

# EUROPEAN PARLIAMENT

1999



2004

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*Session document*

FINAL  
**A5-0432/2002**

4 December 2002

## **\*\*\*I** **REPORT**

on the proposal for a European Parliament and Council directive amending Council Directives 78/660/EEC, 83/349/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies and insurance undertakings  
(COM(2002) 259/2 – C5-0233/2002 – 2002/0112(COD))

Committee on Legal Affairs and the Internal Market

Rapporteur: Marianne L.P. Thyssen

***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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## PROCEDURAL PAGE

By letter of 28 May 2002 the Commission submitted to Parliament, pursuant to Article 251(2) and Article 44 of the EC Treaty, the proposal for a European Parliament and Council directive amending Council Directives 78/660/EEC, 83/349/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies and insurance undertakings (COM(2002) 259/2 – 2002/0112 (COD)).

At the sitting of 29 May 2002 the President of Parliament announced that he had referred this proposal to the Committee on Legal Affairs and the Internal Market as the committee responsible and the Committee on Economic and Monetary Affairs for its opinion (C5-0233/2002).

The Committee on Legal Affairs and the Internal Market appointed Marianne L.P. Thyssen rapporteur at its meeting of 20 June 2002.

The committee considered the Commission proposal and draft report at its meetings of 11 July, 5 November and 3 December 2002.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Giuseppe Gargani, chairman; Willi Rothley, Ioannis Koukiadis and Bill Miller, vice-chairmen; Marianne L.P. Thyssen, rapporteur; Paolo Bartolozzi, Ward Beysen, Charlotte Cederschiöld (for The Lord Inglewood), Michel J.M. Dary, Bert Doorn, Janelly Fourtou, Marie-Françoise Garaud, Evelyne Gebhardt, Fiorella Ghilardotti, Malcolm Harbour, Heidi Anneli Hautala, Hans Karlsson (for Carlos Candal), Carlos Lage (for Maria Berger pursuant to Rule 153(2)), Kurt Lechner, Klaus-Heiner Lehne, Neil MacCormick, Toine Manders, Hans-Peter Mayer (for Rainer Wieland), Manuel Medina Ortega, Marcelino Oreja Arburúa (for José María Gil-Robles Gil-Delgado), Dagmar Roth-Behrendt (for François Zimeray), Anne-Marie Schaffner, Diana Wallis, Joachim Wuermeling and Stefano Zappalà

The opinion of the Committee on Economic and Monetary Affairs is attached.

The report was tabled on 4 December 2002.

## DRAFT LEGISLATIVE RESOLUTION

### European Parliament legislative resolution on the proposal for a European Parliament and Council directive amending Council Directives 78/660/EEC, 83/349/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies and insurance undertakings (COM(2002) 259/2 – C5-0233/2002 – 2002/0112(COD))

#### (Codecision procedure: first reading)

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2002) 259/2<sup>1</sup>),
  - having regard to Article 251(2) of the EC Treaty and Article 44 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0233/2002),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Legal Affairs and the Internal Market and the opinion of the Committee on Economic and Monetary Affairs (A5-0432/2002),
1. Approves the Commission proposal as amended;
  2. Asks to be consulted again should the Commission intend to amend the proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

#### Amendment 1 RECITAL 1

(1) The Lisbon European Council of 23-24<sup>th</sup> March 2000 emphasised the need to accelerate completion of the internal market for financial services, set the deadline of 2005 to implement the Commission's Financial Services Action Plan and urged that steps be taken to enhance the comparability of financial statements prepared by Community companies whose securities are *listed* on a regulated market (hereinafter: "listed companies").

(1) The Lisbon European Council of 23-24 March 2000 emphasised the need to accelerate completion of the internal market for financial services, set the deadline of 2005 to implement the Commission's Financial Services Action Plan and urged that steps be taken to enhance the comparability of financial statements prepared by Community companies whose securities are *admitted to trading* on a regulated market (hereinafter: "listed companies").

<sup>1</sup> OJ C 227 E, 24.9.2002, P.336.

*Justification*

*Amendment to correct terminology.*

Amendment 2

RECITAL 7

***(7) The annual report and the consolidated annual report are important elements of financial reporting. Enhancement, in line with current best practice, of the existing requirement for these to present a fair review of the development of the business and of its position is necessary to promote greater consistency and give additional guidance on the information content expected of a 'fair review'. The information should not be restricted to the financial aspects of the company's business. It is expected that this will lead to an analysis of environmental, social and other aspects relevant to an understanding of the company's development and position. This is consistent also with the Commission Recommendation 2001/453/EC of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies<sup>1</sup>,***

***(7) Member States should be able to modify the presentation of the profit and loss account and balance sheet in accordance with international developments, as expressed through standards issued by the International Accounting Standards Board.***

***OJ No L156, 13. 6. 2001, p. 33***

*Justification*

*Original recital 7 has been renumbered as recital 9 (see amendment 4). New recital 7 explains the purpose of the inclusion of the proposals in Article 1(3), (6) and (8).*

Amendment 3

RECITAL 8

***(8) Differences in the preparation and presentation of the 'audit report' reduce comparability and detract from the user's***

***(8) Member States should have the possibility to permit or require the application of revaluations and of fair***

*understanding of this vital aspect of financial reporting. Increased consistency is achieved by amendments, consistent with current international best practice, to the specific requirements concerning the format and content of an audit report.*

*value in accordance with international developments, as expressed through standards issued by the International Accounting Standards Board.*

#### *Justification*

*Original recital 8 has been renumbered as recital 9A (see amendment 5). New recital 8 explains the purpose of the inclusion of the proposals in Article 1 (10) and (12).*

#### *Amendment 4 RECITAL 9*

*(9) Directive 78/660/EEC and Directive 83/349/EEC should accordingly be amended. Consequently, it is also necessary to amend Council Directive 91/674/EEC of 19 December 1991 on the annual and consolidated accounts of insurance undertakings<sup>1</sup>. These amendments will remove all inconsistencies between Directive 78/660/EEC, Directive 83/349/EEC and Directive 91/674/EEC and IAS in existence at 1 May 2002.*

