

Public consultation on strengthening the quality of corporate reporting and its enforcement

Fields marked with * are mandatory.

Introduction

This consultation is now available in 23 European Union official languages.

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High quality and reliable corporate reporting is of key importance for healthy financial markets, business investment and economic growth. The [EU corporate reporting framework](#) should ensure that companies publish the right quantity and quality of relevant information allowing investors and other interested stakeholders to assess the company's performance and governance and to take decisions based on it. High quality reporting is also indispensable for cross-border investments and the development of the [capital markets union \(CMU\)](#).

In the context of this consultation, corporate reporting comprises the financial statements of companies, their management report that includes the non-financial and corporate governance statements and country-by-country reporting. It would also include sustainability information pursuant to the [proposed Corporate Sustainability Reporting Directive](#).

The consultation takes into account the outcomes of the [2018 consultation on the EU framework for public reporting by companies](#) and the [2021 fitness check on the EU framework for public reporting by companies](#). This consultation however focuses on companies listed on EU regulated markets (hereafter 'listed companies' or 'issuers'), that is a subset of the companies subject to public reporting requirements under EU law. Please note that in terms of reporting, this consultation does not seek the views of stakeholders on the applicable accounting standards, such as International Financial Reporting Standards (IFRS) or the standards in the Accounting Directive, or the views of stakeholders on public country-by-country reporting or the Commission's proposal for a Corporate Sustainability Reporting Directive.

The 2018 consultation did not cover the areas of corporate governance or statutory audit. Therefore, this consultation contains questions to evaluate aspects of the [Audit Regulation 537/2014](#), [Audit Directive 2006/43/EC](#) and of [Accounting Directive 2013/34/EU](#). However, it covers the EU framework on corporate governance only in so far as relevant for corporate reporting by listed companies and the statutory audit of so-called public interest entities (PIEs). Listed companies, credit institutions, insurance undertakings and entities designated as such by Member States are PIEs.

This consultation also builds on the work carried out by the [European Securities and Markets Authority \(ESMA\)](#) and the [Committee of European Audit Oversight Bodies \(CEAOB\)](#).

This consultation is divided into 5 parts

- The first part seeks your views about the overall impact of the EU framework on the three pillars of high quality and reliable corporate reporting - corporate governance, statutory audit and supervision. It also seeks your views about the interaction between the three pillars
- The second part of the questionnaire focuses on the corporate governance pillar, as far as relevant for corporate reporting. It aims to get your feedback in particular on the functioning of company boards, audit committees and your views on how to improve their functioning
- The third part focuses on the statutory [audit pillar](#). The first questions in this part aim at getting your views on the effectiveness, efficiency and coherence of the EU audit framework. It focuses in particular on the changes brought by the [2014 audit reform](#). Subsequently, the questions aim to seek views on how to improve the functioning of statutory audit
- The fourth part asks questions about the supervision of PIE statutory auditors and audit firms
- Finally, the consultation will ask questions about the supervision of corporate reporting and how to improve it

This consultation will directly feed into an impact assessment that the Commission will prepare in 2022 with a view to possibly amend and strengthen the current EU rules.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-corporate-reporting@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [the consultation strategy](#)
- [company reporting](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech

- Danish
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- English
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- French
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- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Maryia

* Surname

Sulik

* Email (this won't be published)

maryia.sulik@eacb.coop

* Organisation name

255 character(s) maximum

European Association of Co-operative Banks (EACB)

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

4172526951-19

* Country of origin

Please add your country of origin, or that of your organisation.

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| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> |

- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
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- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
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- Malawi
- Malaysia
- Maldives
- Mali
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- Micronesia
- Moldova
- Monaco
- Mongolia
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- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
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- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
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- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
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- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
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- Kiribati
- Kosovo
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- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
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- Puerto Rico
- Qatar
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- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
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| <input type="radio"/> Croatia | <input type="radio"/> Kuwait | <input type="radio"/> Romania | <input type="radio"/> Vietnam |
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Tristan da Cunha | <input type="radio"/> Zambia |
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Republic of the
Congo | <input type="radio"/> Lesotho | <input type="radio"/> Saint Kitts and
Nevis | <input type="radio"/> Zimbabwe |
| <input type="radio"/> Denmark | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia | |

* Role in the corporate reporting market

- Preparer of corporate reporting
- User of of corporate reporting
- Preparer and user of corporate reporting
- Statutory auditor
- Accounting professional
- Supervisor
- None
- Other

* Field of activity or sector (if applicable)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Other financial services (e.g. advice, brokerage)
- Social entrepreneurship
- Trade repositories

- Other
- Not applicable

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Part I - The EU framework for high quality and reliable corporate reporting

The EU framework for corporate reporting has developed significantly since the EU adopted the [fourth company law Directive \(Directive 78/660/EEC\)](#) which coordinated the national provisions on the presentation, content and publication of annual accounts and management reports of limited liability companies. This Directive also already required a statutory audit of the annual accounts of limited liability companies.

