

Public consultation: Fitness check on the EU framework for public reporting by companies

Fields marked with * are mandatory.

Introduction

UPDATE: Due to numerous requests, the public consultation on the EU framework for public reporting by companies will remain open till end of July 2018.

This consultation is also available in [German](#) and [French](#).

Public reporting by companies¹ is based on a number of EU Directives, Regulations and Recommendations that were adopted at different points in time over the last 40 years. The current body of EU law (the "acquis") comprises a range of requirements applying to listed and non-listed companies, sector specific requirements (banks and insurers), as well as additional disclosure requirements applicable to listed companies. The initial Directive on annual accounts aimed at harmonising financial information to capital providers and for creditor protection. More recently, public reporting requirements have been expanded to non-financial reporting for a much broader audience.

The Commission is now conducting a comprehensive check of the fitness of the EU framework on public reporting by companies. The objectives of this fitness check are:

1. to assess whether the EU public reporting framework is overall still relevant for meeting the intended objectives, adds value at the European level, is effective, internally consistent, coherent with other EU policies, efficient and not unnecessarily burdensome;
2. to review specific aspects of the existing legislation as required by EU law²; and
3. to assess whether the EU public reporting framework is fit for new challenges (such as sustainability and digitalisation).

Throughout this consultation, certain concepts should be understood as follows:

- **Effectiveness** – whether an intended objective is met;
- **Relevance** – whether a requirement is necessary and appropriate for the intended objectives;
- **Efficiency** – whether the costs associated with the intervention are proportionate to the benefits it has generated;
- **Coherence** – whether requirements are consistent across the board;
- **Added value** – whether the EU level adds more benefits than would have been the case if the requirements were only introduced at the national level.

The Commission published an [action plan on financing sustainable growth](#) that builds on the [recommendations of the High Level Expert Group \(HLEG\) on sustainable finance](#). This fitness check on the EU framework for public reporting by companies is one of the actions announced in the Action plan. Several questions in this fitness check, in particular in the section on non-financial reporting, should be considered also in the context of the HLEG recommendations on sustainability.

The replies to this consultation will feed into a Staff Working Document on the fitness of the EU framework for public reporting by companies, to be published in 2019.

¹For this consultation "companies" mean limited liability companies of the types listed in the accounting Directive, companies that have issued securities on an EU regulated market, and banks or insurance companies including cooperatives and mutual structures.


²According to legislation, a series of reviews will have to be performed by the Commission:

- A report on the implementation of [Non-Financial Reporting Directive 2014/95/EU](#), addressing its scope, particularly as regards large non-listed undertakings, its effectiveness and the level of guidance and methods provided.
- A report on the situation of micro-undertakings having regard to the number of micro-companies and the reduction of administrative burdens resulting from the simplifications introduced in 2013.

- A report on the implementation and effectiveness of the Country-By-Country Reporting by extractive and logging industries, including examining the case for an extension of the Country-By-Country reporting to other sectors.
- A report on the 2013 Amendments to the Transparency Directive, considering the impact on small and medium-sized issuers and the application of sanctions.

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-public-reporting-by-companies@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#) 

1. Information about you

* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

* Name of your organisation:

Conseil Supérieur de l'Ordre des Experts-Comptables- Compagnie Nationale des Commissaires aux Comptes

Contact email address:

The information you provide here is for administrative purposes only and will not be published

cgelard@dipacint.com

* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes
- No

* If so, please indicate your Register ID number:

966464418974-87

* Type of organisation:

- | | |
|---|---|
| <input type="radio"/> Academic institution | <input type="radio"/> Media |
| <input type="radio"/> Company, SME, micro-enterprise, sole trader | <input type="radio"/> Non-governmental organisation |
| <input type="radio"/> Consultancy, law firm | <input type="radio"/> Think tank |
| <input type="radio"/> Consumer organisation | <input type="radio"/> Trade union |
| <input checked="" type="radio"/> Industry association | <input type="radio"/> Other |

* In what category do you classify your company? (if applicable)

- Group with cross-border subsidiaries
- Group without cross-border subsidiaries
- An individual company
- Not applicable

* Where are you based and/or where do you carry out your activity?

France

* Field of activity or sector (*if applicable*):

at least 1 choice(s)

- | | |
|--|---|
| <input type="checkbox"/> Accommodation and food service activities | <input type="checkbox"/> Insurance |
| <input checked="" type="checkbox"/> Accounting | <input type="checkbox"/> Investment management (e.g. UCITS, hedge funds, private equity funds, venture capital funds, money market funds) |
| <input type="checkbox"/> Administrative and support service activities | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Agriculture, forestry and fishing | <input type="checkbox"/> Market infrastructure / operators (e.g. CCPs, CSDs, Stock exchanges) |
| <input type="checkbox"/> Arts, entertainment and recreation | <input type="checkbox"/> Mining and quarrying |
| <input checked="" type="checkbox"/> Auditing | <input type="checkbox"/> Pensions |
| <input type="checkbox"/> Banking | <input type="checkbox"/> Professional, scientific and technical activities |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Real estate activities |
| <input type="checkbox"/> Consumer protection | <input type="checkbox"/> Service provider |
| <input type="checkbox"/> Credit rating agencies | <input type="checkbox"/> Transportation and storage |
| <input type="checkbox"/> Digital | <input type="checkbox"/> Water supply, sewerage, waste management and remediation activities |
| <input type="checkbox"/> Electricity, gas, steam and air conditioning supply | <input type="checkbox"/> Wholesale and retail trade, repair of motor vehicles and motorcycles |
| <input type="checkbox"/> Human health and social work activities | <input type="checkbox"/> Other |
| <input type="checkbox"/> Information and communication | <input type="checkbox"/> Not applicable |



Important notice on the publication of responses

* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

([see specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

2. Your opinion

This consultation seeks stakeholder views on whether the EU framework for public reporting by companies is fit for purpose.

Considering the size of this public consultation please feel free to respond only to sections or questions of interest to you.

The questionnaire is structured as follows:

- [Assessing the fitness of the EU public reporting framework overall](#)
(Section I; Questions 1-7)
- [The EU financial reporting framework applicable to all companies](#)
(Accounting Directive: companies with cross border activities, SMEs, and content of the information) (Section II; Questions 8-18)
- [The EU financial reporting framework for listed companies](#)
(IAS regulation, Transparency Directive) (Section III; Questions 19-29)
- [The EU financial reporting framework for banks and insurance companies](#)
(Sectoral Accounting Directives) (Section IV; Questions 30-39)

- [Non-financial reporting framework](#)
(Non-Financial Reporting Directive, Country-by-Country Reporting for extractive and logging industries and integrated reporting)
(Section V; Questions 40-56)
- [The digitalisation challenge](#)
(Section VI; Questions 57-66)
- [Other comments](#)
- [Acronyms and Abbreviations](#)

I. Assessing the fitness of the EU public reporting framework overall

Depending on its type, activity or situation, a company has a number of public reporting obligations under EU law. The current EU level public reporting framework considered for this consultation consists of the following:

- **Publication of individual and consolidated financial statements in accordance with national GAAP (Generally Accepted Accounting Principles)** by any limited liability company established in the EU. By virtue of the [Accounting Directive 2013/34/EU](#) Member States must ensure that any company in their jurisdiction with a legal form that limits its liability must prepare financial statements and a management report. These shall be audited / checked by a statutory auditor and published in the relevant business register according to national law that is compliant with this Directive. For companies other than a public-interest entity (bank, insurance company or company with securities listed), EU requirements are proportionate to the company's size.
- **Publication of consolidated financial statements in accordance with the International Financial Reporting Standard (IFRS) adopted** by the EU and other specific items by any company established in the EU that has securities (e.g. shares, bonds) listed on an EU regulated market by virtue of the [IAS Regulation \(EC\) No 1606/2002](#), the [Transparency Directive 2004/109/EC](#) and the [Market Abuse Regulation \(EU\) No 596/2014](#). The use of IFRS makes company accounts comparable within the single market and globally. Companies established in third countries may use their national standards (e.g. US GAAP) if these are accepted on the basis of EU equivalence decisions. The Transparency Directive (2004/109/EC) makes the issuers' activities more transparent, thanks to regular publication of yearly and half-yearly financial reports, as well as

the publication of major changes in the holding of voting rights and ad hoc inside information which could affect the price of securities. Issuers have to file such information with the national Officially Appointed Mechanisms (OAMs).

- **Publication of individual and consolidated financial statements in accordance with sectoral layouts and principles** by any bank or insurance company in the EU by virtue of the [Bank Accounting Directive \(86/635/EEC\)](#) and the [Insurance Accounting Directive \(91/674/EEC\)](#). Unless they prepare IFRS financial statements, any bank or insurance company in the EU must publish financial statements in compliance with national accounting rules that are in line with these sectoral Accounting Directives. Specific sectoral rules provide for, inter alia, layouts (balance sheet and Profit and Loss Account) and accounting treatments for e.g. loans, repurchase agreements or technical provisions.
- **Publication of non-financial information by any public-interest entity (bank, insurance company or listed company) with more than 500 employees** by virtue of [Directive 2014/95/EU](#). The information should be part of the management report, or published in a separate report. Non-binding guidance was issued in 2017 in order to assist companies – [Commission Communication C/2017/4234](#).
- **Publication of [country-by-country reports on payments to governments](#) by any large company that is active in extraction or logging** by virtue of Chapter 10 of [Accounting Directive 2013/34/EU](#) and Article 6 of [Transparency Directive 2004/109/EC](#). This fosters transparency on payments to governments, including third country governments, made in relation to these activities.