*(9) The annual report and the consolidated annual report are important elements of financial reporting. Enhancement, in line with current best practice, of the existing requirement for these to present a fair review of the development of the business and of its position, consistent with the size and complexity of the business, is necessary to promote greater consistency and give additional guidance on the information content expected of a 'fair review'. The information should not be restricted to the financial aspects of the company's business. It is expected that, where appropriate, this should lead to an analysis of environmental and social aspects necessary for an understanding of the company's development, performance or position including, for example, key performance indicators and environmental and employee matters. This is consistent also with the Commission Recommendation 2001/453/EC of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies<sup>1</sup>. However, taking into account the evolving nature of this area of financial reporting and having regard to the potential burden placed on*

***undertakings below certain sizes, Member States may choose to waive the obligation to provide non-financial information in the case of the annual report of such undertakings.***

*OJ No L374, 31. 12. 1991, p. 7*

*OJ No L156, 13. 6. 2001, p. 33*

*Justification*

*The contents of original recital 9 has been reflected in recitals 9B, 9E and 9F (see amendments 6, 9 and 10). Revised recital 9 reflects original recital 7 as amended to explain the revised proposal in Article 1(14) (see amendment 13)..*

Amendment 5  
RECITAL 9A(new)

***(9A) Differences in the preparation and presentation of the ‘audit report’ reduce comparability and detract from the user’s understanding of this vital aspect of financial reporting. Increased consistency is achieved by amendments, consistent with current international best practice, to the specific requirements concerning the format and content of an audit report. The fundamental requirement that an audit opinion states whether the annual or consolidated accounts give a true and fair view in accordance with the relevant financial reporting framework does not represent a restriction in the scope of that opinion but clarifies the context in which it is expressed.***

*Justification*

*New recital 9A reflects original Recital 8 as amended to explain the reference in Articles 1(18) and 2(12) to the « relevant financial reporting framework ».*

Amendment 6  
RECITAL 9B(new)

***(9B) Directive 78/660/EEC and Directive 83/349/EEC should accordingly be amended. Furthermore, it is also***



*necessary to amend Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions<sup>1</sup>*

*OJ No L372, 31.12.1986, p. 1.*

*Justification*

*New recital 9B reflects the first sentence of original Recital 9 amended to reflect the inclusion, in the scope of the proposal, of amendments to Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions.*

Amendment 7  
RECITAL 9C(new)

***(9C) The International Accounting Standards Board is developing and refining the accounting standards applicable to insurance activities.***

*Justification*

*It is important to underline that the International Accounting Standards Board (IASB) is in the process of developing and refining accounting standards for insurance activities.*

Amendment 8  
RECITAL 9D(new)

***(9D) Insurance undertakings should also be allowed to use fair value accounting as expressed through appropriate standards issued by the International Accounting Standards Board.***

*Justification*

*Insurance companies should also have the option to use fair valuation as expressed through international accounting standards. This is already the case for general companies and banks.*

Amendment 9  
RECITAL 9E(new)

***(9E) Consequently Council Directive 91/674/EEC of 19 December 1991 on the annual and consolidated accounts of insurance undertakings<sup>1</sup> should be amended.***

*OJ No L374, 31.12.1991, p. 7.*

*Justification*

The proposed new recital 9E reflects the second sentence of original recital 9.

Amendment 10  
RECITAL 9F(new)

***(9F) These amendments will remove all inconsistencies between Directive 78/660/EEC, Directive 83/349/EEC, Directive 86/635/EEC and Directive 91/674/EEC and IAS in existence at 1 May 2002.***

*Justification*

*The proposed new recital 9F reflects the last sentence of original recital 9, amended to reflect the inclusion, in the scope of the proposal, of amendments to Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions.*

Amendment 11  
ARTICLE 1, PARAGRAPH 2

Article 4, paragraph 6 (Directive 78/660/EEC)

In Article 4 the following paragraph 6 is added:

“6. Member States may allow or require that the presentation of amounts within items in the profit and loss account and balance sheet shall have regard to the substance of the reported transaction or arrangement. Such permission or

In Article 4 the following paragraph 6 is added:

“6. Member States may allow or require that the presentation of amounts within items in the profit and loss account and balance sheet shall have regard to the substance of the reported transaction or arrangement. Such permission or

requirement may be restricted to certain classes of company or to consolidated accounts as defined in Council Directive 83/349/EEC\*.

\* OJ No L 193, 18.07.1983, p.1”

requirement may be restricted to certain classes of company *and* / or to consolidated accounts as defined in Council Directive 83/349/EEC\*.

\* OJ No L 193, 18.07.1983, p.1”

### *Justification*

*Amendment to clarify the flexibility offered by the Member State option.*

### Amendment 12 ARTICLE 1, PARAGRAPH 9

Article 31, paragraph 1(c), point (bb) (Directive 78/660/EEC)

“account must be taken of all liabilities arising in the course of the financial year concerned or of a previous one, even if such liabilities *or losses* become apparent only between the date of the balance sheet and the date on which it is drawn up,”

“account must be taken of all liabilities arising in the course of the financial year concerned or of a previous one, even if such liabilities become apparent only between the date of the balance sheet and the date on which it is drawn up,”

### *Justification*

*Amendment to ensure consistency of drafting when references are made to «liabilities».*

### Amendment 13 ARTICLE 1, PARAGRAPH 14

Article 46 (Directive 78/660/EEC)

Article 46 is amended as follows:

(a) Paragraph 1 is replaced by the following:

“The annual report *must* include at least a fair review of the development of the company’s business and of its position.

