implementing rules and guidance, the Chair proposed to postpone the discussion on the analysis of the Country-By-Country reporting requirements to a future meeting. The ADC members approved the agenda of the meeting.

2. 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 (CBCR). Members were also updated on adoption procedure currently being revised under the better law making agenda of the European institutions.

3. Approach on the level of consolidation (discussion)

Based on a working document, the Commission services expressed views on how to apply Article 6 of the Transparency Directive (TD) as regards the level of consolidation expected in CBCR reports to be filed by issuers. Based on discussions at the previous ADC meeting, the document had been revised to reflect the view that all issuers should have the ability to publish their CBCR consolidated at either their level or the level of their ultimate parent, but that third country issuers should not publish a CBCR consolidated at the level of a parent company unless that parent company is European.

Three Members supported this revised approach, whilst one considered it as too restrictive vis-à-vis third country issuers. On the contrary, two Members and an observer saw the revised approach as still too flexible. They argued that the Transparency Directive is about investor protection, requiring accurate, timely and comprehensive information. The CBCR is regulated information. Therefore, one could understand the consolidation to be systematically required at the level of the issuer. One Member shared those concerns but observed that national market regulators may have their own views. Finally, two members of the ADC restated that they were having difficulties in understanding the argument that ultimately the investor protection may be jeopardised when a CBCR consolidated at the level of an ultimate parent was published, including where that parent is using a vehicle for listing.

The Commission services argued in favour of unicity of regimes applicable to companies, whether they are issuers or not, building on the spirit of the respective legislations based on

recitals, including recital 7 of Directive 2013/50 which mirrors the relevant recitals on CBCR of the Accounting Directive (AD), as well as the fact that Article 6 TD refers back to Chapter 10 of the AD in its entirety as regards the preparation of the report.

4. Approach on technical provisions of forthcoming equivalence acts (discussion)

The Commission services confirmed that the Legal Service could concur in principle on the approach consisting in issuing CBCR equivalence Decisions pursuant to solely Chapter 10 of the Accounting Directive (Art.46 and Art 47), and to recognise that these will automatically apply to issuers on EU regulated markets pursuant to Art. 6 of the Transparency Directive.

On the basis of a working document distributed beforehand, the Commission services then developed views on the possible structure, content and publication of forthcoming equivalence Decisions. In particular, the document addressed the following: which undertakings could be eligible, which operations of a given undertaking could be eligible, whether specific items on publication (language...) or other items might warrant the need to specific provisions in the acts. Examples were included in the document illustrating various approaches.

In particular, the document outlines that in order to reach the objective of burden reduction yet avoid abuses, the guiding principle should be that equivalence Decisions are used by an undertaking in the scope of the TD or the AD only to the extent that it has a legal obligation to prepare and make public a report complying with third-country reporting requirements, as purported by Article 46(1). Besides, the Members were asked for their views on whether only direct obligations should be considered, or whether alternatively, the obligation could be read as extended to an EU parent undertaking because it stems from third country subsidiaries preparing and publishing a CBCR in compliance with third country reporting requirements.

Whilst many Members could concur with the extended approach and guiding principles, two Members questioned the view that equivalence could be used only as regards operations subject to a legal obligation.

The language in which the report could be filed with the relevant company registers in the EU was seen as an important item, however to be addressed at Member State level based on general publication rules laid down by Directive 2009/101/EC.

5. AOB

No further point was raised by members. The Chair informed that given the outcome of discussions, the **next meeting should take place on 24 May 2016**, in conjunction with a meeting of the Audit Regulatory Committee to take place on the same day.

The Chair thanked the members and closed the meeting.

ACCOUNTING DIRECTIVE COMMITTEE

Meeting of 2 February 2016

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

ESMA

Present

European Commission – DG FISMA

NOOTEBOOM Erik, Head of Unit

LEDURE Valérie, Deputy HoU

RABINE Jean-Philippe

BEGASSE Antoine

SANTORO Silvia