Today, the [Accounting Directive 2013/34/EU](#), the [Statutory Audit Directive \(2006/43/EU\)](#) and [Audit Regulation \(537/2014\)](#) and the [Transparency Directive 2004/109/EC](#) provide the main requirements that ensure the quality of corporate reporting and its enforcement in the EU. Moreover, the [ESMA Regulation \(EU\)1095/2010](#) gives tasks to ESMA in

relation to corporate reporting. Given the inclusion of the Transparency Directive in the scope of the ESMA Regulation ESMA can make use of its powers in the ESMA Regulation, such as to issue guidelines.

The main elements of this framework that guarantee the quality and reliability of corporate reporting can be summarised as follows

- **C o r p o r a t e** **g o v e r n a n c e :**
Responsibility of company boards for corporate reporting; the establishment by PIE's of an audit committee to minimise risks and to enhance the quality of financial reporting
- **A u d i t :**
The requirements for a statutory audit of the annual accounts to ensure that there are no material misstatements
- **S u p e r v i s i o n :**
The supervision of statutory auditors and audit firms to ensure the quality of audits and the supervision of corporate reporting by listed companies to ensure the quality of corporate reporting

The three pillars of the corporate reporting framework can be mutually reinforcing. At the same time, weaknesses in one pillar also negatively impact other pillars. Appropriate responsibilities and supervision of company boards provide incentives to company boards to focus on the quality of their corporate reporting. It will also incentivise them to see statutory audit not as a burden, but as an important external check by statutory auditors. On the other hand, where company boards are insufficiently accountable and supervised, there is a risk that boards may pay insufficient attention to the quality of reporting and that they provide insufficient resources for a proper audit.

Question 1. As a user of corporate reporting (retail or wholesale investor, credit rating agency, NGO, public authority, employees, suppliers, other stakeholders), what is the relative importance of the information contained therein compared to other sources of information?

- 1 - Very low
- 2 - Low
- 3 - Medium
- 4 - High
- 5 - Very high
- Don't know / no opinion / not applicable

Question 2. How do you assess the overall effectiveness, efficiency, relevance, coherence and EU added value of the EU legislation, considering each of the pillars underpinning corporate reporting individually, but also in combination with each other?

a) Corporate governance

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable

I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Relevant in terms of overall needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
IV. Coherence with other related EU frameworks / internal coherence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. EU Added value: was and is EU intervention justified?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Statutory audit

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

III. Relevant in terms of overall needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
IV. Coherence with other related EU frameworks / internal coherence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. EU Added value: was and is EU intervention justified?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Supervision by public authorities of statutory auditors/audit firms

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Relevant in terms of overall needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
IV. Coherence with other related EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

frameworks / internal coherence						
V. EU Added value: was and is EU intervention justified?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Supervision by authorities of corporate reporting

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Relevant in terms of overall needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
IV. Coherence with other related EU frameworks / internal coherence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. EU Added value: was and is EU intervention justified?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

e) The eco-system composed of all of the above

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Relevant in terms of overall needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
IV. Coherence with other related EU frameworks / internal coherence	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. EU Added value: was and is EU intervention justified?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 2.1 Please describe the main issues that you see, if any, in the four areas mentioned in question 2 and in the eco-system composed of all four areas. Where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- **have any factors reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?**
- **is there room to improve efficiency via further simplification?**
- **are existing provisions coherent with each other?**

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We in general agree that EU legislation has led to a considerable degree of harmonization in the pillars outlined in question 2. However, there is no uniform/harmonised company law in Europe, despite increasing efforts. Given large variations due to 1-tier and 2-tier board systems, we see the need for correspondingly adapted solutions.

Furthermore, audit is over-regulated, which makes market access for smaller auditors more difficult. This has led to a reduction in the number of PIE auditors across Europe. The choice of auditors on the market has consequently been reduced. A holistic approach (corporate governance, reporting and auditing, as well as their supervision) is the key to high quality corporate reporting.

Regarding question 2(c), we believe that public authorities' supervision of statutory auditors and audit firms has increased the pressure on auditors. As a consequence, the quality of audit has improved. As to question 2(d), it is our opinion that, through enforcement, financial reporting has also reached the board level and has gained overall importance. We think that closing the information imparity (the management has more information than the other stakeholders) is of key importance. Non-financial reporting contributes to this since it rounds off financial reporting. Financial reporting and non-financial reporting together form a sufficient framework, but attention must be paid to the coherence of individual regulations within this framework. We strongly support strengthening the informative value of accounting and reporting.