The review shall *include* a balanced and comprehensive analysis of the

Article 46 is amended as follows:

(a) Paragraph 1 is replaced by the following:

"1. (a) The annual report *shall* include at least a fair review of the development *and performance* of the company’s business and of its position, *together with a description of the principal risks and uncertainties that it faces.*

The review shall *be* a balanced and comprehensive analysis of the

development of the company's business and of its position. ***The information included shall not be restricted to the financial aspects of the company's business.***

development ***and performance*** of the company's business and of its position, ***consistent with the size and complexity of the business.***

***(b) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters.***

In providing its analysis, the annual report shall, where appropriate, include references to and additional explanations of amounts reported in the annual accounts."

***(c)*** In providing its analysis, the annual report shall, where appropriate, include references to and additional explanations of amounts reported in the annual accounts."

***(b) In paragraph 2, point (b) is replaced by the following:***

***" the company's likely future development including any significant uncertainties and risks which may affect that development;"***

***(b) A new paragraph 4 is added:***

***"4. Member States may choose to waive companies covered by Article 27 of the Fourth Directive from the obligation in paragraph 1 (b) above as it relates to non-financial information."***

#### *Justification*

*The proposal to include within a revised Article 46(2)(b) a requirement to disclose significant uncertainties and risks that may affect the development has been combined with the proposed requirements of Article 46(1)(a).*

*The requirement for non-financial information has been redrafted to clarify that such information would include employee and environmental matters.*

*The application of the requirements in the case of simpler, and smaller, entities has been clarified by adding a requirement that the review be « consistent with the size and complexity of the business ».*

*Articles 11 and 27 of the Fourth Council Directive provide definitions of certain size related thresholds for companies. These thresholds are the basis for limited derogations from that Directive. By virtue of the existing and unamended Article 46(3), Member States may waive certain, very small companies (as defined in Article 11) from the obligation to provide the annual report required by Article 46(1). A further, limited, exemption has been included as Article 46(4) permitting Member States to waive those larger companies defined in Article 27*

*from the obligation to include the non-financial information required by Article 46(1)(b).*

Amendment 14  
ARTICLE 1, PARAGRAPH 16

Article 49 (Directive 78/660/EEC)

In Article 49, the third sentence is replaced by the following:

“The report of the person or persons responsible for auditing the annual accounts (hereinafter: “the statutory auditors”), may not accompany this publication, but it must be disclosed whether *the* audit opinion was issued *with or without qualification*, or whether the statutory auditors were unable to express an audit opinion. It shall also be disclosed whether the report of the statutory auditors included a reference to any matters by way of emphasis to which the statutory auditors drew attention without qualifying the audit opinion.”

In Article 49, the third sentence is replaced by the following:

“The report of the person or persons responsible for auditing the annual accounts (hereinafter: “the statutory auditors”), may not accompany this publication, but it must be disclosed whether *an unqualified, qualified or adverse* audit opinion was issued, or whether the statutory auditors were unable to express an audit opinion. It shall also be disclosed whether the report of the statutory auditors included a reference to any matters by way of emphasis to which the statutory auditors drew attention without qualifying the audit opinion.”

*Justification*

*The possible forms of the audit opinion have been further specified.*

Amendment 15  
ARTICLE 1, PARAGRAPH 17

Article 51(1) (Directive 78/660/EEC)

Article 51(1) is replaced by the following:

“The annual accounts of companies shall be audited by one or more persons approved by Member States to carry out statutory audits on the basis of Directive 84/253/EEC\*.

The statutory auditors *must* also *verify that* the annual report *is consistent* with the annual accounts for the same financial year.

Article 51(1) is replaced by the following:

“The annual accounts of companies shall be audited by one or more persons approved by Member States to carry out statutory audits on the basis of Directive 84/253/EEC\*.

The statutory auditors *shall* also *express an opinion concerning the consistency or otherwise of* the annual report with the annual accounts for the same financial year.

*Justification*

*The wording of the requirement to assess the consistency of the annual report with the annual accounts has been brought in line with current assurance terminology.*

Amendment 16  
ARTICLE 1, PARAGRAPH 18

Article 51a (new), paragraph 1, point (a) (Directive 78/660/EEC)

"(a) an introduction which shall at least identify the annual accounts **which** are the subject of the statutory audit;"

"(a) an introduction which shall at least identify the annual accounts **that** are the subject of the statutory audit, **together with the financial reporting framework that has been applied in their preparation;**"

*Justification*

*To increase the prominence of the identification of the financial reporting framework that has been applied in the preparation of the annual accounts, a requirement has been added to include such a disclosure in the introduction of the report of the statutory auditors.*

Amendment 17  
ARTICLE 2, PARAGRAPH 1

Article 1, paragraph 2, point (a) (Directive 83/349/EEC)

"(a) that undertaking (a parent undertaking) actually exercises dominant influence over another undertaking (the subsidiary undertaking); or "

“(a) that undertaking (a parent undertaking) **has the power to exercise, or** actually exercises, dominant influence **or control** over another undertaking (the subsidiary undertaking); or "

*Justification*

*Amendment to clarify that, as is the case in International Accounting Standards, the power to exercise control is sufficient to create a parent/subsidiary undertaking relationship.*

Amendment 18  
ARTICLE 2, PARAGRAPH 11

Article 36 (Directive 83/349/EEC)

Article 36 is amended as follows:

(a) Paragraph 1 is replaced by the following:

“1. The consolidated annual report **must** include at least a fair review of the development of the business and the position of the undertakings included in the consolidation taken as a whole.

The review shall **include** a balanced and comprehensive analysis of the development of the business and of **its** position. **The information included shall not be restricted to the financial aspects of the business.**

In providing its analysis, the consolidated annual report shall, where appropriate, provide references to and additional explanations of amounts reported in the consolidated accounts.”

**(b) In paragraph 2, point (b) is replaced by the following:**

**“(b) the likely future development of those undertakings taken as a whole including any significant uncertainties and risks which may affect that development;”**

Article 36 is amended as follows:

(a) Paragraph 1 is replaced by the following:

“1. The consolidated annual report **shall** include at least a fair review of the development **and performance** of the business and **of** the position of the undertakings included in the consolidation taken as a whole, **together with a description of the principal risks and uncertainties that they face.**

The review shall **be** a balanced and comprehensive analysis of the development **and performance** of the business and of **the** position **of the undertakings included in the consolidation taken as a whole, consistent with the size and complexity of the business. To the extent necessary for an understanding of the development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters.**

In providing its analysis, the consolidated annual report shall, where appropriate, provide references to and additional explanations of amounts reported in the consolidated accounts.”

