



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Economic and Monetary Affairs

2010/2037(INI)

12.4.2011

AMENDMENTS

1 - 110

Draft opinion
Kay Swinburne
(PE460.922v01-00)

Audit Policy: Lessons from the Crisis
(2010/2037(INI))

AM_Com_NonLegOpinion

Amendment 1
Antolín Sánchez Presedo

Draft opinion
Recital A

Draft opinion

A. whereas the audit profession *is concentrated at the large end of the spectrum*, smaller firms are diverse and their growth and expertise should be encouraged through increased opportunities to compete,

Amendment

A. whereas the *high market concentration in the* audit profession *has led to a situation in which 99 out of the 100 companies listed in the FTSE are audited by one of the "big four"; believes that this situation leads to an excessive concentration of risk and that contingency plans relating to the major auditing firms should be put in place; believes furthermore that* smaller firms are diverse and their growth and expertise should be encouraged through increased opportunities to compete *and that structured cooperation plans between major and smaller companies should be reinforced,*

Or. en

Amendment 2
Sven Giegold

Draft opinion
Recital A

Draft opinion

A. whereas the audit *profession* is *concentrated at the large end of the spectrum*, smaller firms are diverse and their growth and expertise should be encouraged through increased opportunities to compete,

Amendment

A. whereas the audit *market* is *characterised by oligopolic dominance of the "big four", posing a systemic danger,* smaller firms are diverse and their growth and expertise should be encouraged through increased opportunities to compete,

Or. en

Amendment 3
Nikolaos Chountis

Draft opinion
Recital A a (new)

Draft opinion

Amendment

Aa. whereas the role of regulatory tools in bringing about a recovery from the crisis and preventing a future crisis, in the same economic system that created it, is limited and insufficient, since in essence these tools act to serve and propagate the system,

Or. el

Amendment 4
Antolín Sánchez Presedo

Draft opinion
Recital A a (new)

Draft opinion

Amendment

Aa. whereas statutory auditing has a social function and is in the public interest and the last financial crisis has shown major flaws in the conduct of audit, takes the view that a stricter regulation should be put in place to guarantee the independence and quality of auditing,

Or. en

Amendment 5
Sven Giegold

Draft opinion
Recital A a (new)

Draft opinion

Amendment

Aa. whereas the House of Lords Economic Affairs Committee inquiry criticizes the big four's complacency and dereliction of duty for having contributed to the financial crisis,

Or. en

**Amendment 6
Pervenche Berès**

**Draft opinion
Recital A a (new)**

Draft opinion

Amendment

Aa. whereas the collapse of a dominant audit firm would seriously undermine the credibility of the audit profession as a whole and could create major uncertainty on the quality of financial statements made for listed companies,

Or. en

**Amendment 7
Nikolaos Chountis**

**Draft opinion
Recital A b (new)**

Draft opinion

Amendment

Ab. whereas the financial crisis exposed the inadequacy of the structural audit mechanism in the existing socio-economic system and the inability of auditors properly to perform their monitoring function and their social role, essentially constituting an effect and a part of the crisis; whereas it is necessary to create a suitable regulatory framework to tackle

pathogenic forms of the audit system and make it more effective, the main aim being to protect democracy, transparency and the well-being of European citizens,

Or. el

Amendment 8
Kay Swinburne

Draft opinion
Recital B

Draft opinion

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of ***Systemically Important Financial Institutions (SIFIs)***,

Amendment

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of ***financial intuitions, particularly those whose failure, in the view of the supervisory authority, may pose a systemic risk,***

Or. en

Amendment 9
Sven Giegold

Draft opinion
Recital B

Draft opinion

B. whereas, ***following*** the financial crisis, auditors have ***been identified as being able*** to play a key role in strengthening the risk management oversight of ***Systemically Important Financial Institutions (SIFIs)***,

Amendment

B. whereas, ***as became patent during*** the financial crisis, auditors have ***failed*** to play a key role in strengthening the risk management oversight of ***financial institutions, and whereas the auditing firms have failed to raise the alarm about the health of many of these,***

Or. en

Amendment 10
Antolín Sánchez Presedo

Draft opinion
Recital B

Draft opinion

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of Systemically Important Financial Institutions (SIFIs),

Amendment

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of Systemically Important Financial Institutions (SIFIs) **and relevant Highly Leveraged Institutions**,

Or. en

Amendment 11
Sylvie Goulard

Draft opinion
Recital B

Draft opinion

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of **Systemically Important Financial Institutions (SIFIs)**,

Amendment

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of **financial institutions**,

Or. fr

Amendment 12
Nikolaos Chountis

Draft opinion
Recital B a (new)