The [ESMA report on enforcement and regulatory activities of European enforcers in 2020](#) notes that supervisors undertook the examination that year of 729 financial statements drawn up in accordance with International Financial Reporting Standards (IFRS). Based on these examinations, European enforcers took enforcement actions against 265 issuers in order to address material departures from IFRS. This represents an action rate of 38%.

As regards the audit sector the [Commission's market monitoring report](#) highlights deficiencies in audit firms' internal quality control systems, but also in individual files for audits of PIEs. National audit oversight bodies also report that part of statutory audits is not up to standards.

Question 3. Based on your own experience how do you assess the quality and reliability of corporate reporting by listed EU companies?

- 1 - Very low
- 2 - Low
- 3 - Medium
- 4 - High
- 5 - Very high
- Don't know / no opinion / not applicable

Question 3.1 Please provide concrete examples and evidence supporting your assessment in question 3 and explain the consequences that the quality and reliability of corporate reporting or lack thereof has on you.

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The corporate reporting of capital market-oriented companies is characterized by high quality and reliability. This is largely due to the clear responsibilities for the preparation and review of corporate reporting enshrined in EU law: (1) Responsibility of the Board of Management for Corporate Reporting; (2) Duty of the audit committee/supervisory body to monitor the financial reporting process and to review the independence of the auditor; (3) Statutory Audit of corporate reporting by publicly appointed auditors; (4) Review of corporate reporting of listed companies by national enforcement authorities. Nevertheless, as there is no supranational, European enforcement, it is not ensured that a uniform approach is taken (despite exchange at ESMA level), e.g. with regard to materiality and/or relevance of capital market information, etc. We therefore suggest a uniform methodology for enforcers and inspectors.

We would like to also point out that the error rate of 38% quoted in the ESMA report appears to be very high and is therefore questionable. This view is also underlined by the final report of the European Commission "Fitness Check on the EU framework for public reporting by companies" (published on 21.4.2021) with the following statement: "The reliability of financial information disclosed by listed companies was found to be overall good, due to the cascade of requirements of collective board responsibility for the true and fair view of financial statements, to the mandatory statutory audit for all listed companies, and securities market supervision. However, enforcement practices of national supervisors still differ significantly across the EU. The Wirecard case confirmed this and indicated that the EU framework presents potential weaknesses as regards the effectiveness of enforcement practices, in particular as regards the lack of coordination between national authorities and the independence of the authorities in charge of examining financial information."

Question 4. There are no generally accepted standards or indicators to measure the quality of corporate reporting and of statutory audit, nor the effectiveness of supervision. In light of this, what are your views on the following questions?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Would it be useful to have specific indicators to measure the quality of corporate reporting, of statutory audits and the effectiveness of supervision?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is it possible to have clear and reliable indicators to measure the quality of corporate reporting, of statutory audit and the effectiveness of supervision?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Should the European Commission develop indicators on the quality of corporate reporting, of statutory audits and the effectiveness of supervision?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.1 Please provide any further explanation supporting your views, and, where relevant, please suggest possible indicators of the quality and reliability of corporate reporting, statutory audit and supervision, where possible with concrete examples:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The quality of corporate reporting is documented by the auditor's opinion in the auditor's report. The auditor's report contains sufficient indications/criteria for assessing the quality of the financial statements. In our view, the development of clear and reliable indicators to assess audit quality is rather difficult. We do not believe that quality indicators lead to a comparability of audit quality. Rather, we see the danger of pseudo-objectivity, pseudo-accuracy and mismanagement.

Question 5. In your view, should the Commission take action in the areas of the corporate governance pillar, the statutory audit pillar, the supervision of PIE auditors and audit firms and the supervision of corporate reporting to increase the quality and reliability of reporting by listed companies?

- Yes, there is a need to improve the **some or all of the areas listed above**
- Yes, there is a need to improve some or all of the areas listed above **as well as other areas**
- No, but there is a need to improve other areas than those listed above
- No, there is no need to take further action in any area
- Don't know / no opinion / not applicable

Please indicate to what extent you think the Commission should take action in each of the areas below to increase the quality and reliability of reporting by listed companies:

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Improve the corporate governance pillar	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improve the statutory audit pillar	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improve the supervision of PIE auditors and audit firms	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improve the supervision of corporate reporting	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you think there is a need to improve other areas than those listed above please indicate which areas you have in mind:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 5.1 Please provide any further explanation supporting your views, and where appropriate describe what actions you would prioritise and why, with concrete examples:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In 2021, the German legislature enacted measures to strengthen the integrity of the financial market. The aim is to strengthen the quality of corporate reporting, auditing, auditor supervision and enforcement. Therefore, we see no need for further action at the moment. Other member states should also act individually if necessary. This is in line with the idea of subsidiarity.

