



JURI MEPs
European Parliament
Bât. Altiero Spinelli
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E-MAIL

EACB Comments on JURI Compromise Amendments on Accounting Directive

Dear Madam, dear Sir,

The Members of the European Association of Co-operative Banks (EACB) have taken note of the JURI Compromise Amendments on Accounting Directive of 13th September 2012. While we support some of the objectives of this document, we would like to draw your attention to the following concerns of the Members of the EACB:

- The Members of the EACB do not see the necessity of the extension of the requirements to report on payments to governments to all public interest entities in the banking sector (AMC 17 on Country by country reporting). This measure would have particularly far-reaching impact on small banks that could not support such measures and that already have many controls and supervisions which are more adapted. The requirements would be time-consuming and the information value will be too low. Furthermore we do not understand why banks should be required to report while all other financial institutions would be excluded.
- Moreover, we suggest including the Amendments of Ms. Thein on the Member State's option to apply consolidation rules (AM 156 of Article 23(1a)) and on the exemption of mandatory preparation of consolidated financial statements for undertakings which has the power to exercise dominant influence over other undertakings (AM 152 of Article 23(1)(d)) in the list of the JURI compromises. Without these simplifications, smaller banks may have to prepare consolidated accounts solely due to the investment in special funds on the asset side of the balance sheet. This would imply administrative burden and associated costs such as the audit services and the disclosure requirements. In some Member States, some exemption of consolidation requirements already exists and do not lead to information disadvantage for users of financial statements because these institutions are required to provide disclosure information. In addition, the Seventh Company Law Directive already allows Member State Option to apply consolidation rules in Article 1 (2).
- In addition, we reckon that the definition of undertakings in Article 3 of the Accounting Directive is inappropriate for banks. Therefore we see the necessity to find other criteria to cover the needs for the banking sector. Small co-operative banks would easily fall into the category of large undertakings as the thresholds and the criteria are not adapted to banks. This will however imply huge costs on them due to their limited number of employees in addition to the immense regulation costs the banking sector has to cope with.

The voice of 4.200 local and retail banks, 50 million members, 160 million customers

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- Furthermore, the Members of the EACB support the possible exploration by the Commission on harmonized electronic format for reporting (AMC 3 – Recital 27). However we fear that the mandatory preparation of financial statements under an electronic tool would be very costly not only for the SMEs but for all undertakings. It would be in contradiction with the objective of the reduction of the reporting constraints and of the costs of the reporting. Therefore we consider that a harmonized format of reporting is sufficient and we suggest that the preparation of financial statements under an electronic tool should be left to the choice of undertakings.
- We strongly appreciate the compromise that has been found by the JURI Committee on the deletion of the obligation to audit the annual financial statements of medium-sized undertakings in the European Union (AMC 15 - Article 34). Indeed we support the obligation to audit the annual financial statements of medium-sized undertakings in the European Union as annual financial statements audited by independent auditors have a high level of reliability which is vital not just for a functioning banking industry but also for the European economy.
- Finally, we have some reservations regarding the wording “available-for-sale instruments” (AMC 5 – Art. 7 (8)). We are not sure, whether this kind of instruments will be used any longer when IFRS 9 will be applied, expected for 1st January 2015.

Should you have any questions, we would be happy to clarify the issues more precisely.

Yours sincerely,

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