Draft opinion

Amendment

Ba. mindful of the conflict of interest arising in the operation of audit firms and the need to increase the reliability of

*audits and the independence of auditors,
so that they perform their social function
and protect the interests of the peoples of
Europe,*

Or. el

Amendment 13
Pervenche Berès

Draft opinion
Recital B

Draft opinion

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of ***Systemically Important Financial Institutions (SIFIs)***,

Amendment

B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of ***companies notably financial institutions***,

Or. en

Amendment 14
Kay Swinburne

Draft opinion
Recital C

Draft opinion

C. whereas the role of the audit committees within ***SIFIs*** has not been fully utilised,

Amendment

C. whereas the role of the audit committees within ***financial institutions*** has not been fully utilised,

Or. en

Amendment 15
Wolf Klinz

Draft opinion
Recital C

Draft opinion

C. whereas the role of the audit committees within ***SIFIs*** has not been fully utilised,

Amendment

C. whereas the role of the audit committees within ***financial institutes*** has not been fully utilised,

Or. en

Amendment 16
Pervenche Berès

Draft opinion
Recital C

Draft opinion

C. whereas the role of the audit committees within ***SIFIs*** has not been fully utilised,

Amendment

C. whereas the role of the audit committees within ***companies*** has not been fully utilised,

Or. en

Amendment 17
Danuta Jazłowiecka

Draft opinion
Recital C a (new)

Draft opinion

Amendment

Ca. calls for further investigation of increased opportunities for smaller firms in order to improve competitiveness on the market; in this respect welcomes the Commission's intention to address the issue of contractual clauses that are informally referred to as "Big Four only clauses" and to create instead European quality certification for audit firms which would formally recognise their aptitude to perform audits of large listed companies,

Or. en

Amendment 18
Othmar Karas

Draft opinion
Recital C a (new)

Draft opinion

Amendment

Ca. warmly welcomes the intention of the Green Paper to increase the quality of auditing reports in order to contribute to the stability of the financial market; favours any measures based on the evidence that costs and burdens to Financial Institutions are outweighed by improving their quality significantly,

Or. en

Amendment 19
Nikolaos Chountis

Draft opinion
Recital C a (new)

Draft opinion

Amendment

Ca. whereas the market in auditing services is structured as an oligopoly, with the Big Four holding more than 90%, and an endogenous and constant rate of concentration is emerging which must be significantly reduced, with concrete action being taken to encourage the further development and growth of the sector,

Or. el

Amendment 20
Sven Giegold

Draft opinion
Recital C a (new)

Draft opinion

Amendment

Ca. whereas conflict of interests are likely to exist when auditing firms offer different services to the same firm,

Or. en

Amendment 21

Othmar Karas

Draft opinion

Recital C b (new)

Draft opinion

Amendment

Cb. Highlights the importance of the audit report for shareholders and the public; recognises the principle "an audit is an audit" and warns of the high risk that the application of different standards leads to legal uncertainty; therefore favours the extension of the scope to all financial institutions,

Or. en

Amendment 22

Nikolaos Chountis

Draft opinion

Recital C b (new)

Draft opinion

Amendment

Cb. whereas, in the wake of the crisis, excessive risk-taking on the part of financial institutions has been significantly linked to flexible, scant and ineffective control and risk management mechanisms, particularly in Systemically Important Financial Institutions (SIFIs),

Amendment 23
Rolandas Paksas

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Amendment

deleted

Or. en

Amendment 24
Danuta Jazłowiecka

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Amendment

1. Does not believe that the creation of "pure audit firms" is a right approach to ensure independence of audit companies; however notes that areas of audit services which are deemed to incur conflict of interest should be carried out by different companies; in this respect calls on the Commission to ensure a proper implementation of the Commission Recommendation of 16 May 2002 on Statutory Auditors' Independence in the EU: A Set of Fundamental Principles;

Or. en

Amendment 25
Sven Giegold

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms by **preventing** internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest **should be** carried out by different companies, including evaluations of complex structured products;

Amendment

1. Calls for the provision of increased opportunities for smaller firms by **forbidding that** internal audit services **are** being carried out by the same company as the external audit; notes that **the same legislation should ensure that in** areas of audit services which are deemed to incur a conflict of interest **they are** carried out by different companies, including evaluations of complex structured products; **furthermore, auditing firms should not be allowed to provide advisory services, directly or indirectly, to the firms they audit;**

Or. en

Amendment 26
Sharon Bowles

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Amendment

1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products; **demands that public procurement should aim to use firms other than the big four and that public bodies should set a benchmark**

percentage for use of non big four firms;

