

Date
19 September 2008

Le Président

Fédération
des Experts
Comptables
Européens
AISBL

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Mr Göran Tidström
Chairman
Supervisory Board
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Dear Mr Tidstrom,

Re EFRAG public consultation document: “Strengthening the European Contribution to the international standard setting process”

1. FEE (Fédération des Experts Comptables Européens - Federation of European Accountants) welcomes the publication of the EFRAG public consultation document: “Strengthening the European Contribution to the international standard setting process” and appreciates the opportunity to comment on the proposals for public consultation.
2. FEE, being one of the founding fathers of EFRAG, welcomes and strongly supports the envisaged enhancement of EFRAG and its proposed revised structure with a more balanced participation of all the stakeholders and an increased involvement of the National Standard Setters, providing a greater accountability to the EU institutions.
3. FEE wishes to underline that the importance of a strong European contribution to the IASB is becoming more and more important given the recent movements of the US and Japan also embracing full IFRS. EFRAG has been established back in 2001 with this objective and is at present the only vehicle, be it in an enhanced form, that can provide this role. Therefore the EFRAG enhancement is urgent and cannot wait.
4. We fully concur with the need for increased pro-active work in order to influence the IASB agenda and discussions at an early stage or even before an issue figures on the IASB agenda. This requires a pooling of financial reporting resources in Europe. FEE welcomes the closer involvement of the National Standard Setters in the proposed structure through the Planning and Resource Committee, building on the former PAAinE structure. FEE acknowledges contributions made by PAAinE to the international financial reporting debate through its discussion papers.
5. We welcome the enhanced focus on pro-active work and wish to underline that this should also involve stimulating and organising debate in Europe.



6. We wish to emphasise the importance of appropriate involvement of the European organisations that have an interest in financial reporting in order to represent all European stakeholders adequately. Through these European stakeholders organisations all the appropriate constituencies can be reached and the European organisations are in a position to represent their constituencies. The continued involvement of European organisations in the structure of EFRAG is therefore essential. FEE believes that the proposed structure whereby the General Assembly consists of representatives of European organisations and also the membership of the Governance and Nominating Committee for the Supervisory Board includes representatives of European organisations, constitutes the minimum structure acceptable for involvement of the European organisations.
7. We see the proposed enhanced structure of EFRAG as part of an ongoing process in a changing global financial reporting environment. EFRAG needs to be able to adapt to a changing financial reporting world in which all main countries will be applying IFRS. It would therefore be recommended that EFRAG would commit itself to a periodic review of its structure and governance (for example in a similar way as the IASCF). Such a periodic review would go beyond a regular review of the EFRAG internal rules.
8. We note the interest expressed by the EP and the conclusions of the ECOFIN Council of 8 July both expressing full support for the strengthening of the European financial reporting voice. We in particular welcome the indication that the EC will provide up to 50 % of the future resources of EFRAG and hope that this will stimulate all countries to set up a national funding mechanism to contribute not only to the funding of the IASCF but also to the funding of EFRAG. The system of National Funding Mechanisms (NFM) as advocated by the ECOFIN Council, though functioning on a voluntary basis, should be evenly spread over the Member States and involve all Member States and all stakeholders. The current system whereby the funding is provided by a small number of countries with uneven contributions is in the longer run not sustainable.
9. In this respect we wish to underline that the 2009 funding is critical, in particular the contribution of the NFM. In the transitional period to EC funding and funding by all Member States EFRAG needs to be careful to ensure that its spending is aligned with the funds obtained. However in order to be successful, EFRAG needs sufficient funding to be available within the time frame indicated. FEE calls on both the EC and the NFM to provide the necessary funding within the agreed time frame.

We would be pleased to discuss with you any aspect of this letter that you may wish to raise with us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Potdevin', is written over a horizontal line.

Jacques Potdevin
President