The table below provides an overview of the different objectives of the current EU framework mapped to individual legal instruments in the field of public reporting by companies:

MAIN OBJECTIVES	OPERATIONAL OBJECTIVES	EU LEGAL INSTRUMENTS				
		A D	IA S	T D	BA D	IA D
Stakeholder protection	→ Shareholder protection	X	X	X		
	→ Creditor protection	X				
	→ Depositor protection				X	
	→ Policy holder protection					X
	Facilitate:					

Internal market	→ Cross border investments	X	X	X	X	X
	→ Cross border establishment	X			X	X
Integrated EU capital markets	Market efficiency:					
	→ Access to capital	X	X	X		
	→ Capital allocation		X	X		
	→ Integrated securities market		X	X		
Financial stability	→ Public confidence in company reporting	X	X	X		
	→ Trust in the resilience of specific sectors (banking and insurance)				X	X
Sustainability	→ Enhanced corporate responsibilities / accountability/ good corporate governance	X		X		
	→ Empower stakeholders	X		X		
	→ Foster globally sustainable activities	X				
	→ Foster long term investments	X				
	→ Fight corruption	X		X		

* Accounting Directive (AD); IAS regulation / IFRS (IAS); Transparency Directive (TD); Bank accounts Directive (BAD); Insurance Accounts Directives (IAD)

General questions

Question 1. Do you think that the EU public reporting requirements for companies, taken as a whole, have been **effective** in achieving the intended objectives?

						Don't know / no opinion /
	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	/

						not relevant
Ensuring stakeholder protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting sustainability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 1 and substantiate it with evidence or concrete examples:

Question 2. Do you think that the EU public reporting requirements for companies, taken as a whole, are **relevant** (necessary and appropriate) for achieving the intended objectives?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Ensuring stakeholder protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Promoting integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting sustainability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 2 and substantiate it with evidence or concrete examples of any requirement that you think is not relevant:

Topics 1 to 3 in the boxes above are the primary objectives of the financial reporting requirements (included in the Accounting Directives and IAS Regulation). The currently existing reporting framework provides the financial transparency necessary for stakeholder protection and the development of the internal and capital markets. Financial reporting plays only a subsidiary role with respect to topics 4 and 5 (financial stability and sustainability), while prudential requirements and NFI disclosure requirements play a more important role in that respect. Financial stability is also supported by financial transparency which is a necessary, but not sufficient condition.

Question 3. Companies would normally maintain and prepare a level of information that is fit for their own purposes, in a "business as usual situation". Legislation and standards tend to frame this information up to a more demanding level.

With regards to the objectives pursued, do you think that the EU legislation and standards on public reporting are **efficient** (i.e. costs are proportionate to the benefits generated)?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 3 and substantiate it with evidence or concrete examples of requirements that you consider most burdensome:

Question 4. If you are a preparer company, could you please indicate the **annual recurring costs** (in € and in relation to the total operational cost) incurred for the preparation, audit (if any) and publication of mandatory public reporting:

Total amount in Euros of annual recurring costs for mandatory public reporting:

Amount as a % of total operating costs of annual recurring costs for mandatory public reporting:

 %

Coherence

Question 5. Do you agree that the intrinsic coherence of the EU public reporting framework is fine, having regard to each component of that reporting?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Financial statements (preparation, audit and publication)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management report (preparation, consistency check by a statutory auditor, publication)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-financial information (preparation, auditor's check and publication)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country-by-country reporting by extractive / logging industries (preparation, publication)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 5 and substantiate it with evidence or concrete examples:

Overall, the framework is coherent and relatively complete. There are some inconsistencies in the extent of independent (audit) verifications applied to the fairness and accuracy of reports that contain information other than the financial statements per se.

We are not fully convinced that the information provided in the country-by-country reports (CBCR) will be very useful to investors and will promote internal market integration, financial stability and protection of European stakeholders. To the contrary, they may put certain European issuers at a competitive disadvantage in the short term when their foreign competitors are not subject to an equivalent disclosure requirement. Such reports are however capable of supporting certain other EU policy objectives, such as fostering sustainability by enhancing corporate responsibilities, supporting the investment in globally sustainable activities and fighting against corruption. On balance, given the very recent adoption of this legislation, we think that it is too early to draw clear conclusions on the balance of benefits versus drawbacks

Question 6. Depending on circumstances, a company may have public reporting obligations on top of those being examined here. Such legislation may have been developed at the EU³, national or regional level. Should you have views on the interplay of these additional reporting obligations with the policies examined in this consultation, please comment below and substantiate it with evidence or concrete examples.

³ For example, under the Shareholders' Rights Directive 2007/36/EC, companies must publicly announce material transactions with related parties, establish remuneration policy and draw up a remuneration report for the attention of the shareholders, etc. Under the Directive on Capital Requirements for banks (2013/36/EU, Art. 96) banks must maintain a website explaining how they comply with corporate governance requirements, country by country reporting and remuneration requirements. The Solvency II Directive (2009/138/EC) requires Insurance and reinsurance undertakings to publish their Solvency and Financial Condition Report. A prospectus, regulated by the Prospectus Directive (2003/71/EC) and Regulation ((EU) 2017/1129) is a legal document that describes a company's main line of business, its finances and shareholding structure. As regards Market Abuse Directive and Regulation, see specific questions further down.

No comments

Question 7. Do you think that, for each respective objective, the EU is the right level to design policies in order to obtain **valuable results**, compared to unilateral and non-coordinated action by each Member State?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Ensuring stakeholder protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Promoting integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Ensuring financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Promoting sustainability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 7 and substantiate it with evidence or concrete examples:

EU is the right level to obtain minimum valuable results but it can be improved through national initiatives in order to ensure better stakeholders protection and promote sustainability, .

II. The financial reporting framework applicable to all EU companies

The financial reporting framework for any EU company is broadly shaped by the Accounting Directive. Member States' accounting laws, regulations and standards for the preparation of annual accounts

(national GAAP) must incorporate the provisions of the Accounting Directive. The Accounting Directive includes financial statements (balance sheet, profit or loss statement, and notes to the accounts) as well as a management report, depending on the size of the company. Several Member States allow or require the use of IFRS instead of national GAAP for the preparation of annual financial statements. But even when a company prepares financial statements using IFRS, many requirements from the Accounting Directive still apply such as the management report, statutory audit or publication (for further details, see the [guidance on Interaction between IFRS reporting and other EU accounting rules](#)).

Companies operating cross-border

Companies often structure their cross-border business activities within the EU by establishing local entities in a host Member State controlled by a parent established in the home Member State. Together they form a group of controlled entities. Even though a group usually acts and is seen as a single economic entity, EU law does not recognise the legal personality of a group. Nevertheless, EU law addresses certain specific group situations, for instance, by requiring the preparation of consolidated financial statements as if the group were a single entity ([Accounting Directive 2013/34/EU](#), [IAS Regulation \(EC\) No 1606/2002](#)), structuring bankruptcy ([Regulation \(EU\) 2015/848 on insolvency proceedings](#)) or implementing sectoral regulatory supervision ([Capital Requirement Directive](#) and [Capital Requirement Regulation \(banks\)](#), [Solvency Directive \(Insurance\)](#)).

When doing cross border business, a group usually faces a variety of business, tax and legal environments. These differences tend to hinder the application of consistent policies and procedures within a group and weaken the comparability of financial statements for users.

Some of these differences arise from options or lacunas in the Accounting Directive or the way in which Member States have complemented the minimum European accounting requirements. For example, the Accounting Directive does not address some economically important transactions such as lease contracts, foreign currency transactions, government grants, cash flows statements, income recognition or deferred taxes. These lacunas are addressed by each Member States in their own way.

More recently the Commission has proposed to harmonise the basis for the taxation of corporate profits for certain groups by ways of a proposal for a Directive on a Common Corporate Tax Base (CCTB) ([COM \(2016\)685 final](#)). It also seeks to organise the free flow of non-personal data by ways of a proposal for a Regulation on a framework for the free flow of non-personal data in the European Union ([COM\(2017\)495](#)), which would legally enable centralised storage and processing of the group's non-personal data by removing unjustified data localisation restrictions within the EU.

Question 8. In your view, to what extent do the addition of, and differences in, national reporting rules hinder the ability of companies to do cross border business within the EU single market?

- Differences seriously hinder the ability to do business within the EU
- Differences hinder to some extent
- Differences do not hinder the ability to do business within the EU / are not significant
- Don't know / no opinion / not relevant

Please explain your response to question 8 and substantiate it with evidence or concrete examples:

- In our opinion there are no significant obstacles caused by the reporting rules that prevent entities from doing cross-border business within the EU. The degree of harmonization achieved so far facilitates the freedom of establishment and transactions across borders.
- However, there are still differences in the national rules applicable to commercial entities that can create some difficulties in doing cross-border business (such as limitations on dividends distributions, bankruptcy and liquidation) and, above all, differences in the taxation regimes. Having to follow different rules when an entity has intra-EU, but non-domestic subsidiaries can create additional costs of doing business, but is not an insuperable obstacle.