Or. en

Amendment 27

Saïd El Khadraoui, Pervenche Berès

Draft opinion

Paragraph 1

Draft opinion

1. ***Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;***

Amendment

1. ***Takes the view that there should be a ban on services other than auditing being provided to the audited company, as this would pose a risk to the auditor's independence; takes the view, furthermore, that under no circumstances should internal and external auditing services be provided simultaneously;***

Or. en

Amendment 28

Marta Andreasen

Draft opinion

Paragraph 1

Draft opinion

1. ***Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;***

Amendment

1. ***Considers that internal audit services should never be outsourced, given their nature, objective and reporting lines; stresses that areas of service related to audit such as risk assessment which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;***

Or. en

Amendment 29
Slawomir Witold Nitras

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that **areas** of audit services **which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;**

Amendment

1. Calls for the provision of increased opportunities for smaller firms **and increased independence of audit** by preventing internal audit services being carried out by the same company as the external audit; notes that, **during the period of the audit, external auditors cannot provide any other services for the same entity;**

Or. en

Amendment 30
Antolín Sánchez Presedo

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Amendment

1. Calls for the provision of increased opportunities for smaller firms **through structured cooperation plans between major and smaller companies and** by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Or. en

Amendment 31
Sari Essayah

Draft opinion
Paragraph 1

Draft opinion

1. Calls for the provision of increased opportunities for smaller firms *by preventing internal audit services being carried out by the same company as the external audit*; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Amendment

1. Calls for the provision of increased opportunities for smaller firms; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;

Or. en

Amendment 32
Rolandas Paksas

Draft opinion
Paragraph 1 a (new)

Draft opinion

1a. Considers that companies need better information about the quality of services that smaller audit firms can supply; recognises that companies need access to independent auditors and audit firms that possess a broad range of skills; considers auditor independence to be an essential requirement to promote confidence in financial reporting; believes that auditors should be prohibited from providing services to the audited company that give rise to a breach of applicable independence requirements;

Or. en

Amendment 33
Wolf Klinz

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Recommends that the audit committee as an entity of the supervisory board, not the executive board, should decide whether to permit the provision of non-audit services to the respective financial company and should negotiate the tender and details of the mandate; calls on the Commission to conduct an impact assessment of the viability and effects of a cap on non-audit services in relation to revenue;

Or. en

Amendment 34
Sharon Bowles

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Agrees that steps need to be taken to prevent excessive familiarity, suggests that options other than or additional to a fixed rotation cycle should be considered, for example if joint audits are used the rotation cycle could be double that for when a single auditor is used as the dynamics of 'three in the room' is different to that of 'two in the room'; joint audit rotation could also be staggered;

Or. en

Amendment 35
Corien Wortmann-Kool

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Recognises that the audit sector has an important responsibility in increasing transparency and improving the quality of audits in the form of codes and best practice, which should be applied as broadly as possible where appropriate, but underlines that it must be complemented by concrete legislation, as well as by regular external evaluation and appropriate regulatory oversight;

Or. en

Amendment 36
Sven Giegold

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Calls upon DG Competition to hold a detailed investigation into the audit market;

Or. en

Amendment 37
Saïd El Khadraoui, Pervenche Berès

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Takes the view that statutory auditing has a social function and is in the public interest, as it is a fundamental component of the social, economic and political model and is a key tool for companies to

access financing and for corporate governance;

Or. en

Amendment 38
Wolf Klinz

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;

Amendment

deleted

Or. en

Amendment 39
Markus Ferber

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;

Amendment

2. Recognises the importance of the role of the audit committee in monitoring the effectiveness of the external auditor and the audit process; calls on the Commission to review audit committee practices with regard to tendering processes with a particular view on aspects of administrative burdens associated with a formal tendering process. Encourages the Commission to include the results of an annual discussion of the auditor selection in an audit committee report to the shareholder assembly;

Amendment 40
Rolandas Paksas

Draft opinion
Paragraph 2

Draft opinion

2. Believes *companies* should *conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;*

Amendment

2. Believes *that the right to appoint or re-appoint the statutory auditor should be exercised by the shareholders; supports greater transparency around the decision to appoint or reappoint the statutory auditor which should be based on a proposal from the Audit Committee;*

Or. en

Amendment 41
Saïd El Khadraoui, Pervenche Berès

Draft opinion
Paragraph 2

Draft opinion

2. Believes *companies* should *conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;*

Amendment

2. Believes *that, in order to guarantee the independence of audits, auditing contracts should run for no longer than eight years; takes the view that an initial contract should be concluded for four years, renewable only once for a further period of four years, followed by a period of at least four years – eight years for public interest entities – during which the audit firm concerned cannot audit the same company again; considers that there would be a need, at the end of the initial four-year period, for a new team to be appointed from within the audit firm;*

