



EUROPEAN PARLIAMENT

2009 - 2014

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*Committee on Economic and Monetary Affairs*

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**2011/0389(COD)**

13.3.2013

## **OPINION**

of the Committee on Economic and Monetary Affairs

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts  
(COM(2011)0778 – C7-0461/2011 – 2011/0389(COD))

Rapporteur: Kay Swinburne

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## AMENDMENTS

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

### Amendment 1 Proposal for a directive

#### Recital 2

*Text proposed by the Commission*

*Amendment*

***(2) Because of the significant public relevance of public-interest entities, which arises from the scale and dimension of their business or from the nature of their business, the credibility of the audited financial statements of public-interest entities needs to be reinforced. Therefore, the special provisions for the statutory audits of public-interest entities set out in Directive 2006/43/EC have been further developed in Regulation (EU) No [XXX] of [XXX] on specific requirements for the audit of public interest entities. As a consequence, the provisions on the statutory audits of public-interest entities of Directive 2006/43/EC should be deleted from that Directive and statutory audits of public-interest entities should be regulated by Regulation (EU) No [XXX] of [XXX].***

***deleted***

#### *Justification*

*An EU Regulation is not a suitable format of regulation, in particular in view of the highly detailed and intervening nature of the Commission's proposal. It represents an "one-size-fits-all" approach that is not taken the nature of different corporate governance systems throughout the EU into account. It would lead to decreased corporate governance standards in some Member States.*

**Amendment 2**  
**Proposal for a directive**

**Recital 6**

*Text proposed by the Commission*

(6) In order to enhance the independence of statutory auditors and audit firms from the audited entity when carrying out statutory audits, any person or entity that holds rights in an audit firm should be independent of the audited entity and should not be involved in the process of decision making of the audited entity.

*Amendment*

(6) In order to enhance the independence of statutory auditors and audit firms from the audited entity when carrying out statutory audits, any person or entity that holds rights ***or has ownership*** in an audit firm should be independent of the audited entity and should not be involved in the process of decision making of the audited entity.

**Amendment 3**  
**Proposal for a directive**

**Recital 13**

*Text proposed by the Commission*

(13) The burdens weighing on small and medium-sized undertakings within the Union in connection to the audit of their financial statements should be reviewed to the necessary minimum without compromising investor protection. Member States should ensure that the application of auditing standards according to which the statutory audit of the financial statements of those undertakings is performed is proportionate to the scale of small and medium-sized undertakings.

*Amendment*

(13) The burdens weighing on small and medium-sized undertakings within the Union in connection to the audit of their financial statements should be reviewed to the necessary minimum without compromising investor protection. Member States should ensure that the application of auditing standards according to which the statutory audit of the financial statements of those undertakings is performed is proportionate to the scale of small and medium-sized undertakings. ***It should also be taken into account that both small and medium-sized undertakings exist in different sizes and that, moreover, their operations vary in complexity.***

**Amendment 4**  
**Proposal for a directive**  
**Recital 20**

*Text proposed by the Commission*

(20) Since the objective of this Directive, namely reinforcing investor **protection in** the financial statements published by undertakings by further enhancing the quality of statutory audits that are performed within the Union cannot be sufficiently achieved by Member States and can therefore, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

**Amendment 5**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 2 – point a**

Directive 2006/43/EC

Article 2 – point 1 – point b

*Text proposed by the Commission*

**(b) required by national law as regards small undertakings;**

**Amendment 6**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 2 – point b**

Directive 2006/43/EC

Article 2 – point 10

*Text proposed by the Commission*

10. “competent authorities” means the authorities designated by law that are in charge of the regulation and/or oversight of statutory auditors and audit firms or of specific aspects thereof; the reference to

*Amendment*

(20) Since the objective of this Directive, namely reinforcing investor **confidence in the truthfulness and fairness of** the financial statements published by undertakings by further enhancing the quality of statutory audits that are performed within the Union cannot be sufficiently achieved by Member States and can therefore, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

*Amendment*

**deleted**

*Amendment*

10. “competent authorities **or bodies designated by law**” means the authorities designated by law that are in charge of the regulation and/or oversight of statutory auditors and audit firms or of specific

“competent authority” in a specific Article means a reference to the authority responsible for the functions referred to in that Article;

aspects thereof; the reference to “competent authority” in a specific Article means a reference to the authority responsible for the functions referred to in that Article;

#### **Amendment 7**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 2 – point d**

Directive 2006/43/EC

Article 2 – point 13 – point a

##### *Text proposed by the Commission*

(a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC;

