

**WORKING ARRANGEMENTS BETWEEN THE**  
**EUROPEAN COMMISSION AND EFRAG**

## **WORKING ARRANGEMENTS BETWEEN THE EUROPEAN COMMISSION AND THE EUROPEAN FINANCIAL REPORTING ADVISORY GROUP (EFRAG)**

These Working Arrangements set out the working relationship between the European Commission and the European Financial Reporting Advisory Group (EFRAG). They may be subject of review if requested by one of the two parties, after the first year of implementation.

These working arrangements are based on relevant provisions of Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (the IAS Regulation).

### **1. Role of EFRAG**

EFRAG is a body independent of the Commission and of the International Accounting Standards Board (IASB) that is appointed as the technical advisor of the Commission in the context of the development and adoption of international accounting standards in the Union. International accounting standards are defined by Article 2 of the IAS Regulation, hereafter referred to as “IFRS”.

### **2. Preparatory work and development of IFRS**

During the preparatory and the development phase of new IFRS, EFRAG is entitled to interact with the IASB in the interest of the European Union. This phase may include proactive projects undertaken by EFRAG intended to influence future developments in IFRS before the IASB adds a particular project to its own agenda. EFRAG shall inform the Commission accordingly.

During this preparatory and development phase, the Commission can, at any time, inform EFRAG of specific issues raised by relevant parties. EFRAG will have to analyse or respond to the matters raised as appropriate.

### **3. Publication of IFRS by the IASB**

Once the IASB has published an IFRS, the Commission acts as the official representative of the EU position on the endorsement of the IFRS. Consequently, in this phase, the Commission will, in close collaboration with EFRAG, decide how to proceed accordingly.

### **4. Endorsement process**

The Commission shall decide on the applicability within the Union of the IFRS and it will launch and lead the endorsement process.

The Commission shall ask EFRAG, by way of letter, to provide an endorsement advice on IFRS. The Commission letter will systematically request a technical assessment of the relevant IFRS in respect of all the criteria set up by in Article 3 of the IAS Regulation. Such assessment should be supported by analysis, explanation and evidence as appropriate.

Moreover EFRAG shall provide an impact analysis, including the cost benefits and broader impacts, including where relevant macro-economic analysis (as agreed with the Commission), to support the conclusions reached in their endorsement advice. The details of such analysis shall be proportional to the importance of the relevant IFRS.

The Commission may also request EFRAG to assess the IFRS in respect of individual annual financial statements, if for example requested by Members of the Accounting Regulatory Committee and or by any other interested parties during the endorsement process. In any event, if EFRAG is aware of reasons for which the IFRS needs to be assessed in respect of individual accounts which have not been raised by the Commission or by any other interested parties during the endorsement process, EFRAG shall inform the Commission accordingly.

When necessary, the Commission may ask EFRAG to assess any other matters related to the endorsement process of IFRS.

Finally, in the event that the Commission requires further evidence or explanation, it can ask EFRAG to supplement the initial endorsement advice with specific elements.

#### **5. Interaction with other EU Institutions, European Agencies, Inter-institutional Bodies and/or International Bodies.**

The Commission shall be informed in advance by EFRAG directly or through communication to the Board of EFRAG of any formal interactions EFRAG intends to have with other European Institutions, European Agencies, Inter-institutional Bodies and International Bodies. This requirement shall not apply to:

- institutions, agencies, and bodies represented on (or observers to) the EFRAG Board;
- the IFRS Foundation and its related bodies and groups;
- European national accounting standard setters.

A representative of EFRAG will be invited by the Commission to attend the Accounting Regulatory Committee's meetings as appropriate.

#### **6. Other activities**

On an ad hoc basis, the Commission may request EFRAG to:

- give views on interaction of IFRS with specific Union Law;

- provide technical support when the Commission interacts with the institutions referred to in Section 5 above; and
- undertake activities relating to wider reporting developments.

### **7. Confidentiality**

EFRAG will treat information given by the Commission on public policy making as confidential.

### **8. Working Arrangements of 23 March 2006**

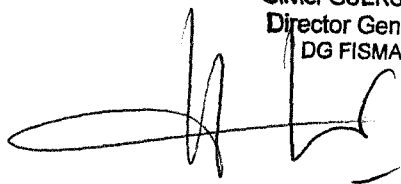
The working arrangements of 23 March 2006 signed by representatives of the Commission and representatives of EFRAG are superseded by these working arrangements.

### **9. Administrative provisions**



Unit B3 (Accounting and Financial Reporting) of DG Financial Stability, Financial Services and Capital Markets Union is the contact point within the Commission for the purposes of these working arrangements, in particular the Head of Unit and the Deputy Head of Unit in charge. For all correspondence the functional mailbox FISMA-B3@ec.europa.eu shall be put in copy.

Done and signed in Brussels on

**02 JUIN 2016**

  
**Oliver GUERSENT**  
Director General  
DG FISMA

European Commission representative

EFRAG representative