Or. en

Amendment 42
Íñigo Méndez de Vigo

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;

Amendment

2. Calls on the Commission to ensure that shareholders exercise their right to appoint or re-appoint the statutory auditor; considers that this decision should be based on a proposal from the Audit Committee; believes that there should be greater transparency around the decision to appoint or reappoint the statutory auditor;

Or. en

Amendment 43
Othmar Karas

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;

Amendment

2. Believes that instead of a mandatory tendering process the audit committee should report to the shareholders and the supervisory authority on the criteria for selecting the auditing company on an annual basis;

Or. en

Amendment 44
Antolín Sánchez Presedo

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, ***on a renewable basis***; notes that for SIFIs this should be reduced to every four years;

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors ***at least*** every eight years; notes that for SIFIs ***and Highly Leveraged Institution*** this should be reduced to every four years; ***notes furthermore that the competent authorities in the different reference markets may reduce this period attending to prudential supervision or competition criteria***;

Or. en

Amendment 45
Slawomir Witold Nitras

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every ***eight*** years, on a renewable basis; ***notes that for SIFIs this should be reduced to every four years***;

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors ***at least*** every ***4*** years, on a renewable basis. ***The choice of an external auditor shall be made by a company's internal supervisory body and the length of the contract shall not exceed the remaining term of the board***;

Or. en

Amendment 46
Sylvie Goulard

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; ***notes that for SIFIs this should be reduced to every four years;***

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; ***takes the view that, in the case of group audits, rotation should be coordinated on an international basis; calls for the joint audit system to be developed;***

Or. fr

Amendment 47
Nikolaos Chountis

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every ***eight*** years, ***on a renewable basis;*** ***notes that for SIFIs this should be reduced to every four years;***

Amendment

2. Believes companies should conduct a compulsory, open ***and fully transparent competitive*** tendering process for statutory appointments of external auditors every ***four*** years; ***takes the view that a report should be drawn up justifying their selection, based on the quality and independence of the auditors;***

Or. el

Amendment 48
Danuta Jazłowiecka

Draft opinion
Paragraph 2

Draft opinion

2. Believes ***companies*** should ***conduct*** a compulsory open tendering process ***for statutory appointments of external auditors every eight years, on a renewable***

Amendment

2. Believes ***that external auditors*** should ***be appointed by the general meeting of shareholders or audit committees,*** ***however*** a compulsory open tendering

basis; notes that for SIFIs this should be reduced to every four years;

process ***should be considered in case of*** SIFIs;

Or. en

Amendment 49
Sari Essayah

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years; ***notes that there should be mandatory rotation of key audit partners even if these partners change firms;***

Or. en

Amendment 50
Kay Swinburne

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for ***SIFIs*** this should be reduced to every four years;

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for ***financial institutions which may pose a systemic risk*** this should be reduced to every four years;

Or. en

Amendment 51
Corien Wortmann-Kool

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; ***notes that for SIFIs this should be reduced to every four years;***

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis;

Or. en

Amendment 52
Marta Andreassen

Draft opinion
Paragraph 2

Draft opinion

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every ***eight*** years, on a renewable basis; notes that for SIFIs this should be reduced to every ***four*** years;

Amendment

2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every ***four*** years, on a renewable basis; notes that for SIFIs this should be reduced to every ***three*** years;

Or. en

Amendment 53
Kay Swinburne

Draft opinion
Paragraph 2 a (new)

Draft opinion

Amendment

2a. Calls for audit committees to be required to publish in their report the occurrence of regular discussions with

principal shareholders; any significant financial reporting issues raised during the course of the audit; and explain the basis of the decision on audit tendering and auditor appointment for all audit related work, but especially for the external audit contract;

Or. en

Amendment 54
Nikolaos Chountis

Draft opinion
Paragraph 2 a (new)

Draft opinion

Amendment

2a. Stresses that the mandatory rotation of audit companies and auditors every eight years is vital, guaranteeing the largest possible gap before the company is audited again by the firm concerned, particularly in the case of public interest entities and SIFIs, whereby specific steps need to be taken to ensure that the above provisions are complied with;

Or. el

Amendment 55
Antolín Sánchez Presedo

Draft opinion
Paragraph 2 a (new)

Draft opinion

Amendment

2a. Takes the view that, in order to guarantee the independence and avoid conflicts of interest in the audit profession, audit companies should only provide auditing services to the audited company; believes furthermore, that under no circumstances should internal

and external auditing services be provided simultaneously;