**delete**

**(c)** The following paragraph 3 is added:  
“3. Where a consolidated annual report is required in addition to an annual report, the two reports may be presented as a single report. In preparing such a single report, it may be appropriate to give greater emphasis to those matters which are significant to the undertakings included in the consolidation taken as a whole.”

**(b)** The following paragraph 3 is added:  
“3. Where a consolidated annual report is required in addition to an annual report, the two reports may be presented as a single report. In preparing such a single report, it may be appropriate to give greater emphasis to those matters which are significant to the undertakings included in the consolidation taken as a whole.”

#### *Justification*

*The proposal to include within a revised Article 36(2)(b) a requirement to disclose significant uncertainties and risks that may affect the development has been combined with the proposed requirements of Article 36(1). The requirement for non-financial information has been redrafted to clarify that such information would include employee and environmental matters.*

#### Amendment 19 ARTICLE 2, PARAGRAPH 12

##### Article 37, paragraph 1, subparagraph 2 (Directive 83/349/EEC)

The person or persons responsible for auditing the consolidated accounts (hereinafter: “the statutory auditors”) **must** also **verify that** the consolidated annual report **is consistent** with the consolidated accounts for the same financial year.

The person or persons responsible for auditing the consolidated accounts (hereinafter: “the statutory auditors”) **shall** also **express an opinion concerning the consistency or otherwise of** the consolidated annual report with the consolidated accounts for the same financial year.

#### *Justification*

*The wording of the requirement to assess the consistency of the annual report with the annual accounts has been brought in line with current assurance terminology.*

#### Amendment 20 ARTICLE 2, PARAGRAPH 12

##### Article 37, paragraph 2, point (a) (Directive 83/349/EEC)

(a) an introduction which shall at least identify the consolidated accounts which are the subject of the statutory audit;

(a) an introduction which shall at least identify the consolidated accounts which are the subject of the statutory audit,



***together with the financial reporting framework that has been applied in their preparation;***

*Justification*

*To increase the prominence of the identification of the financial reporting framework that has been applied in the preparation of the annual consolidated accounts, a requirement has been added to include such a disclosure in the introduction of the report of the statutory auditors.*

Amendment 21  
ARTICLE 3, PARAGRAPH 1

Article 1, paragraph 1 (Directive 91/674/EEC)

"1. Articles 2, 3, 4(1), (3) to **(5)**, 6, 7, 13, 14, 15(3) and (4), 16 to 21, 29 to 35, 37 to 41, 42, 42a to 42f, 43(1), points 1 to 7 and 9 to 14, 45(1), 46(1) and (2), 48 to 50, 50a, 51(1), 51a, 56 to 59, 61 and 61a of Directive 78/660/EEC shall apply to the undertakings mentioned in Article 2 of this Directive, except where this Directive provides otherwise. Articles 46, 47, 48, 51 and 53 of this Directive shall not apply in respect to assets and liabilities that are valued in accordance with Section 7a of Directive 78/660/EEC.

"1. Articles 2, 3, 4(1), (3) to **(6)**, 6, 7, 13, 14, 15(3) and (4), 16 to 21, 29 to 35, 37 to 41, 42, 42a to 42f, 43(1), points 1 to 7 and 9 to 14, 45(1), 46(1) and (2), 48 to 50, 50a, 51(1), 51a, 56 to 59, 61 and 61a of Directive 78/660/EEC shall apply to the undertakings mentioned in Article 2 of this Directive, except where this Directive provides otherwise. Articles 46, 47, 48, 51 and 53 of this Directive shall not apply in respect to assets and liabilities that are valued in accordance with Section 7a of Directive 78/660/EEC.

*Justification*

*Follow-up change to amendment 11 concerning Article 1(2) in the Commission proposal. As a new sub-paragraph (6) was added, the reference in Article 1 must be changed.*

Amendment 22  
ARTICLE 3, PARAGRAPH 3

Article 46 (Directive 91/674/EEC)

Article 46 is amended as follows:

Article 46 is amended as follows:

(a) In paragraph 5, the following **subparagraph** is added:

“Member States may permit derogations from **the first subparagraph**.”

(b) Paragraph 6 is replaced by the following:

“The method(s) applied to each investment item shall be stated in the notes to the accounts, together with the amounts so determined.”

(a) In paragraph 5, the following **sentence** is added:

“Member States may permit derogations from **this requirement**.”

(b) Paragraph 6 is replaced by the following:

“The method(s) applied to each investment item shall be stated in the notes to the accounts, together with the amounts so determined.”

#### *Justification*

*Improved drafting of the text.*

#### Amendment 23

#### ARTICLE 3, PARAGRAPH 3A (new)

#### Article 4 (Directive 91/674/EEC)

***(3a) Article 4 is replaced by the following:***

***“1. This Directive shall apply to the association of underwriters known as Lloyd’s. For the purpose of this Directive both Lloyd’s and Lloyd’s syndicates shall be deemed to be insurance undertakings.***

***2. By way of derogation from Article 65(1), Lloyd’s shall prepare aggregate accounts instead of consolidated accounts required by Directive 83/349/EEC. Aggregate accounts shall be prepared by cumulation of all syndicate accounts.”***

#### *Justification*

*It is proposed that the special accounting regime currently in place for Lloyd’s should be abolished and that Lloyd’s as well as Lloyd’s syndicates should follow the normal rules of the Insurance Accounts Directive.*

Amendment 24  
ARTICLE 3, PARAGRAPH 3B (new)

Article 46a (new) (Directive 91/674/EEC)