However, even in a mature corporate governance and audit regime such as the EU, it must be recognised that failures and errors cannot be completely avoided. No improvement is likely to prevent all cases of corporate failure. The challenge is to minimise the impact of failures on the economy or to detect them early and maintain investor confidence in the capital market. Failures should primarily be used as a learning experience for the ecosystem as a whole. From this perspective, it is critical to have a supervisory framework that is not solely punitive, but rather creates an environment that allows for evidence-based processing and evolution/improvement across the board.

We are convinced that the aspects of audit quality are complexly interrelated. There seems to be no one-size-fits-all solution. We encourage legislators and regulators not to look at possible changes in the EU framework in isolation, as possible interventions may have unintended consequences in other areas. It is therefore crucial to strive for global coordination and cooperation on changes in the ecosystem, also to avoid different expectations of individual member states and regulatory fragmentation.

Question 5.2 At what level should action be taken to improve the quality of corporate governance, audit, audit supervision and/or supervision of corporate reporting?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Companies themselves should take action to improve their reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Auditors themselves should take action to improve audits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Audit supervisors themselves should take action to improve their functioning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Individual Member States should take action if the situation in their market requires this	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The EU should take action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Several of the above should take action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Question 5.3 Please provide any further explanation supporting your views expressed in question 5.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6. To what extent is there a need to modify the EU framework on corporate reporting to support the following objectives?

	1 (not at all necessary)	2 (rather not necessary)	3 (neutral)	4 (rather necessary)	5 (highly necessary)	Don't know - No opinion - Not applicable
I. The green transition	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. The digital transition	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Facilitating doing business by SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
IV. Reducing burdens and/or simplification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. Better corporate social responsibility, including tax transparency and fair taxation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 6.1 Please provide, if needed, any further explanation supporting your views expressed in question 6:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The objectives mentioned in question 6 are important and worthy of support. However, it is not necessary in all cases to change the framework for this purpose. Numerous European initiatives have already been launched that serve to achieve the objectives mentioned in question 6 (e.g. CSRD Directive, ESAP Regulation, measures to complete the Capital Markets Union). Here, the effect of the upcoming regulations should be waited for first.

In our view, "green transition" and "digital transition" are topics that are sufficiently addressed in the area of corporate reporting and corporate governance as they are already in the pipeline of the EU regulatory framework. The area of digital transformation also includes, for example, the accounting treatment of intangible assets and does not require an adjustment of the framework. Rather, we think that support programmes and investment incentives are needed, especially in the area of digital transformation, instead of further requirements in the area of reporting.

Concerning the area of "reducing regulatory and other administrative burdens", we believe that the EU should (again) launch a "better regulation" initiative.

The Commission should carefully assess and analyse the impact of the rules on corporate reporting on SMEs. Especially for SMEs seeking access to the capital market, the burdensome reporting requirements could discourage them. We therefore support the forthcoming simplification measures for SMEs and suggest that the reporting requirements (incl. prospectuses) are evaluated and simplified.

The current requirements for country-by-country reporting are sufficient for achieving tax transparency. Moreover, in our view, the improvement of social responsibility is already covered in the green transition.

Part II - Corporate governance

The EU corporate governance framework focuses on the relationships between company boards, shareholders and other stakeholders, and therefore, on the way a company is managed and controlled. The framework consists of a combination of EU and Member State legislation and soft law, namely national corporate governance codes applied on a 'comply or explain' basis. It aims inter alia to provide protection for shareholders and other parties with a particular interest in companies, such as employees and creditors.

A [sustainable corporate governance initiative](#) is planned to be adopted by the Commission in 2021. (In addition, the [Commission's study on directors' duties and sustainable corporate governance, July 2020](#), assesses the root causes of 'short termism' in corporate governance and discusses their relationship with current market practices and/or regulatory frameworks).