Or. en

Amendment 56

Wolf Klinz

Draft opinion

Paragraph 2 a (new)

Draft opinion

Amendment

2a. Upholds that with regard to maintaining a high standard of audit quality, the internal rotation of auditors, as confirmed in Directive 2006/43/EC, is to be preferred over external rotation;

Or. en

Amendment 57

Pervenche Berès

Draft opinion

Paragraph 2 a (new)

Draft opinion

Amendment

2a. Believes that joint audit could play a significant role by reducing the specific risks resulting from the over concentration of the audit profession; calls therefore the Commission to explore through an impact assessment the advantages and potential costs of the introduction of a compulsory joint audit system in the European union with respect to concentration on the audit market and the objective of financial stability;

Or. en

Amendment 58
Wolf Klinz

Draft opinion
Paragraph 2 b (new)

Draft opinion

Amendment

2b. Recommends the compulsory introduction of joint-audits with the inclusion of at least one smaller audit firm, which has the potential to develop into an internationally active market participant;

Or. en

Amendment 59
Pervenche Berès

Draft opinion
Paragraph 2 b (new)

Draft opinion

Amendment

2b. Considers that significant mergers or acquisitions achieved by dominant audit firms should be carefully monitored by the Commission in order to avoid a strengthening of the oligopolistic feature of audit market; asks the Commission to achieve an annual report including recommendations designed to promote a stronger competition in the audit market;

Or. en

Amendment 60
Sylvie Goulard

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors of ***SIFIs, especially*** in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced, two-way communication between auditors and financial supervisors of ***financial establishments, both at national level and at EU level; notes that better communication is of special importance*** in relation to ***SIFIs, in particular as regards*** specific areas of concern, including the interaction between different financial products;

Or. fr

Amendment 61
Kay Swinburne

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors of ***SIFIs***, especially in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced, two-way communication between auditors and financial supervisors of ***financial institutions whose failure might, in the view of the supervisory authority, pose a systemic risk***, especially in relation to specific areas of concern, including the interaction between different financial products;

Or. en

Amendment 62
Antolín Sánchez Presedo

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way

Amendment

3. Calls for enhanced two-way

communication between auditors and financial supervisors *of SIFIs*, especially in relation to specific areas of concern, including the interaction between different financial products;

communication between *internal and external* auditors, *between auditors and shareholders and between auditors and* financial supervisors, especially in relation to specific areas of concern, including the interaction between different financial products;

Or. en

Amendment 63
Sharon Bowles

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors of SIFIs, especially in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced, two-way communication between auditors and financial supervisors of SIFIs, especially in relation to specific areas of concern, including the interaction between different financial products; *believes society demands that auditors have both a forward and outward looking responsibility especially with regard to large and systemically relevant corporations; information available to auditors that is in the public interest relating to risk, off balance sheet operations or future potential future exposures should always be disclosed to regulators and in most cases disclosed to shareholders by company management;*

Or. en

Amendment 64
Saïd El Khadraoui

Draft opinion
Paragraph 3

Draft opinion

3. *Calls for enhanced, two-way communication between auditors and financial supervisors of SIFIs, especially in relation to specific areas of concern, including the interaction between different financial products;*

Amendment

3. *Takes the view that national and European auditors should be subject to an obligation to alert supervisors or the relevant authorities when they spot problems that might jeopardise the future of the entity being audited;*

Or. en

Amendment 65
Pervenche Berès

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors of **SIFIs**, especially in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced, two-way communication between auditors and **national** financial supervisors of **listed companies**, especially in relation to specific areas of concern, including the interaction between different financial products; ***calls on for the same communication to be established by auditors and EU supervisors (ESMA) for cross border entities; considers that national supervisors should provide EU supervisors on a regular basis with relevant information concerning listed companies;***

Or. en

Amendment 66
Sharon Bowles

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors of **SIFIs**, especially in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced, two-way communication between auditors and financial supervisors of **major financial institutions**, especially in relation to specific areas of concern, including the interaction between different financial products;

Or. en

Amendment 67
Sven Giegold

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors **of SIFIs**, especially in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced **and transparent** two-way communication between auditors and financial supervisors , especially in relation to specific areas of concern, including the interaction between different financial products;

Or. en

Amendment 68
Wolf Klinz

Draft opinion
Paragraph 3

Draft opinion

3. Calls for enhanced, two-way communication between auditors and financial supervisors of **SIFIs**, especially in relation to specific areas of concern, including the interaction between different financial products;

Amendment

3. Calls for enhanced, two-way communication between auditors and financial supervisors of **financial institutes**, especially in relation to specific areas of concern, including the interaction between different financial products;