Question 9. To what extent to you think that the following differences, because they affect public reporting by companies, are significant impediments to cross-border establishment in the EU?

Areas covered by EU requirements

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Differences and lacunas in accounting standards or principles	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences in corporate governance standards	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences and overlaps arising from the presentation of the financial statements (balance sheet, etc.)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from publication rules / filing with business registers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(publication deadlines, publication channels, specifications)						
Differences arising from audit requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from dividends distribution rules or capital maintenance rules	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Areas not covered by EU requirements

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Differences arising from specific bookkeeping requirements such as charts of accounts, audit trail requirements, data storage and accessibility	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from language requirements (Bookkeeping documentation, publication of financial statements)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from the determination of taxable profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from digital filing requirements (for instance taxonomies used)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from software specifications	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other differences (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please specify what other differences are significant impediments to cross-border establishment in the EU:

Please explain your response to question 9 and substantiate it with evidence or concrete examples:

Areas covered by EU requirements

- We do not believe that the differences in the areas covered by EU requirements create significant impediments to cross-border establishment in the EU. This is because Europe has drawn up common rules which, even when considering the Member States options, constitute a common basis for all European entities. In addition, there is to our knowledge no evidence coming from surveys or analyses that could confirm that those differences are significant impediments to cross-border establishment in these areas.

Areas not covered by EU requirements

- Even if there are matters which so far are not harmonized by European level legislation, market forces and the globalization of business practices result in progressive and de facto harmonization. For instance, the use of English language and of common Internet technologies have developed to such an extent that they facilitate doing business within the EU and internationally.
- We think that the differences between jurisdictions on the determination of the taxable basis (as well as in the rate of income tax when significant) can create incentives to locate an activity or entity in a particular Member State irrespective of more fundamental economic factors. It also requires having knowledge of different tax regulations.

Question 10. How do you evaluate the impact of any hindrances to cross border business on costs relating to public reporting by companies?

- The impact of hindrances on costs are negligible or not significant
- The impact of hindrances on costs are somehow significant
- The impact of hindrances on costs are very significant
- Don't know / no opinion / not relevant

Please explain your response to question 10 and substantiate it with evidence or concrete examples:

We do not have sufficient information to answer the questions.

- We think that in theory it depends very much on the type of activities conducted. For instance, the impact of hindrances (costs of reporting) in comparison to the benefits provided by the public reports is likely to be different whether the entity conducts a regulated / non-regulated activity; or has full-scale operations with permanent establishment (manufacturing, distribution centers...) versus a simple export business

conducted through local sales offices.

- It also depends on the way an entity is organized (centralised vs decentralised, operating with a shared service center).

Question 11. On top of differences in national accounting rules, national tax laws will usually require the submission of a tax return in compliance with self-standing national tax rules, adding another layer of reporting standard.

Once a Common Corporate Tax Base is adopted at the EU level, would you consider that the profit before tax reported in the Profit or Loss statement and the determination of the taxable profit should be further aligned across EU Member States?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 11 and substantiate it with evidence or concrete examples:

- We do not believe that accounting harmonization is a necessary first step to taxation harmonisation, as the tax basis can also be harmonized via independent tax rules and by applying specified adjustments to the reported profit or loss.
- We would oppose that the determination of profit and loss reported in the financial statements is governed by tax policy objectives. We agree that tax rules may be used by governments as incentives to encourage or discourage certain economic behaviors and do not need to be neutral. However, the financial reporting rules should be as neutral as possible and they should obey a set of independent standards that respond to the specific objectives and inform users of financial reporting. If any alignment between the two sets was to be pursued, the taxable basis should rather be brought closer to the reported accounting profit or loss in order to lay taxes on the economic performance of the taxed entity.

Question 12. As regards the **preparation of consolidated and individual financial statements** how do you assess the ability of the following approaches to reduce barriers to doing business cross-borders?

			3			
	1	2	(partially disagree)	4	5	Don't know / no opinion /
	(totally disagree)	(mostly disagree)		(mostly agree)	(totally agree)	

			and partially agree)			not relevant
The EU should reduce the variability of standards from one Member State to another through more converged national GAAPs, possibly by removing options currently available in the EU accounting legislation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should reduce the variability of standards from one Member State to another by converging national GAAPs on the basis of a European Conceptual Framework	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should reduce the variability of standards from one Member State to another by converging national GAAPs and in addition by addressing current lacunas in the Accounting Directive (leases, deferred taxes, etc.)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should reduce the variability of standards from one Member State to another by establishing a "pan-EU GAAP" available to any company that belongs to a group. Such "pan-EU GAAP" may be the IFRS, IFRS for SMEs, or another standard commonly agreed at the EU level.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do nothing (status quo)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other approaches (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 12 and substantiate it with evidence or concrete examples:

- We believe that the differences in the national transpositions of the Accounting Directive are not in themselves a significant obstacle to doing business within the EU. Therefore, reducing the variability of standards from one Member State to another, while theoretically desirable, would not appear to us a priority for the Commission.
- In addition, as there is, in our French environment, a strong linkage between the basis used for taxation of profits and the amounts reported in the individual financial statements, discussions towards further EU accounting harmonisation for the preparation of the individual financial statements would require holding at the same time discussions on the determination of taxable income. We are aware that such a strong link between financial and tax reporting may not exist in other EU jurisdictions. In our view, any discussions on possible further harmonisation of the financial reporting requirements within the EU may trigger discussions about the purpose of the individual financial statements and how they are used. A common shared view at an EU level on such key questions would be a preamble to any further harmonisation project.
- If the Commission considered that it is a priority to work on further harmonisation of national accounting requirements, we recommend that the Commission should first undertake a survey of the Member States choices with regards to the options offered in the Accounting Directive, to assess the extent to which the national accounting rules diverge and its impact.
- There is limited support within our Institutions for the preparation and adoption of a European Conceptual Framework, although it is acknowledged that the harmonisation of accounting rules at the European level has so far been limited by a lack of agreement among Member States on certain basic accounting concepts.
- We also have reservations about establishing a “pan-EU GAAP” other than in the context of an enhanced and more harmonised Accounting Directive. It would add another layer of GAAP for which we do not see the overall benefits.
- We finally note that the IAS Regulation 1606/2002 contains options for Member States to require or allow the use of IFRSs by different types of entities other than those listed on a regulated market, and therefore provides an appropriate legal basis for the purpose of further harmonisation in Europe in the context of an increasingly globalised economy.

Question 13. As regards the publication of individual financial statements, the Accounting Directive (Article 37) allows any Member State to exempt the subsidiaries of a group from the **publication of their individual financial statements** if certain conditions are met (inter alia, the parent must declare that it guarantees the commitments of the subsidiary). Would you see a need for the extension of such exemption from a Member State option to an EU wide company option?

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

Please explain your response to question 13 and substantiate it with evidence or concrete examples:

- We have strong reservations about the creation of an EU-wide company option (as opposed to a Member State option) because in our opinion the users of the financial statements of a subsidiary company are not only the providers of capital (equity and loans) but also the employees, customers and suppliers, who need to assess the viability, solvency and financial performance of that subsidiary on a stand-alone basis. The condition that the parent company fully guarantees the commitments of the subsidiary provides some protection to the creditors, but it does not inform the other stakeholders about the performance, solvency and viability (sustainability) of that subsidiary. Further, if that subsidiary is required to file tax returns and pay taxes on the basis of local requirements, and to report about its financial situation and performance to the consolidating parent company, we believe that the underlying accounting data and reports are already available and that the publication of local financial statements does not involve significant additional costs.

SMEs

Since 2016, EU law requires small companies to prepare and publish **only** a balance sheet, a profit or loss statement and a few notes, thanks to the harmonisation agreed at the EU level. Each Member State may fine-tune this regime as regards the level of detail in the balance sheet or profit and loss, and as regards the need for an audit or for a management report. In addition Member State can simplify even further the regime of micro companies and bring it down to only a super simplified balance sheet, a super simplified profit or loss statement and lightweight publication regime. The Member States have used these possibilities to varying extents. The Commission has commissioned a consortium led by the Centre for European Policy Studies (CEPS) to conduct a study on the accounting regime of micro companies with limited liability (FISMA/2017/046/B)). These simplifications are not available to banks, insurance companies or listed companies which are considered as public-interest entities.

Question 14. Do you agree that the EU approach is striking the right balance between preparers' costs and users' needs, considering the following types of companies?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Medium-sized	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Small	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Micro	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 14 and substantiate it with evidence or concrete examples:

- Regarding micro, medium-sized and small entities, we believe that the EU regime strikes the right balance between costs for preparers and the users' needs.
- We note that the audit requirements included in the Accounting directive have been transposed in different ways in the Member States (within the limits provided for in the Directive) and we believe that each Member State has made decisions in this matter that take into account the economic characteristics that prevail in its case.
- We believe that there would be high benefits to users, at a moderate cost for preparers, if the management reports were subject to a degree of external audit assurance when they are published by small and medium-sized entities.