Key features of the EU framework on corporate governance that are relevant for corporate reporting are

- The collective responsibility of the members of the administrative, management and supervisory bodies of a company for drawing up and publishing annual financial statements and management reports
- The requirement for a statement by the persons responsible within the issuer that, to the best of their knowledge, the financial statements prepared give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer

- The requirement for PIEs to establish, in principle, an audit committee

Question 7. How do you assess the effectiveness, efficiency, and coherence of the key features of the EU framework on corporate governance, considering how they underpin quality and reliability of corporate reporting?

a) Board responsibilities for reporting

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

b) Liability of company boards for reporting

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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c) Obligation to establish an audit committee

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Rules on the composition of the audit committee

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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e) Tasks of the audit committee

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

f) External position of the audit committee (e.g. in relation to shareholders)

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Question 7.1 Please describe the main issues you see, if any, as regards corporate governance and, where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- **are there factors that have reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?**
- **is there room to improve efficiency via further simplification?**
- **are existing provisions coherent with each other?**

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As regards question 7(f), it must be absolutely ensured that members of cooperatives who are also shareholders are not excluded from being members of an audit committee. The cooperative shareholders usually hold small amounts of capital, which does not affect their independence of mind as outlined in section 3.3 of the ECB Guide to fit and proper assessments.

The requirements for the audit committee are particularly important in monistic governance systems, as there should be a separation between the responsibility for corporate reporting and its review. In our view, in a dualistic governance system, the supervisory body, which is separate from the management board, can perform the tasks of the audit committee as an overall body and ensure efficient corporate reporting. In our view, changes to the current legal framework are neither necessary nor expedient, with an exception of company law which is not harmonised in the EU to the same extent as, for example, in the context of accounting for listed companies (IFRS).

We would like to recall that there are specific rules in place already for banks regarding the audit committee. As specified in section 5.5 of the EBA Guidelines on internal governance under CRR, the audit committee is required to monitor the effectiveness of the internal quality control and risk management systems, oversee the establishment of accounting policies, monitor the financial reporting process, review and monitor the independence of the statutory auditors or the audit firms, etc.

Question 8. Considering the level of material departures from IFRS reported in the [ESMA report on enforcement and regulatory activities of European enforcers in 2020](#), to what extent can such departures be attributed to deficiencies of the EU framework on corporate governance?

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

Question 8.1 Please explain the main issues you see, and, where possible, please provide concrete examples and evidence supporting your assessment:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In principle, we do not see a causal link between errors in the financial statements and the corporate governance system. In our opinion, the cause of deviations from IFRS identified in enforcement is not the framework, but often the fact that IFRS are too complex.

Question 9. How effective and efficient would the following actions be in increasing the quality and reliability of reporting by listed companies?

a) Strengthen the (collective) responsibilities of the board / tasks for reporting / liability of boards for incorrect reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Require proper expertise of specific board members in relation to corporate reporting (internal controls, accounting framework, sustainability reporting, etc.)

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Increase the responsibilities of specific board members (e.g. Chief Executive Officer or the Chief Financial Officer) and their liability on corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Give company boards an explicit responsibility to establish effective risk management and internal control systems for the preparation of corporate reporting, including as regards controls for risks of fraud and going concern

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

e) More transparency of company boards about the effectiveness of the companies' risk management and report on the actions undertaken during the reporting period

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

f) Remove exemptions in EU legislation for establishing an audit committee

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

g) Increase the tasks of the audit committee, e.g. for providing assurance on internal control systems for the avoidance of risk and fraud and going concern

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

h) Strengthen the external position of the audit committee (e.g. vis-à-vis the auditor or by reporting to shareholders)

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

i) Require the setting up of specific whistle blowing procedures inside listed companies and supervisors of corporate reporting to strengthen the protection of whistle blowers

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

j) Require auditors to provide assurance on the systems and internal controls implemented by the board, including fraud, going concern and related reporting requirements

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

k) Strengthen the role of shareholders on corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 9.1 Have you identified other actions that would effectively and efficiently increase the quality and reliability of reporting by listed companies?

- Yes
- No
- Don't know / no opinion / not applicable

Question 9.2 Please provide any details to support your views. Any evidence, including on expected benefits and costs of such action is welcome:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Part III - Statutory audit

The overall objective of statutory audits is to ensure that financial statements are free from material misstatements and provide a true and fair view. The auditor has to identify and assess the risk of material misstatements and gather sufficient and appropriate audit evidence as the basis for his opinion that the financial statements provide a true and fair view and to publicly report on the results of his audit work. The EU audit rules promote audit quality and seek to ensure the independence of auditors and audit firms.

Therefore, the final objective of statutory audit is to contribute to the quality and reliability of financial statements of companies.