Or. en

Amendment 69

Sven Giegold

Draft opinion

Paragraph 3 a (new)

Draft opinion

Amendment

3a. Calls on the Commission to propose legislation to integrate the European Group of Auditors Oversight Bodies into ESMA and bring auditing firms operating in more than one Member State under its direct supervision in analogy with credit rating agencies;

Or. en

Amendment 70

Nikolaos Chountis

Draft opinion

Paragraph 3 a (new)

Draft opinion

Amendment

3a. Calls for the financial statements of audit companies to be verified and made public, particularly those dealing with public interest entities and SIFIs,

Or. el

Amendment 71

Corien Wortmann-Kool

Draft opinion

Paragraph 3 a (new)

Draft opinion

Amendment

3a. Calls for the publication of the supervisor's auditor inspection firm reports so as to strengthen the role of quality as a competitive advantage;

Or. en

Amendment 72

Sven Giegold

Draft opinion

Paragraph 3 b (new)

Draft opinion

Amendment

3b. Calls on the Commission to explore rules such as the allocation of auditing firms by independent bodies like ESMA, a second mandatory audit, random allocation, as well as mandatory rotation;

Or. en

Amendment 73

Sven Giegold

Draft opinion

Paragraph 3 c (new)

Draft opinion

Amendment

3c. Calls on the Commission to assess the situation of liability of auditing firms in the EU and propose measures to reinforce liability regimes in cases of negligence;

Or. en

Amendment 74

Kay Swinburne

Draft opinion
Paragraph 4

Draft opinion

4. Calls for the auditors of **SIFIs** to report periodically, on a **collective** basis, to the ESRB;

Amendment

4. Calls for the **external** auditors of **financial institutions** to report periodically, on a **sectorial** basis, to the ESRB **in order to identify sectorial trends and potential sources of systemic risk and potential failures**;

Or. en

Amendment 75
Marta Andreasen

Draft opinion
Paragraph 4

Draft opinion

4. Calls for the auditors of SIFIs to report periodically, on a collective basis, to the **ESRB**;

Amendment

4. Calls for the auditors of SIFIs to report periodically, on a collective basis, to the **national financial authority**;

Or. en

Amendment 76
Antolín Sánchez Presedo

Draft opinion
Paragraph 4

Draft opinion

4. Calls for the auditors of SIFIs to report periodically, on a collective basis, to the ESRB;

Amendment

4. Calls for the auditors of SIFIs **and relevant Highly Leveraged Institutions** to report periodically, on a collective basis, to the ESRB;

Or. en

Amendment 77
Wolf Klinz

Draft opinion
Paragraph 4

Draft opinion

4. Calls for the auditors of **SIFIs** to report periodically, on a collective basis, to the ESRB;

Amendment

4. Calls for the auditors of ***selective financial institutes*** to report periodically, on a collective basis, to the ESRB;

Or. en

Amendment 78
Pervenche Berès

Draft opinion
Paragraph 4

Draft opinion

4. Calls for the auditors of **SIFIs** to report periodically, on a collective basis, to the ESRB;

Amendment

4. Calls for the auditors of ***cross-border financial institutions*** to report periodically, on a collective basis, to the ESRB;

Or. en

Amendment 79
Corien Wortmann-Kool

Draft opinion
Paragraph 4 a (new)

Draft opinion

Amendment

4a. Calls for SIFIs to be subject to the obligation of devoting attention in their reporting specifically to potential future financing and financing needs, bank covenants, future cash flows and any foreseeable risks with respect to the company's business model, and that the auditor's statutory tasks are expanded to

include the provision of assurance on such information;

Or. en

Amendment 80
Pervenche Berès

Draft opinion
Paragraph 4 a (new)

Draft opinion

Amendment

4a. Considers that the current system of corporate social and environmental responsibility (CSER) is still unregulated; believes however that audit companies could have an important incentive role towards private companies with respect to the promotion and implementation of CSER. Calls therefore the commission to come up with legislative proposals designed to task audit firms with reporting obligations with respect to CSER;

Or. en

Amendment 81
Corien Wortmann-Kool

Draft opinion
Paragraph 4 b (new)

Draft opinion

Amendment

4b. Calls for the introduction of auditor's reports for SIFIs which include paragraphs containing compulsory additional explanations on concrete aspects such as risk management, financing and continuity, management estimates and major accounting principles;

Amendment 82
Kay Swinburne

Draft opinion
Paragraph 5

Draft opinion

5. Calls for the role of the audit committees of **SIFIs** to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of **SIFIs**, along with the full audit report, annually for consideration and approval.