Question 15. EU laws usually define size categories of companies (micro, small, medium-sized or large) according to financial thresholds. Yet definitions may vary across EU pieces of legislation. For instance, the metrics of size-criteria for a micro-company in the Accounting Directive (for the financial statements) differ from those in the Commission Recommendation 2003/361/EC ([Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises](#) (for the support by certain EU business-support programmes). For instance, the turnover may not exceed €700,000 for micro-companies in the Directive whereas it may not exceed €2,000,000 in the Recommendation).

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
In general, should the EU strive to use a single definition and unified metrics to identify SMEs across all the EU policy areas?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In particular, should the EU strive to align the SME definition metrics in the Accounting Directive with those in Recommendation 2003/361/EC?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 15 and substantiate it with evidence or concrete examples:

1st question :

- For the purpose of financial reporting, we agree that the thresholds provided for in the Accounting directive are appropriate for the definition of the different classes of entities because they are simple to apply and generally well understood. However, adding other criteria than the size, or modifying the threshold used for the application of specific EU policy objectives, might be necessary as a purely quantitative approach does not reflect the complexity of possible situations. In certain situations it could be appropriate to use additional qualitative criteria (for instance, when an entity has minority shareholders who do not take part in management decisions, or when the entity receives public funds although it does not qualify as a PIE)

2nd question :

- The size thresholds have been implemented relatively recently (2016) and need not be revised before long. We believe they are appropriate and effective to define SME's and Micro entities and need not be aligned with the Recommendation 2013/361/EC.

Relevance of the content of financial reporting

A company's financial statement, together with the management report and related documents (corporate governance report, non-financial information) aim to provide a reliable picture of a company's performance and financial position at the reporting date. However, certain users argue that financial statements give only an image of the (recent) past and lack forward-looking information (see for instance [Conference Shaping the future of corporate reporting, panel 5 – Matching expectations with propositions, investors' views](#)). The financial statements may also fail to provide a complete picture of the long term value creation, business model, cash flows (non-IFRS financial statements) and internally generated intangible assets (See for instance [expert group's report on Intellectual Property Valuation, 2013](#)). There is also only scarce information required at the EU level on dividend distribution policies and risks (see for instance the [UK FRC Lab](#)). The search for other sources of information to remedy this situation may increase costs for users and undermine the level playing field.

Question 16. How do you think that the current EU framework as regards the content of financial reporting is relevant (necessary and appropriate), having regards to the following information:

			3			
	1	2	(partially disagree)	4	5	Don't know / no opinion /
	(totally disagree)	(mostly disagree)		(mostly agree)	(totally agree)	

			and partially agree)			not relevant
A company's or group's strategy, business model, value creation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A company's or group's intangible assets , including goodwill, irrespective of whether these appear on the balance sheet or not	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A company's or group's policies and risks on dividends , including amounts available for distribution	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A company's or group's cash flows	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 24 and substantiate it with evidence or concrete examples:

- We believe that the type of information listed in the table above is of great use to stakeholders to understand the drivers of value creation and should be required in the EU for the medium-sized and large entities. The Accounting directive could be modified so as to require a discussion of such policies and matters in the management report, and that a statement of cash flows be included in the primary financial statements.
- Prior to doing so, the Commission should ensure that equivalent or similar information is not already required under other pieces of EU legislation.
- Such information need not always be quantified. For instance, putting a quantified valuation on unrecognized intangibles and goodwill might not prove useful, and would be highly judgmental in the absence of reliable measurement bases, whereas it would involve significant implementation costs.
- We believe that there would be high benefits to users, at a moderate cost for preparers, if the management reports were subject to a degree of external audit assurance when they are published by entities.

Please explain, including if in your view additional financial information should be provided:

See box above

Question 17. Is there any other information that you would find useful but which is not currently published by companies?

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

Question 18. Financial statements often contain alternative performance measures such as **the EBITDA**. (An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.)

Do you think that the EU framework should define and require the disclosure of the most commonly used alternative performance measures?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 18 and substantiate it with evidence or concrete examples:

We believe it is not the role of the EU legal Framework to set detailed technical standards on the reporting of APMs, as the definition of technical terms is more a matter for accounting standard setters (e.g. IASB) and / or regulators (such as ESMA for listed entities).

III. The EU financial reporting framework for listed companies

The IAS Regulation and International Financial Reporting Standards (IFRS)

The IAS Regulation adopted in 2005 made the use of IFRS mandatory for the consolidated accounts of listed companies. The [Commission Evaluation of the IAS Regulation in 2015](#) found that the use of IFRS had led to greater transparency and comparability of financial reporting within the single market, but that complexity had increased. It also concluded that the use of IFRS in the EU has significantly increased the credibility of IFRS and its use worldwide.

However, the current level of commitment to IFRS by third country jurisdictions differs significantly. Very few of the major capital markets and large jurisdictions have made the use of IFRS as issued by the IASB mandatory⁴. As a result, the level of global convergence achieved is sub-optimal compared to the initial objective on global use.

Before becoming EU law IFRSs have to be endorsed to ensure that they meet certain technical criteria, are not contrary to the true and fair view principle, and are conducive to the European public good⁵. The current endorsement process prevents the Union from modifying the content of the standards issued by the IASB. Some stakeholders, as mentioned in the [final report of the High-Level Expert Group \(HLEG\)](#), are concerned that this lack of flexibility would prevent the EU from reacting if these standards were to pose an obstacle to broader EU policy goals such as long-term investments and sustainability.

The IASB is addressing the complexity of the standards and the volume of disclosure requirements as part of its ["Better Communication" project](#). In addition, the Commission will continue to monitor progress on IASB commitment to improve disclosure, usability and accessibility of IFRS (see the [Communication on the Mid-Term Review of the Capital markets Union Action Plan](#)). This initiative is one of the actions set in motion by the Commission in order to make it easier for companies to enter and raise capital on public markets, notably on [SME Growth Markets](#).

⁴ As per the Pocket guide to IFRS standards 2017 published by the IFRS Foundation: Very few of the major capital markets and large jurisdictions require the use of IFRS as issued by the IASB. Some allow the use of IFRS by any listed company, or restrict the option to third country issuers. Many others have transposed IFRS into national GAAP which then become "substantially converged" with IFRS issued by the IASB. Several jurisdictions require IFRS as issued by the IASB albeit often relabelled as national GAAP.

⁵ The IAS Regulation does not define the criterion "European public good". As a result the Commission has so far followed a [pragmatic approach that allows identification of key matters of concern on a case by case basis](#).

Question 19. Given the different levels of commitment to require IFRS as issued by the IASB around the globe, is it still appropriate that the IAS Regulation prevents the Commission from modifying the content of IFRS?

- Yes
- No, due to the risk of uneven level playing field for EU companies vis-à-vis companies established in third countries that do not require the use of IFRS as issued by the IASB.
- No, due to the risk that specific EU needs may not properly be addressed during the IASB standard setting process.
- No, due to other reasons.
- Don't know / no opinion / not relevant

Question 20. Since the adoption of IFRS by the EU in 2005, topics such as sustainability and long-term investment have come to the forefront of the regulatory agenda. Is the EU endorsement process appropriate to ensure that IFRS do not pose an obstacle to broader EU policy objectives such as sustainability and long-term investments?

- Yes

- No
- Don't know / no opinion / not relevant

Question 21. How could the EU ensure that IFRS do not pose an obstacle to sustainability and long-term investments:

- By retaining the power to modify the IFRS standards in well-defined circumstances;
- By making explicit in the EU regulatory framework that in order to endorse IFRS that are conducive to the European public good, sustainability and long term investment must be considered;
- Other
- Don't know / no opinion / not relevant

Please specify in what other ways could the EU ensure that IFRS do not pose an obstacle to sustainability and long-term investments:

We do not agree that IFRSs pose an obstacle to sustainability and long-term investments. The objective of IFRSs is to provide investors and other providers of capital with relevant and transparent information to facilitate their investment process and it is not the purpose of financial information to induce or discourage specific investment behaviors. The financial information required by current IFRSs meets the relevance and transparency objectives and therefore is useful to management and providers of capital for making decisions about sustainability and long-term investments. We consider the existing endorsement process and accompanying set of endorsement criteria are both necessary and sufficient to assess IFRS Standards against the European public good.

Much of the information needed to make decisions about sustainability matters and long-term investments can only be provided outside the financial statements. Financial information should be complemented by narrative information about investment strategies, business models and by non-financial information. It should also include quantitative information on key performance metrics. Typically, such information is found in the management and other annual reports, which are not in the remit of the IASB.

We are aware of the concerns expressed by some constituents and of the ongoing technical debates about the financial reporting of performance with respect to long-term investments, particularly in the context of market volatility and fair value accounting applied to certain classes of financial instruments. This includes a discussion on the "recycling" of fair value remeasurements accumulated in OCI. We note that EFRAG has been asked by the European Commission to analyze such concerns and to make proposals. We will consider the results of this work and we believe that the Post Implementation Review of IFRS 9 which will be initiated in the next few years will provide an opportunity to consider the need (if any) for amending certain aspects of this standard.

We also support that EFRAG is asked by the Commission, on a case-by-case basis, to consider the possible impact of new IFRSs on sustainability and long-term investments. We believe that a "negative assurance", as is currently provided by EFRAG ("the IFRS subject to the endorsement does not pose a threat to sustainability and long-term investment") is more appropriate than asking for a confirmation that the standard is "conducive to sustainability and long-term investment" as suggested by the question above. This view is based on our belief that it is not the purpose of financial information to induce or discourage specific investment behaviors.