Question 10. How do you assess the effectiveness, efficiency and the coherence with other relevant EU frameworks of the key features of EU audit legislation in so far as it applies to PIE auditors and audit firms?

a) The rules on independence of auditors/audit firms and absence of conflicts of interest

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable

I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

b) The rules on the content of the audit and of the audit report

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) The rules applicable to non-audit services

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable

I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

d) The rules on auditor/audit firm rotation

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

e) The rules on transparency (transparency report, additional reports to other parties / audit committees / supervisors)

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 11. Please describe the main issues you see, if any, in the audit pillar and, where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- **are there factors that have reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?**
- **is there scope to improve efficiency via further simplification?**
- **are existing provisions coherent with each other?**

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As regards question 10(a), We consider the regulations to be effective in principle, but not very cost-efficient due to the high complexity and the differences in the individual member states. Suggestions for improvement: (i) Appointment of auditors before the beginning of the financial year; (ii) Appointment over several years; (iii) Need for improvement for non-audit services (see point c); (iv) Simplification of the independence rules.

Concerning question 10(b), we consider the content of the audit and the audit report to be appropriate. At most, consideration could be given to what additional information is relevant for the stakeholders. The auditor could enter into dialogue with them, for example, within the framework of the general meeting. An extension of the reporting obligation is not desired.

As to question 10(c), we believe that a clear distinction should be made between "audit related services" and "other non-audit services". Audit-related services such as comfort letter, review of remuneration report, review of semi-annual report, audit of ICS/RMS etc. do not represent an impairment of independence and should therefore not be subject to pre-approval but should be reported to the audit committee. "Other non-audit services" represent a potential threat to independence and should therefore be divided into two categories: (i) absolutely prohibited services; (ii) services subject to approval. An EU-wide uniform implementation and clarification regarding non-audit services would be desirable.

Question 12. To which extent you agree to the following statements?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
I. Statutory audits contribute as much as is possible to the quality and reliability of corporate reporting by PIEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. I am satisfied with the role of the statutory auditors / audit firms of PIEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. The work of auditors is reliable so I trust their assessment and reports and their work inspires trust in capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
IV. There is not enough choice for public interest entities in finding an audit firm at appropriate costs	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. Joint audits contribute to the quality of audit	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12.1 If you want to add any comments, and/or mention specific issues you see you can insert them here. Where possible, please provide concrete examples and evidence supporting your assessment:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The flood of regulation restricts market entry and promotes market concentration in the field of PIE examiners. In our opinion, over-regulation should be reduced, and instead simplification of regulations should be sought. As can also be seen in the current EU Market Monitor report (COM (2021) 29 final), the number of PIE auditors within Europe has decreased since the EU audit reform in 2014.

The audit quality issues that occur most often at EU level are

- deficiencies in audit firms' internal quality control systems
- the lack of, or inappropriate, monitoring of high-risk audited entities
- and the lack of audit evidence and documentation.

Question 13. To what extent can these quality issues be attributed to deficiencies in the EU legal and supervisory framework for statutory audit?

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

Question 13.1 Please explain, and where possible, provide evidence for your assessment under question 13:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the current regulations are sufficient, and we doubt that further regulations are beneficial. It should be borne in mind that the regulations have not yet fully taken effect in the last few years and thus there is not yet sufficient evidence for the effectiveness of the measures of the last audit reform.

In order to increase the quality of the audit in the future, we suggest that the information content of the inspection reports should be expanded to include suggestions for improvement (what should have been done differently). These could be published (across all inspections) on an anonymous basis to enable learning effects and further development on the part of the auditors.

Overall, the system of oversight should create an environment in which continuous development of audit quality is possible.

Question 14. How effective and efficient would the following actions be in increasing the quality of statutory audits of PIEs?

a) Ask auditors to disclose how they have assured the directors' statement on material fraud, and what steps they have taken to assess the effectiveness of the relevant internal controls and to detect any fraud

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Strengthen the informational value of audit reports

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Improve the internal governance of audit firms

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Incentivise or mandate the performance of joint audits for PIEs, including to enhance competition on the PIE audit market

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

e) Further harmonise the rules on mandatory rotation

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

f) Limit the scope for statutory auditors and audit firms to provide non-audit services

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

g) Increase or eliminate caps on auditor liability, at least for cases of gross negligence of statutory auditors

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

h) Limit the number of Member State options in the EU Audit framework to ensure consistency across the EU and to incentivise cross-border statutory audits

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

i) The creation of a passporting system for PIE auditors and audit firms, allowing auditors to provide their services across the Union based on their approval in a Member State

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 14.1 Have you identified other actions that would effectively and efficiently increase the quality and reliability of statutory audits of PIEs?