Amendment

5. Calls for the role of the audit committees of **all listed companies, particularly financial institutions** to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of **financial institutions**, along with the full audit report, annually for consideration and approval.

Amendment 83
Antolín Sánchez Presedo

Draft opinion
Paragraph 5

Draft opinion

5. Calls for the role of the audit committees of SIFIs to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of SIFIs, along with the full audit report, annually for consideration and approval.

Amendment

5. Calls for the role of the audit committees of SIFIs **and Highly Leveraged Institutions** to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of SIFIs **and Highly Leveraged Institutions**, along with the full audit report, annually for consideration and approval.

Amendment 84
Astrid Lulling

Draft opinion
Paragraph 5

Draft opinion

5. Calls for the role of the audit committees of SIFIs to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of SIFIs, along with the full audit report, annually for consideration and approval.

Amendment

(Does not affect English version.)

Or. fr

Amendment 85
Wolf Klinz

Draft opinion
Paragraph 5

Draft opinion

5. Calls for the role of the audit committees of *SIFIs* to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of *SIFIs*, along with the full audit report, annually for consideration and approval.

Amendment

5. Calls for the role of the audit committees of *financial institutes* to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the *supervisory and executive* boards of *financial institutes*, along with the full audit report, annually for consideration and approval.

Or. en

Amendment 86
Sven Giegold

Draft opinion
Paragraph 5

Draft opinion

5. Calls for the role of the audit committees of ***SIFIs*** to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of ***SIFIs***, along with the full audit report, annually for consideration and approval.

Amendment

5. Calls for the role of the audit committees of ***financial institutions*** to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of ***financial institutions***, along with the full audit report, annually for consideration and approval.

Or. en

Amendment 87
Pervenche Berès

Draft opinion
Paragraph 5

Draft opinion

5. Calls for the role of the audit committees of ***SIFIs*** to be strengthened ***by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of SIFIs, along with the full audit report, annually for consideration and approval.***

Amendment

5. Calls for the role of the audit committees of ***listed companies*** to be strengthened.

Or. en

Amendment 88
Markus Ferber

Draft opinion
Paragraph 5 a (new)

Draft opinion

5a. Considers joint audit to be an appropriate way to organise a statutory audit in specific business situations, for

Amendment

example mergers of companies; cautions the Commission not to propose the introduction of mandatory joint audit across the European Union without properly considering the various situations in all EU Member States and assessing in depth its benefits compared to obvious cost increases and expanded coordination efforts for auditors as well as audited companies; in addition, asks the Commission to ensure the transparency of audit quality and that the audit committees are always able to select the audit firm, based on objective and quality based criteria, in the best interest of the audited company; asks the Commission to come up with relevant proposals in that sense;

Or. en

Amendment 89
Astrid Lulling

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Calls for the reform of audit to be embedded in the overall reform of corporate governance, of which it is an integral part that should not be dealt with in isolation but simultaneously in order to ensure genuine improvement and consistency. Notably, it is crucial to strengthen the role, communication and reporting of the audit committee in that context. Therefore calls on the Commission for both audit and corporate governance reforms to be presented to the Parliament and the Council at the same time as a package;

Or. en

Amendment 90
Ramon Tremosa i Balcells

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Calls on the Commission to perform a rigorous impact assessment that evaluates the costs and benefits of further regulation or harmonization of audit practices across the EU; believes that any such evaluation must include an assessment of potential costs on a wide range of different stakeholders including investors, preparers and consumers of audit services; considers that special attention must be given to the preparer community in order to analyse separately the impact on listed companies, unlisted companies and SMEs as well as systemically important financial institutions (SIFIs);

Or. en

Amendment 91
Ramon Tremosa i Balcells

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Believes that mandatory joint audits result in higher costs for businesses; points out that in countries in which this system is in force no improvement has been observed in the quality of the financial information published on the market; notes, furthermore, that joint audits are not the best means of opening up the audit market and can, on the contrary, result in its concentration

around the major players and in individual auditors becoming less accountable;

Or. es

Amendment 92
Kay Swinburne

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Calls on the Commission to investigate the use of restrictive covenants by banks and other financial institutions on loans and other financial products to companies, which may be limiting auditor choice;

Or. en

Amendment 93
Othmar Karas

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Points out that a high-quality audit system is an integral part of a sound corporate governance framework; asks the Commission to present their proposals simultaneously in order to ensure consistency;

Or. en

Amendment 94
Sylvie Goulard

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Calls on the Commission to look into the legal barriers existing both within the EU and between EU countries and non-EU countries in connection with the forwarding of data during group audits;