Question 22. The True and Fair view principle should be understood in the light of the general accounting principles set out in the Accounting Directive . By requiring that, in

order to be endorsed, any IFRS should not be contrary to the true and fair view principle, a link has been established between IFRS and the Accounting Directive. However, the principle of true and fair view is not laid down in great detail in the Accounting Directive, nor is it underpinned by e.g. a European Conceptual Framework that would translate these principles into more concrete accounting concepts such as recognition and measurement, measurement of performance, prudence, etc. Do you think that an EU conceptual framework should underpin the IFRS endorsement process?

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

If you answered no to question 22, please explain your position:

Regarding the use of a European Conceptual Framework to 'underpin the endorsement process', we disagree with the idea of assessing IFRSs against such an EU Framework. IFRSs are based on the Conceptual Framework for Financial Reporting published by the IASB and an assessment against another framework is likely to create conflicts, notably with the specific information role served by IFRSs (as spelled out in the recitals of the IAS Regulation 1606/2002 and in the IASB's Framework). It could also create technical difficulties, e.g., the fundamental qualitative characteristics of financial information and the identification of primary users of financial information could be different between those two frameworks. The existing requirement that IFRSs do not conflict with the general principle of true and fair view principle as expressed in the Accounting Directive is sufficient, and the set of Standards together with the IASB's Conceptual Framework is the appropriate basis for assessing the compliance of proposed IFRSs with the objectives of the IAS Regulation.

We are also uncertain about the possible benefits and drawbacks of developing a formalized EU Conceptual framework applicable only to those entities which report in accordance with national GAAP. As noted in answers to Chapter 2, we do not believe that progressing towards more accounting harmonization within the EU for non-listed companies is a short or medium-term priority.

Question 23. The EU has not endorsed the IASB Conceptual Framework for Financial Reporting. The conceptual framework is a set of concepts used to develop IFRSs but can also be helpful in interpreting how IFRS standards have to be understood and applied in specific circumstances. This could enhance a common application of IFRSs within the EU.

Should the EU endorse the IASB Conceptual Framework for Financial Reporting?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 23 and substantiate it with evidence or concrete examples:

We do not oppose the arguments put forward in support of a more formal recognition in the EU of the IASB's Conceptual Framework for Financial Reporting, particularly as this document is an important part of the IFRS literature. However, it would be quite important that such recognition would not result in the IASB's Conceptual Framework having in the EU a status different from the one conceived by the IASB, i.e. a set of general principles and objectives that guide the international standard setter (and possibly preparers of financial statements) in developing accounting solutions that meet the objectives of financial reporting. As of today, the 'soft' recognition provided by the endorsement of IAS 1 and 8 (which refer to the Framework) has not resulted in major difficulties.

Question 24. Contrary to the Accounting Directives the EU endorsed IFRSs do not require companies to present financial information using a prescribed (minimum) lay-out for the balance sheet and income statement. Mandatory use of minimum layouts could enhance comparability of human readable financial statements (Electronic structured data reporting based on the IFRS taxonomy have an implicit layout as relationships between elements for which amounts shall be presented are defined).

Do you agree that prescribed (minimum) layouts enhance comparability of financial statements for users and should therefore be introduced for companies using IFRS.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 24 and substantiate it with evidence or concrete examples:

IAS 1 already includes a minimum layout and specified line items but the guidance in IAS 1 is currently not sufficient to achieve an optimum level of comparability in the presentation of financial statements. There is a need to assess the benefits of more comparability of formats across the different entities against the benefits of providing entity-specific and relevant information that "tell the business story" in a way that is useful to stakeholders.

We observe that given the diversity of economic activities and business models, a single prescribed layout would not fit all business activities even within the industrial and commercial activities sectors. If any EU initiative was undertaken, we caution against the risks of a too rigid and prescriptive approach. We note that IASB has undertaken a project to improve the quality of financial reports (« Primary Financial Statements ») and we advise the Commission to work with the IASB on this project and assess the results before it launches any initiative.

The Transparency Directive requires issuers of securities traded on regulated markets within the EU to ensure appropriate transparency through a regular flow of information to the markets. The Transparency Directive was last amended in 2013 in order:

- To reduce the administrative burden on smaller issuers and promote long-term investment by abolishing the requirement to publish quarterly financial reports and,
- To strengthen investor protection by improving the efficiency of the disclosure regime of major holdings of voting rights, particularly regarding voting rights held through derivatives.

Question 25. Do you agree that the Transparency Directive requirements are **effective** in meeting the following objectives, notably in light of increased integration of EU securities markets?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Protect investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribute to integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate cross border investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 25 and substantiate it with evidence or concrete examples:

Overall, we believe that the TD meets the objectives of investor protection and integration of the EU capital market, although the continuous evolution of market practices and financial innovations require a constant monitoring and periodic updates to the legislation. Cross-border investments by retail investors could be further facilitated by the digitalization and by more open access to financial data (see responses to questions 59 to 65).

Question 26. Do you agree that abolishing the quarterly reporting requirement in 2013 by issuers contributed to the following?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Reducing administrative burden, notably for SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting long-term investment (i.e. discouraging the culture of short-termism on financial markets).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting long-term and sustainable value creation and corporate strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining an adequate level of transparency in the market and investors' protection	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 26 and substantiate it with evidence or concrete examples:

We have not seen convincing evidence to support the assertions made by some that a more frequent public reporting of interim results had encouraged short-term behavior by management and influenced their business decisions such as investment strategies. However, we agree that the abolition of quarterly reporting of the financial results has alleviated the pressure on management to meet short term market expectations and reduced the administrative burden of a full reporting, noting however that for the larger entities, internal management information systems usually provide readily most of the necessary information.

We are not convinced that reducing the frequency of financial information provided to investors has had any proven positive or negative effect in maintaining an adequate level of transparency and investor's protection. One issue is that some of the foreign competitors of EU businesses publish quarterly reports that are used by some investors to try and "guess" the quarterly results which are not published by the corresponding EU companies. Also, interim financial information that is available within an entity and will not be made available to the public is sometimes disclosed in investors' meetings or in "one to one" conversations with analysts, with the increased risk of "insider dealing" (although the use of such information is prohibited and sanctioned by the Market Abuse Regulation).

Question 27. Do you consider that the notifications of major holdings of voting rights in their current form is **effective** in achieving the following?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Strengthening investor protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preventing possible market abuse situations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 27 and substantiate it with evidence or concrete examples:

We agree that the disclosure of major holdings of shares and voting rights, and of changes thereto, is a key element of information about an issuer and constitutes an essential factor for the protection of existing and potential investors. In our experience in France, the disclosure system is properly enforced and satisfies the needs of investors. It has been improved in the recent years to encompass derivatives and other forms of potential access to the holding of shares, and arrangements that permit the use of voting rights without the corresponding holding of the financial interest.

The European Commission should ensure that the EU Framework is kept up-to-date to take into account the increased complexity of instruments that give a deferred or potential access to voting rights.

Question 28. Do you agree that the disclosure and notification regime of major holdings of voting rights in the Transparency Directive is overall **coherent** with the following EU legislation?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Coherent with EU company law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Coherent with the shareholders' rights directive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Coherent with the obligation to disclose managers' transactions under Article 19 of the Market Abuse Regulation (Article 19(3) of MAR sets out the following disclosure obligations: The issuer (...) shall ensure that the information [on transactions carried out by managers or persons closely associated to the managers] is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Coherent with other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your response to question 28 and substantiate it with evidence or concrete examples:

We find it difficult to respond to the questions which relate to the coherence with EU legislation other than that which is found in the Market Abuse Directive and Regulation. We agree that the disclosure regime is consistent with the disclosure of transactions conducted by managers, who generally possess better information about the issuer than the wider public.

Question 29. As regards the following areas, did you identify a lack of coherence of legislation from one Member State to another that could jeopardise to some extent the objectives of investor protection, integrated capital markets and cross-border investment?

- Yearly and half-yearly financial information
- On-going information on major holdings of voting rights
- Ad hoc information disclosed pursuant to the Market Abuse Directive
- Administrative sanctions and measures in case of breaches of the Transparency Directive requirements
- Don't know / no opinion / not relevant

Please explain your response to question 29 and substantiate it with evidence or concrete examples:

We cannot answer these questions. We are aware of differences in the regime adopted by various Member states concerning the requirements for auditor's assurance, if any, provided on interim (half-yearly) financial information. However, we cannot assess their possible effect on the policy objectives listed in question 29.

Question 30. Should anything be done to improve public reporting by listed companies (documents, information, frequency, access, harmonisation, simplification)?

Improving the ease and speed of access to financial information by means of electronic filings and open repositories of financial data should be encouraged.

IV. The EU financial reporting framework for banks and insurance companies

Bank Accounts Directive (BAD)

All banks (credit institutions) and groups of banks established in the EU - irrespective of their legal form - have to prepare and publish annual financial statements in order to achieve comparability of financial statements. Member State accounting laws, regulations and standards for the preparation of banks' financial statements must incorporate EU law on bank accounting: the Bank Accounts Directive (BAD) adopted in 1986.