***(3b) The following Article 46a is inserted:***

***“Article 46a***

***1. Where assets and liabilities are valued in accordance with Section 7a of Directive 78/660/EEC, 2-6 of the present Article shall apply.***

***2. The investments shown as assets under D shall be shown at their fair value.***

***3. Where investments are shown at their purchase price, their fair value shall be disclosed in the notes on the accounts.***

***4. Where investments are shown at their fair value, their purchase price shall be disclosed in the notes on the accounts.***

***5. The same valuation method shall be applied to all investments included in any item denoted by an arabic numeral or shown as assets under C(I). Member States may permit derogations from this requirement.***

***6. The method(s) applied to each investment item shall be stated in the notes to the accounts, together with the amounts so determined.”***

*Justification*

*In order to clarify the reading of the Directive and to correct a faulty reference, a new Article 46a has been created applying to companies using fair valuation according to Section 7a of the Fourth Directive.*

Amendment 25  
ARTICLE 3, PARAGRAPH 3C (new)

Annex (Directive 91/674/EEC)

***(3c) The Annex is deleted.***

*Justification*

*As indicated in the justification to amendment 23, Lloyd's and Lloyd's syndicates should be subject to normal accounting rules. The Annex containing special Lloyd's rules is therefore deleted.*

Amendment 26  
ARTICLE 3A(new), PARAGRAPH 1 (new)

Article 1 (Directive 86/635/EEC)

*Article 3a, paragraph 1*

***(1) Article 1 is amended as follows:***

***a) Paragraph 1 is replaced by the following:***

***"Articles 2, 3, 4(1), (3) to (6), Articles 6, 7, 13, 14, 15(3) and (4), Articles 16 to 21, 29 to 35, 37 to 41, 42 first sentence, 42a to 42f, 45(1), 46(1) and (2), Articles 48 to 50, 50a, 51(1) and 51a, 56 to 59, 61 and 61a of Directive 78/660/EEC shall apply to the institutions mentioned in Article 2 of this Directive, except where this Directive provides otherwise. However, Articles 35(3), 36, 37 and 39(1) to (4) of this Directive shall not apply with respect to assets and liabilities that are valued in accordance with Section 7a of Directive 78/660/EEC."***

***b) Paragraph 2 is replaced by the following:***

***"Where reference is made in Directives 78/660/EEC and 83/349/EEC to Articles 9, 10 and 10a (balance sheet) or to Articles 23 to 26 (profit and loss account) of Directive 78/660/EEC, such references shall be deemed to be references to Articles 4 and 4a (balance sheet) or to Articles 26, 27 and 28 (profit and loss account) of this Directive."***

*Justification*

*It is important to extend the modernisation also to the Bank Accounts Directive (86/635/EEC). This amendment is aimed at aligning the references included in Article 1, paragraphs 1 and 2 of Directive 86/635/EEC to the new text of Directive 78/660/EEC, as amended by Article 1 of the Commission Proposal.*

Amendment 27

ARTICLE 3A(new), PARAGRAPH 2 (new)

Article 4 (Directive 86/635/EEC)

***Article 3a, paragraph 2***

***(2) In Article 4, the first sentence is replaced by the following:***

***"The Member States shall prescribe the following layout for the balance sheet. As an alternative, Member States may allow or require credit institutions to adopt the presentation of the balance sheet set out in Article 4a."***

*Justification*

*As part of the extension of the modernisation to include the Bank Accounts Directive, a second sentence is introduced in Article 4 of Directive 86/635/EEC to permit Member States to allow or require the adoption by entities subject to Directive 86/635/EEC of a presentation of the balance sheet alternative to that prescribed in Article 4. The features of the alternative presentation are stipulated in a new Article 4a (see Amendment 29 below).*

Amendment 28

ARTICLE 3A(new), PARAGRAPH 3 (new)

Article 4 (Directive 86/635/EEC)

***Article 3a, paragraph 3***

***(3) In Article 4, under 'Liabilities', in point 6 the title "Provisions for liabilities and charges" is replaced by "Provisions"***

### *Justification*

*This amendment to the layout of the balance sheet of credit and financial institutions laid down in Directive 86/635/EEC is intended to facilitate the application in the Member States of IAS 37 Provisions, contingent liabilities and contingent assets. It is correspondent to the amendment to Article 9 of Directive 78/660/EEC laid down in Article 1(4) of the Commission Proposal.*

### Amendment 29

ARTICLE 3A(new), PARAGRAPH 4 (new)

Article 4a (new) (Directive 86/635/EEC)

### *Article 3a, paragraph 4*

***(4) The following Article 4a is inserted:***

***"Article 4a***

***Instead of the presentation of balance sheet items in accordance with Article 4, Member States may allow or require credit institutions, or certain classes of credit institutions, to present those items classified by their nature and in order of their relative liquidity provided that the information content given is at least equivalent to that otherwise required by Article 4."***

### *Justification*

*This amendment is aimed at empowering Member States to permit a balance sheet to be reported in accordance with the requirements of IAS. It is correspondent to that set forth in Article 1(6) of the Commission Proposal to introduce a new Article 10a in the Directive 78/660/EEC.*

*It is stipulated that in the alternative presentation, the balance sheet items have to be classified by their nature and in order of their relative liquidity; it is also required that the information content of the alternative presentation is at least equivalent to that of the balance sheet laid down in Article 4 of Directive 86/635/EEC.*

Amendment 30  
ARTICLE 3A(new), PARAGRAPH 5 (new)

Article 26 (Directive 86/635/EEC)

**Article 3a, paragraph 5**

**(5) In Article 26, the following paragraph is added:**

**"By way of derogation from Article 2(1) of Directive 78/660/EEC, Member States may allow or require all credit institutions, or any classes of credit institutions, to present a statement of their performance instead of the presentation of profit and loss items in accordance with Articles 27 or 28, provided that the information content given is at least equivalent to that otherwise required by those Articles."**