- Yes
- No
- Don't know / no opinion / not applicable

Question 14.2 Please provide any details to support your views. Any evidence, including on expected benefits and costs of such action is welcome:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The auditor must be familiar with the legal particularities of a member state. This is not guaranteed with a European passport. A European passport for auditors could therefore impair audit quality.

As regards question 14(b), distinction between internal and external audit reports: "internal" audit reports to supervisors and bodies can only offer real added value if they do not have to be disclosed (see Management Letter: no longer used).

Concerning question 14(g), reducing or eliminating liability limitations may sound good as a possible approach to increasing audit quality. However, as a consequence, it is to be feared that there will be a further concentration in the market, as only the 'big ones' will be able to afford the insurance or the liability risk and our profession will become even less attractive, especially for SMPs. In addition, such a measure will also make the profession less attractive for young professionals.

As for question 14(i), we believe that the creation of a passporting system for PIE auditors is not possible without prior recognition procedure (e.g. through additional suitability test on national specifics such as company law, tax law, professional law,...) in terms of qualitative service provision.

Part IV - Supervision of PIE statutory auditors and audit firms

National competent authorities are responsible for the approval and registration of statutory auditors and audit firms, the adoption of audit standards, quality assurance and investigative and administrative disciplinary systems.

At European level, the cooperation between competent authorities is organised within the framework of the [Committee of European Audit Oversight Bodies \(the 'CEAOB'\)](#). The CEAOB has different tasks aimed at supervisory convergence, but it has no power to take binding decisions (Article 30 [Audit Regulation](#)).

Question 15. How do you assess the effectiveness, efficiency, and coherence of the key features of the EU supervisory framework for PIE statutory auditors and audit firms?

a) The supervision of PIE statutory auditors and audit firms in the EU

	1	2	3	4	5	Don't know - No opinion -
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	(very low)	(low)	(medium)	(high)	(very high)	Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

b) The establishment and operation of national audit oversight bodies

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

c) The Member State systems for investigations and sanctions

	1	2	3	4	5	Don't know - No opinion -

	(very low)	(low)	(medium)	(high)	(very high)	Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

d) The role of the CEAOB

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
II. Efficiency: has the framework been cost efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
III. Coherence with relevant EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 15.1 Please describe the main issues you see, if any, in relation to the supervision of statutory auditors and audit firms and, where possible, please provide concrete examples and evidence supporting your assessment. You may want to consider the following aspects

- **are there factors that have reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?**
- **is there scope to improve efficiency via further simplification?**
- **are existing provisions coherent with each other?**

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider the current supervisory system at national and international level to be adequate and see no major need for action. The EU supervisory framework is good and sufficient.

In order to increase the quality of the audit in the future, we suggest that the information content of the inspection reports should be expanded to include suggestions for improvement. These could subsequently (across all inspections) be published on an anonymous basis to enable a learning effect on the part of the auditors. From this perspective, it is crucial to develop a supervisory framework that creates an environment that allows for evidence-based processing and further development in the auditors' quality assurance system. The focus should therefore be on continuous improvement of the audit and not only on penalizing purely formal deficiencies. The publication of errors and findings at the level of individual audit firms is not conducive to these goals and is therefore rejected.

Question 16. Considering the findings in the [Commission monitoring report](#) and reports of national audit oversight bodies how would you rate the quality of audit supervision?

- 1 - Very low
- 2 - Low
- 3 - Medium
- 4 - High
- 5 - Very high

- Don't know / no opinion / not applicable

16.1 If you want to add any comments and/or provide evidence for your assessment in question 16, you can provide it below. You may also include the consequences that your assessment of the quality of audit supervision or the lack thereof has:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 17. How effective and efficient would the following actions be to increase the quality and effectiveness of supervision of PIE statutory auditors and audit firms?

a) Ensure better the independence and appropriate resources of supervisors of auditors and audit firms

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Increase the transparency of audit supervisors

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Increase the consistency of supervision of cross-border networks of audit firms

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Ensure supervision of audit committees

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

e) Harmonise and strengthen the investigation and sanctioning powers of audit supervisors

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

f) Ensure that at European level there are legal instruments available that ensure supervisory convergence as regards statutory audit of PIEs

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

g) Grant a European body the task to register and supervise PIE statutory auditors and audit firms

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 17.1 Have you identified other actions that would effectively and efficiently increase the quality and reliability of supervision of PIE statutory auditors and audit firms?

- Yes
- No
- Don't know / no opinion / not applicable

Question 17.2 Please provide any details to support your views. Any evidence, including on expected benefits and costs of such action is welcome:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Part V - Supervision and enforcement of corporate reporting

The supervision and enforcement of corporate reporting refers to the examination by competent authorities of listed companies' compliance with the disclosure obligations stemming from the applicable reporting framework, as well as taking appropriate measures when infringements are identified.