Following the endorsement of IFRS by the EU in 2002 all large banks, accounting for more than 65% of total European banking assets, are obliged to use EU endorsed IFRS for their consolidated financial statements. In addition to the mandatory use of IFRS for the consolidated accounts by listed banks, 15 Member States currently require IFRS for the consolidated accounts of non-listed banks and 12 Member States *require* IFRS for the individual accounts of non-listed banks instead of national GAAP (See for more details the table on [page 64 of the Staff Working Document on the evaluation on the IAS Regulation](#))

The use of IFRS has reduced the relevance of the Bank Accounts Directive for achieving harmonised financial statements. The BAD has also lost relevance over time as it has not been updated to include more recent accounting treatments, for example on expected credit losses, (operational) leases or revenues from digital business models.

Harmonising banks' financial statements is not only important for the comparability of banks' financial statements. Bank prudential requirements and capital ratios are based on accounting values. Differences between national GAAPs or between national GAAPs and IFRS lead to different prudential outcomes, which hamper the comparability of capital ratios.

Question 31. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
The BAD is still sufficiently effective to meet the objective of comparability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The BAD is still sufficiently relevant (necessary and appropriate) to meet the objective of comparability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The costs associated with the BAD are still proportionate to the benefits it has generated	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current EU legislative public reporting framework for banks is sufficiently coherent	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 31 and substantiate it with evidence or concrete examples:

The Bank Accounting Directive 1986 (BAD) was useful when it was promulgated, but given the number of available accounting options and the growing investors' demand for more comparability, the BAD does no longer provide for a sufficient comparability and it does not address some major financial reporting topics. The BAD is however still useful as it requires a harmonized format of presentation of the annual financial statements. Therefore, it should be kept "alive" as it is, without undertaking a complete overhaul, as the costs and efforts of a modernization would exceed the expected benefits when most banks have switched to (or can be expected to) reporting under IFRSs for their consolidated accounts in France.

One must acknowledge that prudential and financial reporting requirements serve different purposes and are designed to inform different users. As such, they do not necessarily need to be coherent. Hence, we do not in general support that financial reporting is influenced by purely prudential considerations. However, disclosing information about the situation of a bank with regards to prudential ratios is useful to investors.

Question 32. Do you agree with the following statement:

The BAD could be suppressed and replaced by a requirement for all EU banks to use IFRS 1.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 32 and substantiate it with evidence or concrete examples:

We note that in France a large majority of banks and some of the largest insurance entities are (part of) groups that prepare their consolidated financial statements in accordance with IFRSs. So, it is only a limited number of smaller banks and a larger number of insurance undertakings (e.g. benefit societies) that still report under French GAAP. The BAD and IAD have served their purpose, particularly in providing harmonised formats of presentation of

the financial statements for banks and insurance undertakings, which do not exist in IFRSs. Over time, the recognition and measurement principles in those directives have been found incomplete and in certain instances have become obsolete. In theory, they would necessitate a major overhaul. However, it does not appear an optimal solution to undertake such a time-consuming and complex exercise when a growing number of entities report under IFRSs. In addition, there is a need to gain more experience with the implementation of IFRS 9 and to wait for the outcome of the EU endorsement of IFRS 17 before considering the way forward.

In theory, requiring or allowing the preparation under IFRS of the individual financial statements of banking and insurance undertakings that belong to a group may facilitate the intra-group reporting, and make the information provided at the individual entity level more consistent with that published at group level. However, we are aware of the need to prepare entity-level information that complies with specific national requirements, for instance for tax purposes and for the determination of policy holders profit-sharing. In this context, an evolution in the basis used for preparing the individual financial statements of banks and insurance companies is a complex matter to be considered by national governments and the relevant prudential regulators.

Question 33. Do you think that the objective of comparability of financial statements of banks using national GAAP could be improved by including accounting treatments in the BAD for:

	Yes	No	Don't know / no opinion / not relevant
Expected Credit risk provisioning	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Leases	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Intangible assets	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Derivatives	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 33 and substantiate it with evidence or concrete examples:

As mentioned in our comments to question 32 above, the BAD and IAD have served their purpose, particularly in providing harmonised formats of presentation of the financial statements for banks and insurance undertakings, which do not exist in IFRSs. Over time, the recognition and measurement principles in those directives have been found incomplete and in certain instances have become obsolete. In theory, they would necessitate a major overhaul. However, it does not appear an optimal solution to undertake such a time-consuming and complex exercise when a growing number of entities report under IFRSs. In addition, there is a need to gain more experience with the implementation of IFRS 9 and to wait for the outcome of the EU endorsement of IFRS 17 before considering the way forward.

Question 34. Do you agree with the following statement:

The current **number of options** in the BAD may hamper the comparability of financial statements and prudential ratios 1.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 34 and substantiate it with evidence or concrete examples:

As the determination of prudential ratios can be harmonized through the guidance provided by EBA and ECB and their calculation usually departs from published financial information, the prudential ratios are usually determined in a comparable way. On the other hand, the use of the options – either explicit or implicit when the BAD is silent on an accounting topic – reduces significantly the comparability of financial statements.

Question 35. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Mandatory use of national GAAPs for the preparation of individual financial statements of bank subsidiaries reduces the efficiency of preparing consolidated financial statements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Allowing the use of IFRS for the preparation of individual financial statements by (cross						

border) banking subsidiaries, subject to consolidated supervision, would increase efficiency



Please explain your response to question 35 and substantiate it with evidence or concrete examples:

In certain situations, it can be more efficient to use the same accounting principles (IFRSs) for the preparation of the parent entity individual statements and in its consolidated accounts –for instance, when the parent entity manages the hedging activities on behalf the group, or when it has itself significant lending or investing activities in comparison to the total of the group. Similarly, when a subsidiary is material to the total of the group, or when it undertakes activities on behalf of other group entities, it could be more efficient to apply directly in its individual financial statements the IFRS accounting principles that will be used in the consolidated financial statements.

However, certain legal constraints apply to the preparation of individual financial statements – for instance for calculating income and other taxes or profit distribution – for which the basis is the national GAAP. These constraints reduce the benefits of using the same accounting basis as in the consolidated financial statements. Therefore, each entity would need to assess the potential efficiency benefits and drawbacks according to its specific situation and the use of IFRSs in the individual statements should only be optional.

Question 36. Do you agree with the following statement:

Cross border bank subsidiaries of an EU parent should be allowed not to publish individual financial statements subject to

1. being included in the consolidated financial statements of the group,
2. consolidated supervision and
3. the parent guaranteeing all liabilities and commitments of the cross border subsidiary?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 36 and substantiate it with evidence or concrete examples:

As mentioned in our comments to question 13, we have strong reservations about the creation of an EU-wide company option (as opposed to a Member State option) because in our opinion the users of the financial statements of a subsidiary company are not only the providers of capital (equity and loans) but also the employees, customers and suppliers, who need to assess the viability, solvency and financial performance of that subsidiary on a stand-alone basis. The condition that the parent company fully guarantees the commitments of the subsidiary provides some protection to the creditors, but it does not inform the other stakeholders about the performance, solvency and viability (sustainability) of that subsidiary. Further, if that subsidiary is required to file tax returns and pay taxes on the basis of local requirements, and to report about its financial situation and performance to the consolidating parent company, we believe that the underlying accounting data and reports are already available and that the publication of local financial statements does not involve significant additional costs.

Insurance Accounting Directive (IAD)

The Directive on the annual and consolidated accounts of insurance undertakings was adopted in 1991 in order to set a common European Framework consistent with the Accounting Directive. Where applicable, its scope includes the statutory accounts, which implies a strong interplay with National Legal Frameworks pertaining to insurance contract obligations, dividend distribution, taxation and prudential requirements applicable to small entities outside the scope of the Solvency II Directive.

Unlike in the banking sector where prudential requirements and ratios are based on accounting values, the Solvency II Directive applicable from 2016 includes dedicated measurement principles and public disclosure requirements independent from accounting standards.

IFRS 17 "insurance contracts" was issued by the IASB in May 2017 and should apply from 2021 onwards to the consolidated financial statements of listed companies (and to other companies depending on Member States options). In the context of the European endorsement process of IFRS 17, consultations have highlighted concerns that some provisions of IFRS 17 might contradict the Insurance Accounting Directive and that the interaction between IFRS 17 and Solvency II public disclosure requirements may duplicate information.

Overall depending on Member States' use of options, the European accounting and prudential framework requires listed insurance groups to prepare multiple sets of financial statements (Statutory accounts as per National GAAPs, Solvency and Financial Condition Report under the Solvency II Directive and IFRS financial statements for consolidation purpose). This possibility of overlaps between the various pieces of legislation potentially affects their relevance, efficiency and consistency.

Question 37. Do you agree with the following statements:

			3			Don't know /
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	1 (totally disagree)	2 (mostly disagree)	(partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	no opinion / not relevant
The Insurance Accounting Directive meets the objective of comparable financial statements within the European insurance industry (the Insurance Accounting Directive is effective)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Insurance Accounting Directive is still sufficiently relevant (necessary and appropriate) to meet the objective of comparable financial statements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The costs associated with the Insurance Accounting Directive are still proportionate to the benefits it has generated (the Insurance Accounting Directive is efficient)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 37 and substantiate it with evidence or concrete examples:

The IAD is still somewhat relevant (in particular with the provision of harmonised formats of presentation for the financial statements) but it has significantly lost its effectiveness regarding the objective of comparability in assessing the financial situation. Most of the large and medium sized EU insurance undertakings (which represent a large majority of the total volume of insurance business) now prepare consolidated financial statements using IFRSs while only some of the insurance entities use national GAAP (or are exempted from the requirement to publish financial statements).