*Justification*

*This amendment is intended to introduce in the Directive 86/635/EEC the flexibility necessary to permit Member States to allow or require the adoption by credit and financial institutions of comprehensive statements – alternative to the profit and loss account – reflecting the financial performance for the period. Such statements are being currently developed by accounting standard setters world wide, including the International Accounting Standards Board.*

*This amendment is correspondent to that laid down in Article 1(8) of the Commission Proposal with reference to Article 22 of Directive 78/660/EEC.*

Amendment 31  
ARTICLE 3A(new), PARAGRAPH 6 (new)

Article 43, paragraph 2, letter (f) (Directive 86/635/EEC)

**Article 3a, paragraph 6**

**(6) Article 43, paragraph 2, letter (f) is deleted.**

*Justification*

*Article 43(2)f of Directive 86/635/EEC refers to Article 14 of Directive 83/349/EEC. The deletion of Article 43(2)f is necessitated by the deletion of Article 14 stipulated in Article 2(6) of the Commission Proposal.*

Amendment 32  
ARTICLE 4, PARAGRAPH 1

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [...] at the latest. They shall forthwith inform the Commission thereof.

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by **1.1.2005** at the latest. They shall forthwith inform the Commission thereof.

*Justification*

*To align the application of the revised directives with the complementary introduction of the Regulation requiring the use of adopted International Accounting Standards (1606/2002), the proposals should come into force by 1 January 2005 at the latest.*

Amendment 33  
Title

Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC, 83/349/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies and insurance undertakings

Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC, 83/349/EEC, **86/635/EEC** and 91/674/EEC on the annual and consolidated accounts of certain types of companies, **banks and other financial institutions** and insurance undertakings

*Justification*

*Amendment to reflect the inclusion, in the scope of the text, of Council Directive 86/635/EEC.*



## EXPLANATORY STATEMENT

On 19 July 2002 a European Parliament and Council regulation was adopted, laying down that with effect from 2005 companies listed on the stock exchange were *required* to draw up their consolidated annual accounts in accordance with the IAS (International Accounting Standards) approved for application in the EU. The regulation also *permits* the Member States to introduce the compulsory or optional use of IAS standards for companies not listed on the stock exchange for simple annual accounts.

The current reporting requirements are based on four directives concerning annual accounts: the ‘fourth directive’ 78/660 EEC (annual accounts of certain types of companies), the ‘seventh directive’ 83/349/EEC (consolidated accounts), the ‘banks directive’ 86/635/EEC (financial institutions) and the ‘insurance directive’ 91/674/EEC.

These annual accounts directives still have a role to play :

1. as a factor in considering the adoption of IAS standards for EU use;
2. as the basis for annual accounts which are not required to be drawn up in accordance with the IAS;
3. for matters not covered by the IAS regulation (e.g. supervision of auditors, cumulation of annual accounts).

In the directive which is the subject of this report, the Commission proposes that the annual accounts directives be adapted :

1. to permit consistency with the spirit of the current and probable future reporting requirements of the IAS;
2. to offer equal conditions of competition for companies which apply the IAS and those which do not (because they are not permitted to, do not wish to or are not required to);
3. to give undertakings the opportunity to make a smooth transition to preparations for listing on the stock exchange;
4. to enable national legislatures to allow their legislation to evolve in the general direction of the IAS at its own speed.

Your rapporteur proposes that the Commission proposal, as amended by the Committee on Legal Affairs and the Internal Market, be adopted. Thanks to ongoing consultation with the Council and Commission representatives, it may hopefully be possible to complete the work on this legislative item in one reading, so that no delays arise in achieving the Lisbon objectives.

For an article-by-article explanatory memorandum and an explanation of the amendments, your rapporteur refers to the Commission proposal and the justification for each amendment given in her report.

Taken overall, and in the light of the Lisbon objectives, your rapporteur welcomes the thorough approach taken by the Commission. The proposed amendments can make a contribution to restoring confidence in published financial and other data of a company. However, your rapporteur also has the following reservations to make about some – perhaps inevitable – consequences of opting for a shift to IAS standards and the absence in the past of opportunities for further harmonisation of the reporting rules applied in the EU.

1. It is still rather a pity that the Community legislature has not itself been in a position to devise a system of standards with adequate international authority, which could provide the necessary comparability on the internal market. It is also regrettable that the Commission was not able to obtain a better position for itself within the IAS structures. The struggle for a better position in the internal IAS structures must not be given up, and nor must the efforts seeking to make it possible to use the IAS in the USA too.

2. Many of the proposed amendments to the annual accounts directives consist of offering a wider range of options. While one may hope that the new opportunities will cause national legislation to evolve in the same direction of its own accord in a few years' time, the risk of a temporary reduction in the comparability of the data requiring to be disclosed cannot be ruled out. Your rapporteur hopes that this possible step back will benefit the quality of the leap when it is taken ("reculer pour mieux sauter").

3. The specific position of SMEs must be given sufficient attention. It is therefore a good thing that Member States have the option of exempting SMEs from the outset from certain additional reporting requirements. It also needs to be stressed that the "SME problem" as such is has not been tackled adequately. Why does the Commission not encourage consultation between the Member States on the way in which they deal with the options offered in these directives and in the IAS regulation? The Commission should also encourage the IAS structures to accept an approach directed more towards SMEs, particularly since it is widely expected that the IAS standards will trickle down as a result of recent legislation (the IAS regulation and this directive) into the rules applying to SMEs, while the IAS were in fact never designed for the world of SMEs and are consequently not well suited to them in all respects.

4. Although the European Union has not made a great deal of progress with tax harmonisation and an EU solution to the problems which arise as a result of the introduction of the IAS in those Member States where tax and annual reporting rules are linked, your rapporteur nevertheless feels that Community initiatives should be taken to bring the Member States together and encourage them to resolve these problems in a way appropriate to the internal market.

28 November 2002

## **OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS**

for the Committee on Legal Affairs and the Internal Market

on the proposal for a European Parliament and Council directive amending Council Directives 78/660/EEC, 83/349/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies and insurance undertakings

(COM (2002) 259/2 – C5-0233/2002 – 2002/0112(COD))

Draftsman: Fernando Pérez Royo

### **PROCEDURE**

The Committee on Economic and Monetary Affairs appointed Fernando Pérez Royo draftsman at its meeting of 26 August 2002.