Or. fr

Amendment 95
Sharon Bowles

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Notes that there are many more auditors than credit rating agencies and that direct supervision by a European Agency would be a larger task than that set up for Credit Rating Agencies, however an authorisation process at the European level may be feasible;

Or. en

Amendment 96
Wolf Klinz

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Calls on the Commission to clearly develop a pan-European liability regime for the auditing profession in the case of gross negligence with a cap in the range of 25 to 50 million EURO;

Or. en

Amendment 97
Ildikó Gáll-Pelcz

Draft opinion
Paragraph 5 a (new)

Draft opinion

Amendment

5a. Proposes that consideration be given to the idea that the cap on auditors' liability could be decided at Union level;

Or. hu

Amendment 98
Kay Swinburne

Draft opinion
Paragraph 5 b (new)

Draft opinion

Amendment

5b. Support the introduction of living wills for the Big Four auditors and those auditors providing significant audit services to the financial sector, including establishing cross-border contingency plans for the orderly transfer of client contracts should a significant player withdraw from the market;

Or. en

Amendment 99
Othmar Karas

Draft opinion
Paragraph 5 b (new)

Draft opinion

Amendment

5b. Recognises that the implementation of joint audit might have positive effects on the diversification of the audit market; Recalls the different market situation across member states and calls on the Commission to assess the impact on the mandatory introduction on both audit companies as well as audited companies;

Or. en

Amendment 100
Sylvie Goulard

Draft opinion
Paragraph 5 b (new)

Draft opinion

Amendment

5b. Calls on the Commission and the Member States to ensure that audits of public bodies are exemplary and to prevent any conflicts of interest from arising as a result of links between the auditor and decision-makers within the public body being audited;

Or. fr

Amendment 101
Ildikó Gáll-Pelcz

Draft opinion
Paragraph 5 b (new)

Draft opinion

Amendment

5b. Considers that, in view of the abuses which have occurred in the use of the support provided to the Member States from European Union sources, it would be appropriate to consider the possibility

that accounts for aid could be accepted on the basis of an auditor's report (opinion), irrespective of the threshold;

Or. hu

Amendment 102
Sharon Bowles

Draft opinion
Paragraph 5 b (new)

Draft opinion

Amendment

5b. Suggests that auditors should take part in pan industry or sectoral assessments of specific controls and risks, observing that this should be exercised in a proportionate way and not be imposed on small businesses;

Or. en

Amendment 103
Kay Swinburne

Draft opinion
Paragraph 5 c (new)

Draft opinion

Amendment

5 c. Calls on financial institutions' audit reports to include enhanced disclosure requirements around the valuation of less liquid assets to enable the comparison of financial instrument valuations between institutions.

Or. en

Amendment 104
Sylvie Goulard

Draft opinion
Paragraph 5 c (new)

Draft opinion

Amendment

5c. Calls on the Commission and the Member States to ensure compliance with the findings published by national audit offices in pursuit of their audit remit;

Or. fr

Amendment 105
Ildikó Gáll-Pelcz

Draft opinion
Paragraph 5 c (new)

Draft opinion

Amendment

5c. Supports the Commission proposal that the audit role is one of statutory inspection wherein the appointment, remuneration and duration of the engagement would be the responsibility of a third party, perhaps a regulator, rather than the company itself.

Or. hu

Amendment 106
Sharon Bowles

Draft opinion
Paragraph 5 c (new)

Draft opinion

Amendment

5c. Recommends that auditors must be made aware of all instances where the risk-committee has been over-ruled;

Or. en

Amendment 107
Sylvie Goulard

Draft opinion
Paragraph 5 d (new)

Draft opinion

Amendment

5d. Takes the view that the implementation of measures to guard against conflicts of interest should be monitored by the national supervisory authorities;

Or. fr

Amendment 108
Sharon Bowles

Draft opinion
Paragraph 5 d (new)

Draft opinion

Amendment

5d. Group auditors should have a clear overview of the group and for financial institutions supervised on a group basis should have dialogue with the group supervisor.

Or. en

Amendment 109
Sylvie Goulard

Draft opinion
Paragraph 5 e (new)

Draft opinion

Amendment

5e. Calls for the establishment of an EU body to help standardise national audit oversight practices and ensure closer cooperation between national authorities

within an integrated European network;

Or. fr

Amendment 110

Sylvie Goulard

Draft opinion

Paragraph 5 f (new)

Draft opinion

Amendment

5f. Calls on the Commission to look at ways of making the operations of audit firms more transparent; notes that the introduction of an obligation to publish annual financial statements verified by the relevant public authorities would help to achieve this;

Or. fr