The notes to the financial statements provide additional information that is helpful to compare between entities. However, there is a significant degree of variability in the accounting policies and estimates that underpin the preparation of reported financial data, in particular when accounting for financial investments, for life insurance liabilities and for the release of the profit margin in the profit and loss statement. This is why we assess the IAD as “necessary (relevant) but not sufficient (effective)”.

Regarding the preparation of individual accounts, the use of national GAAP often remains necessary as in many jurisdictions the financial statements are prepared in response to regulatory needs, such as determining the basis for taxable income or calculating the policy holders profit sharing and distributable profit.

The costs of reporting in accordance with national GAAP based on the IAD in the individual financial statements duplicate to a certain extent the costs of reporting on a consolidated basis, and of preparing the IFRS based information that is needed for consolidation purposes. However, such costs are unavoidable as long as there are other reporting requirements that must comply with the national GAAP based on the IAD.

Question 38. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
There are contradicting requirements between the IAD and IFRS 17 which prevent Member States from electing IFRS 17 for statutory and consolidated accounts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The Insurance Accounting Directive should be harmonized with the Solvency II Framework	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Insurance Accounting Directive should be harmonized with the IFRS 17 Standard	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Preparers should be allowed to elect for a European-wide option to apply Solvency II valuation principles in their financial statements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 38 and substantiate it with evidence or concrete examples:

The adoption of IFRSs by all large insurance undertakings and the introduction of Solvency 2 are important factors when one considers whether the IAD should be harmonised with IFRSs for the preparation of

consolidated accounts, or whether all insurance undertakings should be required by an EU Regulation to apply the IFRSs as endorsed in the EU for that purpose.

Pending the completion of the assessment of IFRS 17 by EFRAG and European authorities and its endorsement for use in the EU, it is too early to formulate an opinion about the harmonization of the IAD with IFRS 17.

We do not understand why a Member State would opt for IFRS 17 only (rather than for the whole set of IFRSs) for the purpose of the preparation of statutory and consolidated accounts. Should it decide to adopt the whole set of IFRSs, there are in the IAS Regulation 1606/2002 a number of options to that effect. We disagree with the application of measurements directly based on Solvency 2 in the financial statements prepared for financial information purposes, either through a mandatory approach (harmonization of IAD with Solvency 2) or on the basis of a company option. Although there is some convergence between Solvency 2 and IFRS 17 in the general principles for the measurement of insurance liabilities, the basic objectives of prudential supervision (protecting the rights of policyholders and the solvency of the undertaking in case of an hypothetical crisis) differ from the objective of financial reporting which is to provide neutral information about the actual financial situation and performance that is useful to providers of capital and other stakeholders in making decisions. It should also be noted that Solvency 2 is oriented fully towards the preparation of a balance-sheet and does not specify how to determine the financial results for a period. Nevertheless, the disclosure of the Solvency 2 prudential ratios is useful to investors.

Question 39. Do you think that the current prudential public disclosure requirements and general public disclosure requirements applicable to insurance and reinsurance undertakings are **consistent** with each other?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
For European insurance and reinsurance companies under the scope of the mandatory application of IFRS according to the IAS regulation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For European insurance and reinsurance companies required to apply IFRS according to Member States options	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For European insurance and reinsurance companies						

not required to apply the IFRS Standards	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Please explain your response to question 39 and substantiate it with evidence or concrete examples:

Prudential public disclosures respond to certain specific objectives which differ from financial reporting objectives, although both sets of disclosures are useful to investors and are necessary for a complete information. The two sets of disclosures address different topics (solvency position management in one case, explanatory notes to the accounts on the other hand) and need not be consistent. The differences in disclosures are even larger, but not inconsistent, when an insurance entity reports under IFRS.

V. Non-financial reporting framework

Non-Financial Reporting Directive

Directive 2014/95/EU on disclosure of non-financial Information and diversity information (the NFI Directive) requires around 6.000 large companies with more than 500 employees listed on EU regulated markets or operating in the banking or insurance sectors to disclose relevant environmental and social information in their management report. The directive also requires the large listed companies to make a statement about their diversity policy in relation to the composition of their boards. The first reports have to be published in 2018 regarding financial year 2017. In addition to the NFI Directive, the Commission adopted guidelines in June 2017 to help companies disclose relevant non-financial information in a consistent and more comparable manner. The Commission is required to submit a review report on the effectiveness of the Directive by December 2018.

Question 40. The impact assessment for the NFI Directive identified the quality and quantity of non-financial information disclosed by companies as relevant issues, and pointed at the insufficient diversity of boards leading to insufficient challenging of senior management decisions. Do you think that these issues are still **relevant**?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant

The quality and quantity of non-financial information disclosed by companies remain relevant issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The diversity of boards, and boards' willingness and ability to challenge to senior management decisions, remain relevant issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your response to question 40 and substantiate it with evidence or concrete examples:

These issues have been considered important in the past, and they will undoubtedly remain relevant to stakeholders in the future. It can be expected that the new EU legislation will improve the situation over time. As it has become effective only recently and as the first reports on these matters are expected to be released in the future months in France, it is too early to assess the quality of such reports and the effectiveness of the policies and indicators disclosed by companies. Furthermore, it will take time to assess whether those disclosures and the resulting investors' reactions will have any significant impact on the behaviour of management and corporate governance.

The French experience with national legislation introduced in the recent years (Grenelle I and II Acts) indicates that legislation has brought those matters onto the agenda of Boards and management and has increased the investors' awareness.

In theory, we expect that the EU legislation should have similar positive effects.

Question 41. Do you think that the NFI Directive's disclosure framework is **effective** in achieving the following objectives?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Enhancing companies' performance through better assessment and greater integration of non-financial risks and opportunities into their business strategies and operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Enhancing companies' accountability, for example with respect to the social and environmental impact of their operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Enhancing the efficiency of capital markets by helping investors to integrate material non-financial information into their investment decisions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Increasing diversity on companies' boards and countering insufficient challenge to senior management decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Improving the gender balance of company boards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your response to question 41 and substantiate it with evidence or concrete examples:

It will take a few years after the implementation of the disclosures to assess their effects and it is too early to assess the effectiveness of the disclosure regime in influencing the behavior of entities.

Question 42. Do you think that the NFI Directive's current disclosure framework is **effective** in providing non-financial information that is:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Material	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Balanced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Accurate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Timely	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparable between companies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparable over time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 42 and substantiate it with evidence or concrete examples:

We believe that NFI information will be provided in a more timely manner and should be more comparable from one period to another one, as entities will not change their policies and KPIs very often. It is less likely that there will be a sufficient comparability between entities, absent sufficient standards for the measurement of NFI performance indicators. Experience after a few years will tell whether the reported information is material, balanced and accurate.

Question 43. Do you agree with the following statement:

The current EU non-financial reporting framework is sufficiently **coherent** (consistent across the different EU and national requirements)?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 43 and substantiate it with evidence or concrete examples:

Only two EU jurisdictions require an independent verification by an expert third party (France and Italy). Too many reporting and quantification options are left to Member States and, given the recent transposition of the EU legislation by Member States, it is not yet possible to assess the coherence across Member States.

Question 44. Do you agree with the following statement:

The costs of disclosure under the NFI Directive disclosure framework are proportionate to the benefits it generates.

- 1 - totally disagree

- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 44 and substantiate it with evidence or concrete examples:

Costs that will be borne by issuers should result in savings for investors and other stakeholders who will benefit from a more diversified and relevant information in making investments and other decisions.

Question 45. Do you agree with the following statement:

The scope of application of the NFI Directive (i.e. limited to large public interest entities) is a p p r o p r i a t e
 ("Public-interest entities" means listed companies, banks, insurance companies and companies designated by Member States as public-interest entities).

- 1 - far too narrow
- 2 - too narrow
- 3 - about right
- 4 - too broad
- 5 - way too broad
- Don't know / no opinion / not relevant

Please explain your response to question 45 and substantiate it with evidence or concrete examples:

We believe that the social and environmental impact of business activities is not limited to large PIE, and that the NFI reporting regime should be extended to any entity (listed or not) whose activities exceed a certain size threshold. Smaller entities should be exempted at least in part in order to reduce the burden of reporting.

Question 46. It has been argued that the NFI Directive could indirectly increase the reporting burden for SMEs, as a result of larger companies requiring additional non-financial information from their suppliers.

Do you agree that SMEs are required to collect and report substantially more data to larger companies as a result of the NFI directive?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 46 and substantiate it with evidence or concrete examples:

The cost of NFI reporting is arguably higher for SMEs in proportion to the size of their activities and it will be increased in order to meet the new reporting requirements of their trade partners. This is however not abnormal as they should comply with disclosure requirements if they wish to become or remain an element of the sustainable supply chain of larger entities.

Question 47. Do you agree with the following statement?

The non-binding Guidelines on Non-Financial Reporting issued by the Commission in 2017 help to improve the quality of disclosure.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 47 and substantiate it with evidence or concrete examples:

The Guidelines provide a useful starting point but will need improvement over time and additional guidance.