It considered the draft opinion at its meetings of 5 November, 27 November, and 28 November 2002.

At the last meeting it adopted the following amendments unanimously.

The following were present for the vote: John Purvis acting chairman and vice chairman; Fernando Pérez Royo draftsman; Generoso Andria, Richard A. Balfe (for Jonathan Evans), Luis Berenguer Fuster (for Robert Goebbels), Pervenche Berès, Roberto Felice Bigliardo, Hans Udo Bullmann, Bert Doorn (for José Manuel García-Margallo y Marfil), Manuel António dos Santos (for Giorgos Katiforis), Harald Ettl, Lisbeth Grönfeldt Bergman, Brice Hortefeux, Christopher Huhne, Othmar Karas, Christoph Werner Konrad, Werner Langen (for Ingo Friedrich), Astrid Lulling, Thomas Mann (for Hans-Peter Mayer), Helmuth Markov (for Philippe A.R. Herzog), David W. Martin, Elly Plooij-van Gorsel (for Carles-Alfred Gasòliba i Böhm), Alexander Radwan, Bernhard Rapkay, Herman Schmid (for Ioannis Patakis), Olle Schmidt, Peter William Skinner, Helena Torres Marques, Bruno Trentin, Ieke van den Burg (for Mary Honeyball), Theresa Villiers.

## SHORT JUSTIFICATION

On 19 July an EU Regulation of the Parliament and the Council<sup>1</sup> was adopted requiring listed companies to prepare their consolidated accounts in accordance with International Accounting Standards (IAS) from 2005 onwards. The application of IAS is a key part of the Financial Services Action Plan - the aim is to enhance the comparability and transparency of financial information by adopting high quality financial reporting rules, thereby increasing overall market efficiency and reducing the cost of capital for companies.

The current Commission proposal aims to create a level playing field and to eliminate a disadvantage for unlisted companies, by allowing Member States to apply IAS standards to unlisted companies' consolidated and/or annual accounts and listed companies' annual accounts, removing inconsistencies between the current accounting directives and the IAS Regulation.

The proposal improves transparency for the investor by allowing investors to compare like with like and helps to prevent malpractice. It also improves investor confidence in the companies and assists in the raising of finance.

For logistical reasons, the Commission's proposal applied these proposed changes only to 3 out of the 4 so-called "accounting directives" (the "accounting directives" consist of the 4th accounting directive, the 7th accounting directive, the bank accounts directive and the insurance accounts directive<sup>2</sup>). The intention of the Commission was to propose the changes to the bank accounts directive in a separate yet imminent initiative.

Your draftsman therefore proposes that it would be logical and necessary to include the bank accounts directive within the scope of application of the current Commission proposal. The following amendments to Article 3A of the proposal therefore make the necessary technical changes to the text of the proposal in order to include the bank accounts directive within its scope.

A technical amendment also needs to be made, in order to include the correct terminology "admitted to trading" and amendments are introduced in order to apply the rules of the Insurance Accounts Directive to Lloyds and Lloyds' syndicates.

The content of the Commission's proposal is non-controversial and does not in your draftsman's view necessitate amendment by ECON:- The Commission's proposal allows Member States to move at a suitable speed towards IAS by providing the option to apply IAS standards to annual accounts of listed companies and to the annual/consolidated accounts of unlisted companies. This is in line with the provision<sup>3</sup>, endorsed by the European Parliament<sup>4</sup>, of the IAS Regulation which allows Member States the possibility of extending IAS to annual accounts of listed companies and to annual/consolidated companies of unlisted companies.

The proposal also updates non-IAS aspects and includes, for example, provisions requiring

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<sup>1</sup> 1606/2002 of 19 July 2002 on the application of accounting standards OJ L243/1 of 11.09.2002

<sup>2</sup> Directive 78/660/EEC, Directive 83/349/EEC, Directive 86/635/EEC, Directive 91/674/EEC

<sup>3</sup> Article 5

<sup>4</sup> 12 March 2002

that information included in the accounts is not restricted to financial aspects of the company's business. This would allow, for example, analysis on environmental aspects of a company, in line with the Commission Recommendation of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and reports<sup>1</sup>.

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<sup>1</sup> Recommendation 2001/453/EC

The Committee on Economic and Monetary Affairs calls on the Committee on Legal Affairs and the Internal Market, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

Amendment 1  
TITLE

Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC, 83/349/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies and insurance undertakings

Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC, 83/349/EEC, **86/635/EEC** and 91/674/EEC on the annual and consolidated accounts of certain types of companies, ***banks and other financial institutions*** and insurance undertakings

*Justification*

The title of the proposed directive is altered, to reflect the inclusion of amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal.

Amendment 2  
RECITAL 1

(1) The Lisbon European Council of 23-24<sup>th</sup> March 2000 emphasised the need to accelerate completion of the internal market for financial services, set the deadline of 2005 to implement the Commission's Financial Services Action Plan and urged that steps be taken to enhance the comparability of financial

(1) The Lisbon European Council of 23-24 March 2000 emphasised the need to accelerate completion of the internal market for financial services, set the deadline of 2005 to implement the Commission's Financial Services Action Plan and urged that steps be taken to enhance the comparability of financial

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<sup>1</sup> OJ C not yet published.

statements prepared by Community companies whose securities are **listed** on a regulated market (hereinafter: “listed companies”).

statements prepared by Community companies whose securities are **admitted to trading** on a regulated market (hereinafter: “listed companies”).

*Justification*

The original Commission proposal contained inaccurate wording. The correct terminology is "admitted to trading".

Amendment 3  
RECITAL 9a (new)

***Directive 78/660/EEC and Directive 83/349/EEC should accordingly be amended. Furthermore, it is also necessary to amend Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions<sup>1</sup>***

*Justification*

The proposed new recital 9a (new) is consistent with the first sentence of recital 9 of the Commission's original proposal and includes amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal.

