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Public Consultation on EFRAG enhancement

The Supervisory Board of EFRAG presents a proposal for the enhancement of EFRAG for public consultation. The proposal is the response to a call for strengthening the European contribution to the work of IASB. It includes a significant build up of staff resources, extended cooperation with National Standard Setters who are willing to contribute to the proactive work, a review of governance with the introduction of public policy members and increased transparency of the work of the Supervisory Board of EFRAG.

Dear Göran,

The European Federation of Financial Analysts Societies, EFFAS, is the European umbrella organisation of national analysts societies. It comprises 25 members representing more than 14,000 investment professionals in the areas of Equity and Bond Research, Asset Management as well as Investment Advice.

We welcome the opportunity to respond to the consultation “Strengthening the European Contribution to the International Standard Setting Process”. To explain our point of view, we will provide comments and remarks on selected subjects.

- EFFAS supports the idea of enhancing EFRAG from its current status in order to ensure a broader pool of views.
- We support the idea of EFRAG providing input to the IASB. We strongly believe that the main value that members add to EFRAG is their professional input which is also provided to the European Commission as advice on financial accounting issues. This incorporates a European point of view to the IASB balancing the non-European contribution. We believe this to be an important mission of EFRAG.
- Setting and implementing rules requires a balancing of the different interests and needs of all accounting players, these being preparers, auditors and not the least analysts. As a consequence we believe that it is essential that an adequate and balanced representation of the industry is ensured.

- We strongly support, as proposed, at least 4 users seats on the Supervisory Board of which 2 should be analysts.

Moreover the following observations might be worthy to be stated in the Enhancement, although might be reflected in the internal rules:

- a). Regarding the decision-making process, whether or not abstention is an option and if that is the case how a potential "tied" vote is broken. Also, specify the Chairman position regarding his voting power.
- b). An indication of how many times a year the SB will meet, or whether the SB will be conveyed by the Chairman as needed.

Please feel free to contact us with any questions you may have or for any further information you may require.

With kind regards,

Javier de Frutos
Financial Accounting Commission of EFFAS