##### *Amendment*

(a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC ***excluding undertakings for collective investment in transferable securities (UCITS) as defined in Article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council(\*\*\*\*\*) and EU alternative investment funds as defined in Article 4(1)(k) of Directive 2011/61/EC of the European Parliament and of the Council(\*\*\*\*\*)***;

#### **Amendment 8**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 2 – point d**

Directive 2006/43/EC

Article 2 – point 13 – point b

##### *Text proposed by the Commission*

(b) credit institutions as defined in point 1 of Article 4 of Directive 2006/48/EC of the European Parliament and of the Council(\*);

##### *Amendment*

(b) credit institutions as defined in point 1 of Article 4 of Directive 2006/48/EC of the European Parliament and of the Council(\*) ***excluding those credit institutions which have not issued transferable securities admitted to trading on a regulated market within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC unless the total value of its assets exceeds EUR 30 billion***;

## **Amendment 9**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 2 – point d**

Directive 2006/43/EC

Article 2 – point 13 – point g

*Text proposed by the Commission*

*Amendment*

*(g) EU alternative investment funds as defined in Article 4(1)(k) of Directive 2011/61/EC of the European Parliament and of the Council(\*\*\*\*\*);* **deleted**

## **Amendment 10**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 2 – point d**

Directive 2006/43/EC

Article 2 – point 13 – point h

*Text proposed by the Commission*

*Amendment*

*(h) undertakings for collective investment in transferable securities (UCITS) as defined in Article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council(\*\*\*\*\*);* **deleted**

## **Amendment 11**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 3 – point a – point ii**

Directive 2006/43/EC

Article 3 – paragraph 2

*Text proposed by the Commission*

*Amendment*

*(ii) the second paragraph is deleted;* **deleted**

## **Amendment 12**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 10**

Directive 2006/43/EC

Article 21 – paragraph 2

*Text proposed by the Commission*

*Amendment*

**10. In Article 21, paragraph 2 is deleted.**

**deleted**

### **Amendment 13**

#### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 11 – point a**

Directive 2006/43/EC

Article 22 – paragraph 1

*Text proposed by the Commission*

*Amendment*

1. Member States shall ensure that when carrying out a statutory audit, the statutory auditor and/or the audit firm **and any holder of voting rights in the audit firm is independent of the audited entity and is not involved in the decision-taking** of the audited entity.

1. Member States shall ensure that when carrying out a statutory audit, the statutory auditor and/or the audit firm **takes all necessary steps to ensure that the independence is not compromised by financial, personal, business, employment or other relationships involving the statutory auditor, the audit firm, its affiliate firms and network, and any natural person in a position to influence the outcome** of the statutory audit.

#### *Justification*

*Although requirements for statutory audits of public interest entities are more extensive, the basic standards for independence should be the same. The amendment therefore aligns the independence article in the Directive with the amended corresponding article in the PIE Regulation.*

### **Amendment 14**

#### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12**

Directive 2006/43/EC

Article 26 – paragraph 1 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

Member States **shall ensure** that statutory auditors and audit firms comply with international auditing standards when carrying out statutory audits **as long as**

Member States **may require** that statutory auditors and audit firms comply with international auditing standards when carrying out statutory audits.



*those standards are in conformity with the requirements of this Directive and of Regulation XX/XX.*

*Justification*

*The content of ISAs is highly general, ambiguous and often contradictory with Member States' legislation. The Commission encountered problems when trying to implement them, and the Member States would have similar problems if ISAs were binding standards. To avoid this, Member States should be able to choose whether or not to implement the ISAs.*

**Amendment 15**  
**Proposal for a directive**

**Article 1 – paragraph 1 – point 12**

Directive 2006/43/EC

Article 26 – paragraph 1 – subparagraph 2

*Text proposed by the Commission*

Member States may *impose audit procedures or requirements in addition to* the international auditing standards *only if those audit procedures or requirements stem from specific national legal requirements relating to the scope of statutory audits. Member States shall ensure that those audit procedures or requirements comply with the following conditions:*

*Amendment*

Member States may *also stipulate in more detail about the application of* the international auditing standards.