Amendment 4  
RECITAL 9b (new)

***These amendments will remove all inconsistencies between Directive 78/660/EEC, Directive 83/349/EEC, Directive 86/635/EEC and Directive 91/674/EEC and IAS in existence at 1 May 2002.***

*Justification*

The proposed new recital 9b (new) is consistent with the second sentence of recital 9 of the Commission's original proposal and includes amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal.

Amendment 5

ARTICLE 3, PARAGRAPH 3a (new)

Article 4 (Directive 91/674/EEC)

*Article 4 is replaced by the following:*

***“1. This Directive shall apply to the association of underwriters known as Lloyd’s. For the purpose of this Directive both Lloyd’s and Lloyd’s syndicates shall be deemed to be insurance undertakings.***

***2. By way of derogation from Article 65(1), Lloyd’s shall prepare aggregate accounts instead of consolidated accounts required by Directive 83/349/EEC. Aggregate accounts shall be prepared by cumulation of all syndicate accounts.”***

*Justification*

This amendment proposes the application of the rules of the Insurance Accounts Directive to Lloyds and Lloyds' syndicates, since their previous exclusion from the directive is now an anomaly and the situation should be updated.



Amendment 6  
ARTICLE 3, PARAGRAPH 3b (new)

Annex (Directive 91/674/EEC)

*The Annex is deleted.*

*Justification*

This amendment proposes the application of the rules of the Insurance Accounts Directive to Lloyds and Lloyds' syndicates, since their previous exclusion from the directive is now an anomaly and the situation should be updated. The Annex, which previously contained special accounting rules for Lloyds, is therefore deleted.

Amendment 7  
ARTICLE 3a, PARAGRAPH 1 (new)

Article 1 (Directive 86/635/EEC)

*a) Paragraph 1 is replaced by the following:*

*"Articles 2, 3, 4(1), (3) to (6), Articles 6, 7, 13, 14, 15(3) and (4), Articles 16 to 21, 29 to 35, 37 to 41, 42 first sentence, 42a to 42f, 45(1), 46(1) and (2), Articles 48 to 50, 50a, 51(1) and 51a, 56 to 59, 61 and 61a of Directive 78/660/EEC shall apply to the institutions mentioned in Article 2 of this Directive, except where this Directive provides otherwise. However, Articles 35(3), 36, 37 and 39(1) to (4) of this Directive shall not apply with respect to assets and liabilities that are valued in accordance with Section 7a of Directive 78/660/EEC."*

*b) Paragraph 2 is replaced by the following:*

*"Where reference is made in Directives 78/660/EEC and 83/349/EEC to Articles 9, 10 and 10a (balance sheet) or to*

***Articles 23 to 26 (profit and loss account) of Directive 78/660/EEC, such references shall be deemed to be references to Articles 4 and 4a (balance sheet) or to Articles 26, 27 and 28 (profit and loss account) of this Directive.”***

*Justification*

This amendment includes amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal. The amendment aligns the references included in Article 1, paragraphs 1 and 2 of Directive 86/635/EEC to the new text of Directive 78/660/EEC.

Amendment 8

ARTICLE 3a, PARAGRAPH 2 (new)

Article 4 (Directive 86/635/EEC)

***In Article 4, the first sentence is replaced by the following:***

***“The Member States shall prescribe the following layout for the balance sheet. As an alternative, Member States may allow or require credit institutions to adopt the presentation of the balance sheet set out in Article 4a.”***

*Justification*

This amendment aims to include amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal. A second sentence is introduced in Article 4 of Directive 86/635/EEC to permit Member States to allow or require the adoption by entities subject to Directive 86/635/EEC of an alternative presentation of the balance sheet.

Amendment 9  
ARTICLE 3a, PARAGRAPH 3 (new)

Article 4 (Directive 86/635/EEC)

***In Article 4, under ‘Liabilities’, in point 6 the title “Provisions for liabilities and charges” is replaced by “Provisions”.***

*Justification*

This amendment aims to include amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal. This amendment corresponds to the amendment to Article 9 of Directive 78/660/EEC.

Amendment 10  
ARTICLE 3a, PARAGRAPH 4 (new)  
Article 4a(new) (Directive 86/635/EEC)

***The following Article 4a is inserted:***

***"Article 4a***

***Instead of the presentation of balance sheet items in accordance with Article 4, Member States may allow or require credit institutions, or certain classes of credit institutions, to present those items classified by their nature and in order of their relative liquidity provided that the information content given is at least equivalent to that otherwise required by Article 4."***

### *Justification*

This amendment aims to include amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal. The amendment corresponds to Article 1(6) of the Commission Proposal to introduce a new Article 10a in the Directive 78/660/EEC.

### Amendment 11 ARTICLE 3a, PARAGRAPH 5 (new)

Article 26 (Directive 86/635/EEC)

***In Article 26, the following paragraph is added:***

***"By way of derogation from Article 2(1) of Directive 78/660/EEC, Member States may allow or require all credit institutions, or any classes of credit institutions, to present a statement of their performance instead of the presentation of profit and loss items in accordance with Articles 27 or 28, provided that the information content given is at least equivalent to that otherwise required by those Articles."***

### *Justification*

This amendment aims to include amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal. The amendment corresponds to Article 1(8) of the Commission Proposal with reference to Article 22 of Directive 78/660/EEC.

Amendment 12  
ARTICLE 3a, PARAGRAPH 6 (new)

Article 43, paragraph 2, letter (f) (Directive 86/635/EEC)

*Article 43, paragraph 2, letter (f) is  
deleted.*

*Justification*

This amendment aims to include amendments to the bank accounts directive (Council Directive 86/635/EEC of 8 December 1986 on the annual and consolidated accounts of banks and other financial institutions) within the scope of the current proposal. The amendment corresponds to the deletion of Article 14 stipulated in Article 2(6) of the Commission Proposal.