



EUROPEAN PARLIAMENT

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Committee on Economic and Monetary Affairs

2012/0364(COD)

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*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council on establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020 (COM(2012)0782 – C7-0417/2012 – 2012/0364(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Theodor Dumitru Stolojan,

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020
(COM(2012)0782 – C7-0417/2012 – 2012/0364(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2012)0782),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0417/2012),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 20 March 2013¹,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Legal Affairs (A7-0000/2013),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Draft legislative resolution
Paragraph 1 a (new)

Draft legislative resolution

Amendment

1a. Points out that the financial envelope specified in the legislative proposal constitutes only an indication to the legislative authority and cannot be fixed until agreement is reached on the

¹ Not yet published in the Official Journal.

Amendment 2

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) In a global economy, there is a need for a global accounting language. International Financial Reporting Standards (IFRS) developed by the International Accounting Standards Board (IASB) are adopted and used in many jurisdictions around the world. Such international accounting standards need to be developed under a transparent and democratically accountable process. To ensure that the interests of the Union are respected and that global standards are of high quality and compatible with Union law, it is essential that the interests of the Union are adequately taken into account in that international standard-setting process.

Amendment

(3) In a global economy, there is a need for a global accounting language. ***The G20 has repeatedly called for global accounting standards and convergence.*** International Financial Reporting Standards (IFRS) developed by the International Accounting Standards Board (IASB) are adopted and used in many jurisdictions around the world. Such international accounting standards need to be developed under a transparent and democratically accountable process. To ensure that the interests of the Union are respected and that global standards are of high quality and compatible with Union law, it is essential that the interests of the Union are adequately taken into account in that international standard-setting process.

Amendment 3

Proposal for a regulation

Recital 12

Text proposed by the Commission

(12) In addition to changing their funding

Amendment

(12) In addition to changing their funding

patterns, the IFRS Foundation and EFRAG have undergone governance reforms to ensure that through their structure and processes they accomplish their public interest mission in an independent, efficient, transparent and democratically accountable manner. In relation to the IFRS Foundation, the Monitoring Board was created in 2009 to ensure public accountability and oversight, the effectiveness of the Standards Advisory Council has been enhanced, transparency has been improved and the role of impact assessments has been formalised as part of the due process of the IASB.

patterns, the IFRS Foundation and EFRAG have undergone governance reforms to ensure that through their structure and processes they accomplish their public interest mission in an independent, efficient, transparent and democratically accountable manner. In relation to the IFRS Foundation, the Monitoring Board was created in 2009 to ensure public accountability and oversight, the effectiveness of the Standards Advisory Council has been enhanced, transparency has been improved and the role of impact assessments has been formalised as part of the due process of the IASB. ***The effort to improve the governance of those bodies will continue on the basis of the conclusions of the special adviser to the Internal Market Commissioner.***

Or. en

Amendment 4

Proposal for a regulation

Recital 15

Text proposed by the Commission

(15) The co-financing programme to be established by this Regulation is expected to contribute to the objectives of ensuring comparability and transparency of company accounts throughout the EU, to the global harmonization of financial reporting standards by promoting the international acceptance of IFRS and to promoting convergence and high quality international standards for auditing in all Member States. This programme also contributes to the Europe 2020 strategy by reinforcing the single market of financial services and capital, and contributes to the strategy's external dimension as well.

Amendment

(15) The co-financing programme to be established by this Regulation is expected to contribute to the objectives of ensuring comparability and transparency of company accounts throughout the EU, to ***making the voice of Europe heard in*** the global harmonization of financial reporting standards by promoting the international acceptance of IFRS and to promoting convergence and high quality international standards for auditing in all Member States. This programme also contributes to the Europe 2020 strategy by reinforcing the single market of financial services and capital, and contributes to the strategy's external dimension as well.

Amendment 5

Proposal for a regulation Article 3 – paragraph 2

Text proposed by the Commission

Amendment

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 9 to select new beneficiaries for the Programme and to amend paragraph 1 accordingly.

deleted

Or. en

Amendment 6

Proposal for a regulation Article 3 – paragraph 3

Text proposed by the Commission

Amendment

3. Any new beneficiary shall be a non-profit making legal person pursuing an objective forming part of and supporting the Union policy in the field of financial reporting and auditing and shall be a direct successor of one of the beneficiaries listed in paragraph 1.

3. Any financing of new beneficiaries, even if they are direct successor(s) to one of the beneficiaries listed in paragraph 1, shall be subject to approval by the European Parliament and the Council in accordance with Article 294 of the Treaty on the Functioning of the European Union.

Or. en

Amendment 7

Proposal for a regulation Article 7 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Those annual work programmes shall also be based on a concise analysis of previous annual work programmes.

Or. en

Amendment 8

Proposal for a regulation Article 9

Text proposed by the Commission

Amendment

Article 9

deleted

Exercise of the delegation

- 1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.***
- 2. The power to adopt delegated acts referred to in Article 3(2) shall be conferred on the Commission for a period of 7 years from the date of entry into force of this Regulation.***
- 3. The delegation of power referred to in Article 3(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.***
- 4. As soon as it adopts a delegated act, the***

Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Article 3(2) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Or. en

Amendment 9

Proposal for a regulation

Article 10 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. By 31 March 2014, the Commission shall submit a first report on necessary governance reforms in the area of accounting and financial information (EFRAG and ARC) based, inter alia, on the conclusions of the special advisor to the Internal Market Commissioner, expected no later than November 2013.

Or. en

Amendment 10

Proposal for a regulation Article 10 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The Commission shall evaluate Regulation (EC) No 1606/2002 as soon as possible and no later than 1 April 2014. On the basis of that evaluation, the Commission shall by 31 October 2014 submit a report to the European Parliament and to the Council, accompanied, where appropriate, by a legislative proposal on governance reform in the area of accounting and financial information.

Or. en

Amendment 11

Proposal for a regulation Article 10 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. With regard to the PIOB (or its successor organisation), the Commission shall monitor annual developments in the diversification of funding observed for the first time in 2013 and then every subsequent year. In the event that funding by IFAC again reaches more than two-thirds of total funding, the Commission shall submit to the European Parliament and the Council a proposal to limit its annual contribution to EUR 300 000 for each of the remaining years of the financing period.

Or. en

Amendment 12

**Proposal for a regulation
Article 10 – paragraph 1 d (new)**

Text proposed by the Commission

Amendment

1d. By June 2019, the Commission shall submit to the European Parliament and the Council a report on the achievement of the Programme's objectives. In that report, the Commission shall appraise inter alia the overall relevance and coherence of the Programme, the effectiveness of its implementation and the overall and individual effectiveness of the beneficiaries' annual work programme in terms of achieving the objectives as set out in Article 2.

Or. en