*Justification*

*The content of ISAs is highly general, ambiguous and often contradictory with Member States' legislation. The Commission encountered problems when trying to implement them, and the Member States would have similar problems if ISAs were binding standards. To avoid this, Member States should be able to choose whether or not to implement the ISAs or not.*

**Amendment 16**  
**Proposal for a directive**

**Article 1 – paragraph 1 – point 12**

Directive 2006/43/EC

Article 26 – paragraph 1 – point a

*Text proposed by the Commission*

*Amendment*

*(a) they contribute a high level of credibility and quality to the annual or consolidated financial statements in conformity with the principles set out in Article 4(3) of Directive [xxxx] on the annual financial statements and the consolidated financial statements of certain types of undertakings;*

*deleted*

### **Amendment 17**

#### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12**

Directive 2006/43/EC

Article 26 – paragraph 1 – point b

*Text proposed by the Commission*

*Amendment*

*(b) are conducive to the Union public good.*

*deleted*

### **Amendment 18**

#### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12**

Directive 2006/43/EC

Article 26 – paragraph 3

*Text proposed by the Commission*

*Amendment*

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 48a for the purpose of amending the definition of international auditing standards in paragraph 2 of this Article. When using such powers, the Commission shall take into account any amendments brought to the ISAs by the *IFAC*, the opinion of the Public Interest Oversight Board on such amendments as well as any other developments in auditing and the audit profession.

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 48a for the purpose of amending the definition of international auditing standards in paragraph 2 of this Article. When using such powers, the Commission shall take into account any amendments brought to the ISAs by the *IASB*, the opinion of the Public Interest Oversight Board on such amendments as well as any other developments in auditing and the audit profession.

## **Amendment 19**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 15 – point b**

Directive 2006/43/EC

Article 32 – paragraph 3

#### *Text proposed by the Commission*

3. The competent authority may allow non-practitioners who are knowledgeable in the areas relevant to statutory audit to be involved in the governance of the public oversight system, provided that they are selected in accordance with an independent and transparent nomination procedure.

***Practitioners shall not be allowed to be involved in the governance of the public oversight system.***

#### *Amendment*

3. The competent authority may allow non-practitioners who are knowledgeable in the areas relevant to statutory audit to be involved in the governance of the public oversight system, provided that they are selected in accordance with an independent and transparent nomination procedure.

## **Amendment 20**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 16**

Directive 2006/43/EC

Article 32a – paragraph 2

#### *Text proposed by the Commission*

Member States shall inform the Commission and the competent authorities of the other Member States of any arrangement entered into with regard to the delegation of tasks, including the precise conditions for regulating the delegations

#### *Amendment*

Member States shall inform the Commission, ***ESMA*** and the competent authorities of the other Member States of any arrangement entered into with regard to the delegation of tasks, including the precise conditions for regulating the delegations

## **Amendment 21**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 20**

Directive 2006/43/EC

Article 43a – paragraph 3

#### *Text proposed by the Commission*

Member States ***may*** request professional bodies to provide guidance on the

#### *Amendment*

Member States ***shall*** request professional bodies to provide guidance on the

proportionate application of the auditing standards to medium-sized undertakings.

proportionate application of the auditing standards to medium-sized undertakings.

## PROCEDURE

<b>Title</b>	Amendment of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts	
<b>References</b>	COM(2011)0778 – C7-0461/2011 – 2011/0389(COD)	
<b>Committee responsible</b> Date announced in plenary	JURI 13.12.2011	
<b>Opinion by</b> Date announced in plenary	ECON 13.12.2011	
<b>Rapporteur</b> Date appointed	Kay Swinburne 25.10.2011	
<b>Discussed in committee</b>	15.10.2012	19.11.2012
<b>Date adopted</b>	11.3.2013	
<b>Result of final vote</b>	+: 29 -: 18 0: 0	
<b>Members present for the final vote</b>	Burkhard Balz, Elena Băsescu, Slavi Binev, Sharon Bowles, Udo Bullmann, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Markus Ferber, Elisa Ferreira, Ildikó Gáll-Pelcz, Jean-Paul Gauzès, Liem Hoang Ngoc, Gunnar Hökmark, Othmar Karas, Jürgen Klute, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Hans-Peter Martin, Ivari Padar, Antolín Sánchez Presedo, Olle Schmidt, Peter Skinner, Theodor Dumitru Stolojan, Ivo Strejček, Kay Swinburne, Sampo Terho, Marianne Thyssen, Ramon Tremosa i Balcells, Corien Wortmann-Kool	
<b>Substitute(s) present for the final vote</b>	Jean-Pierre Audy, Pervenche Berès, Lajos Bokros, Philippe De Backer, Saïd El Khadraoui, Sari Essayah, Roberto Gualtieri, Sophia in 't Veld, Olle Ludvigsson, Thomas Mann, Emilie Turunen	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Klaus-Heiner Lehne, Sabine Verheyen, Tatjana Ždanoka	