Based on enforcement activities by national competent authorities, ESMA reports a significant level of material misstatements. In the follow up of the Wirecard case and based on its experience, ESMA recommended a number of actions to improve the enforcement of corporate reporting ([see ESMA letter of 26 February 2021 to the Commissioner McGuinness on next steps following Wirecard - ESMA32-51-818](#)).

The [Transparency Directive](#) includes a number of requirements relating to supervision of corporate reporting

- the designation of a central competent authority in each Member State. For the enforcement of corporate reporting, Member States may designate a competent authority other than the central authority and/or delegate tasks to other entities
- national central competent authorities must be independent from market participants. There are no specific provisions as regards the independence of other designated authorities. As regards entities with delegated tasks, the entity in question must be organised in a manner such that conflicts of interest are avoided and information obtained from carrying out the delegated tasks is not used unfairly or to prevent competition
- Member States must provide competent authorities with certain powers, including investigative powers
- ESMA is tasked to foster supervisory convergence as regards the enforcement of financial statements prepared in accordance with the IFRS. For this purpose it has adopted in [2014 guidelines on the enforcement of financial information](#)

Question 18. Considering the level of material departures from IFRS in the financial statements of listed companies found in the [ESMA report on enforcement and regulatory activities of European enforcers in 2020](#), how would you rate (on a scale of 1 to 5) the degree to which such departures can be attributed to deficiencies in the EU supervisory framework?

- 1 - Very low
- 2 - Low
- 3 - Medium
- 4 - High
- 5 - Very high
- Don't know / no opinion / not applicable

18.1 If you want to add any comments and/or provide evidence for your assessment in question 18, you can provide it below. You may also include the consequences that your assessment of the quality of audit supervision or the lack thereof has:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our opinion, the EU supervisory framework is not causal for the current error rate in the financial statements. We are convinced that the error rate from the ESMA report should be questioned; in order to be able to cite it, this statement still needs to be substantiated on an evidence-based basis. It could be proposed that the auditor is to be involved in enforcement (a right to be heard before an error is identified). As there is no supranational enforcement at European level and no uniform methodology among the national enforcers, it is not ensured that a uniform approach is taken despite the exchange at ESMA level.

Question 19. How effective and efficient would the following actions be in increasing the quality and reliability of reporting by listed companies?

a) Clarify the role and responsibilities of the national authorities charged with the enforcement of corporate reporting and entities to whom the supervision of corporate reporting is delegated/designated, and improve their cooperation

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Improve the system for the exchange of information between authorities and entities involved in the supervision of corporate reporting, and other relevant national authorities

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Strengthen the rules ensuring the independence of national authorities or entities involved in the supervision of corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Increase the resources of national authorities or entities involved in the supervision of corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

e) Increase the powers for national competent authorities to enforce corporate reporting, such as forensic, powers to obtain any necessary information from banks, tax or any other authorities in the country, powers to request information and corrective actions, etc.

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

f) Improve cooperation and coordination between national authorities of different Member States

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

g) Increase transparency on the conduct and results of enforcement activities by national authorities

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

h) Strengthen the role of ESMA on the enforcement of corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Efficiency in term of cost/benefits of action	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 19.1 Have you identified other actions that would effectively and efficiently increase the quality and reliability of reporting by listed companies?

- Yes
- No
- Don't know / no opinion / not applicable

19.1.1 Please specify to what other action(s) you refer in your answer to question 19.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Guidelines for standardising the assessment of facts and the assessment of errors would be helpful (develop methodology for enforcers).

Question 19.2 Please provide any details to support your views. Any evidence, including on expected benefits and costs of such action is welcome:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As regards question 19(b), the EU legal framework should be amended to allow supervisory authorities to talk to each other (clarification at EU level). The supervisory authorities for companies and for auditors should have to communicate with each other.

As for question 19(c), enforcers should be subject to strict independence rules (comparable to auditors) and should also document these in the same way as auditors; supervised independence rules are necessary. It is important that enforcers must at least be subject to the same independence rules as auditors (Europe-wide). In Austria, this has already been implemented on a voluntary basis and we recommend raising this standard to the European level.

Regarding question 19(f), in our opinion, the European coordination exchange of enforcement bodies should be sufficient for this purpose. ESMA should undertake and coordinate communication at the European level. We are of the opinion that the national supervisory authorities of individual member states should not communicate directly with each other without the interposition of ESMA.

As to question 19(h), we think that the marginal benefit of further strengthening ESMA is not given, is seen as critical and therefore rejected.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

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