Question 48. The Commission action plan on financing sustainable growth includes an action to revise the 2017 Guidelines on Non-Financial Reporting to provide further guidance to companies on the disclosure of climate related information, building on the

FSB TCFD recommendations. The action plan also states that the guidelines will be further amended regarding disclosures on other sustainability factors. Which other sustainability factors should be considered for amended guidance as a priority?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Environment (in addition to climate change already included in the Action Plan)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and Employee matters	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Respect for human rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Anti-corruption and bribery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 49. If you are a preparer company, could you please estimate the **increased cost** of compliance with national laws on non-financial disclosure that were adopted or amended following the adoption of the NFI Directive in 2014, compared to annual non-financial disclosure costs incurred before the adoption of the NFI Directive?

Increased amount in Euros of cost of compliance with national laws - **one-off costs of reporting for the first time:**

Increased amount as a % of total operating cost of compliance with national laws - **one-off costs of reporting for the first time:**

 %

Increased amount in Euros of cost of compliance with national laws - **estimated recurring costs:**

Increased amount as a % of total operating cost of compliance with national laws - **estimated recurring costs**:

 %

Question 50. How would you assess, overall, the impact of the NFI Directive disclosure framework on the competitiveness of the reporting EU companies compared to companies in other countries and regions of the world?

- Very positive impact on competitiveness
- Somewhat positive impact on competitiveness
- No significant impact on competitiveness
- Somewhat negative impact on competitiveness
- Very negative impact on competitiveness
- Don't know / no opinion / not relevant

Please explain your response to question 50 and substantiate it with evidence or concrete examples:

The NFI Directive increases transparency on the holistic economic performance of entities and should facilitate the access to investors who follow a responsible investment approach. This should have positive effects on competitiveness in the long run. However, the benefits will be mitigated by increased reporting costs, both initially and ongoing.

Country-by-country reporting by extractive and logging industries

Since 2017, companies that are active in the extractive industry or in the logging of primary forests have to be more transparent on the payments they make to governments. Through amendments made in 2013 to the Accounting and Transparency directives, such companies established in the European Union should publish each year a so-called "country-by-country report" summarising payments to governments. These reporting requirements were introduced to help governments of resource-rich countries manage their resources as well as to enable civil society to better hold governments and business into account. This should also help governments of resources-rich countries to implement the Extractive Industries Transparency Initiative (EITI) principles.

Question 51. Do you think that the public reporting requirements on payments to governments ("country-by-country reporting") by extractive and logging industries are:

--	--	--	--	--	--	--

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
effective (successful in achieving its objectives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
efficient (costs are proportionate to the benefits it has generated)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
relevant (necessary and appropriate)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
coherent (with other EU requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
designed at the appropriate level (EU level) in order to add the highest value (as compared to actions at Member State level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 51 and substantiate it with evidence or concrete examples:

Question 52. As a preparer company, could you please indicate the annual recurring costs (in € and in relation to total operating costs) incurred for the preparation, audit (if any) and publication of the “country-by-country report”:

Total amount in Euros of **one-off costs of reporting** for the first time for the “country-by-country report”:

Amount as a % of total operating costs of **one-off costs of reporting for the first time** for the “country-by-country report”:

 %

Total amount in Euros of annual recurring costs for the “country-by-country report” - **estimated recurring costs**:

Amount as a % of total operating costs of annual recurring costs for the “country-by-country report” - **estimated recurring costs**:

 %

Question 53. How would you assess, overall, the impact of country-by-country reporting on the competitiveness of the reporting EU companies?

- Very positive impact on competitiveness
- Somewhat positive impact on competitiveness
- No significant impact on competitiveness
- Somewhat negative impact on competitiveness
- Very negative impact on competitiveness
- Don't know / no opinion / not relevant

Please explain your response to question 53 and substantiate it with evidence or concrete examples:

Integrated reporting

In addition to a demand to broaden the range of information to be included in corporate reports, there is an ongoing debate on whether and how to integrate financial, non-financial, and other related reports in a meaningful way.

Question 54. Do you agree that integrated reporting can deliver the following **benefits**?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
More efficient allocation of capital, through improved quality of information to capital providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improved decision-making and better risk management in companies as a result of integrated thinking and better understanding of the value-creation process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs savings for preparers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Cost savings for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other differences (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 54 and substantiate it with evidence or concrete examples:

Initially, integrated reporting may necessitate a substantial first-time investment and the integrated report may be another report on top of existing ones. However, on a running basis, it can be expected that the integrated reporting will foster integrated thinking and a focus on long-term value creation. It can be expected to result in improvements in the management of the entity and better communication with stakeholders, the benefits of which should exceed the reporting costs.

Question 55. Do you agree with the following statement?

	1	2	3 (partially disagree)	4	5	Don't know / no opinion /

	(totally disagree)	(mostly disagree)	and partially agree)	(mostly agree)	(totally agree)	not relevant
A move towards more integrated reporting in the EU should be encouraged	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The costs of a more integrated reporting would be proportionate to the benefits it generates (would be efficient)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your response to question 55 and substantiate it with evidence or concrete examples:

See our assessments in the preceding question.

Question 56. Is the existing EU framework on public reporting by companies an obstacle to allowing companies to move freely towards more integrated reporting?

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

Please explain your response to question 56 and substantiate it with evidence or concrete examples:

VI. The digitalisation challenge

In the area of public reporting by companies technology is changing 1) the way companies prepare and disseminate corporate reports and 2) the way investors and the public access and analyse company information. On 6 October 2017, the ['eGovernment Declaration'](#) was signed in Tallin in the framework of

the eGovernment Ministerial Conference. It marked a clear political commitment at EU level towards ensuring high quality, user-centric digital public services for citizens and seamless cross-border public services for businesses.

Digitalisation is soon to become reality for issuers with securities listed on European regulated markets ("listed companies"). These companies must file their Annual Financial Reports with the relevant Officially Appointed Mechanisms (OAMs). An Annual Financial Report mainly contains the audited financial statements, the management report and some other statements. In 2013, the Transparency Directive was amended to introduce as from 1 January 2020 a structured electronic reporting for Annual Financial Reports based on a so-called "European Single Electronic Format" (ESEF). It also established a single European Electronic Access Point (EEAP) in order to interconnect the different national OAMs. The objectives were to facilitate the filing of information by listed companies, and facilitate access to and use of company information by users on a pan-EU basis, thus reducing operational costs for both parties.

Beyond listed companies, the Commission is currently working, as announced in the 2017 Commission Work Programme, on an EU Company Law package making the best of digital solutions and providing efficient rules for cross-border operations whilst respecting national social and labour law prerogatives, which is not subject to this public consultation.

Question 57. Do you consider the existing EU legislation to be an obstacle to the development and free use by companies of digital technologies in the field of public reporting?

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

Question 58. Do you consider that increased digitalisation taking place in the field diminishes the relevance of the EU laws on public reporting by companies (for instance, by making paper based formats or certain provisions contained in the law irrelevant)?

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

The impact of electronic structured reporting

Question 59. Do you think that, as regards public reporting by listed companies, the use of electronic structured reporting based on a defined taxonomy (ESEF) and a single access point (EEAP) will meet the following intended objectives:

			3			Don't know /
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	1 (totally disagree)	2 (mostly disagree)	(partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	no opinion / not relevant
improve transparency for investors and the public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
improve the relevance of company reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
reduce preparation and filing costs for companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
reduce costs of access for investors and the public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
reduce other reporting costs through the re-use of companies' public reporting of electronic structured data for other reporting purposes (e.g. tax authorities, national statistics, other public authorities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide an estimated order of magnitude or qualitative comments for such cost reductions (e.g. % of preparation costs or % of costs of accessing and analysing data...):

We support in general the move towards electronic reporting and the central filing of data by listed entities under a regulated format. We support an EU principles-based framework for electronic reporting which should be progressively extended beyond the scope of financial information, as well as a single EU access point to link to individual company's websites. Digitalisation of information also has the prospect to better link financial information to the non-financial information.

The EU regulatory framework is not an obstacle to digitalisation. It needs to allow for future innovation and be adaptable; given the speed of innovation, we believe it is too early to commit to a single form of reporting technology. Having such flexibility is especially important for SMEs.

Pending the publication of the relevant implementation guidance (RTS) by ESMA, and before a wide-scale test of that system by issuers and users of information, it is too early to assess the costs and benefits of the proposed ESEF system. Therefore, we do not support at this stage and in the short term a mandatory extension of digital reporting to non-listed entities or extending the use of structured reporting beyond those areas currently covered.

Finally, there is a need to organize effective means of protecting the integrity of digital information, for instance by using third-party verifications. It would be advantageous to work towards international standards or to endorse best practices to that end.

Question 60. In your opinion, on top of the financial statements, do you think that the following documents prepared by listed companies should contain electronic structured data?

Financial reporting

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Half-yearly interim financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management report	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance statement	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other disclosure or statements requirements under the Transparency Directive such as information about major holdings	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Non-financial reporting and other reports

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Non-financial information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country-by-country report on payments to governments	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other documents (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 61. Once the ESEF is fully developed and in place for listed companies, would this EU language add value as a basis to structure the financial statements, management reports etc. published by any limited liability company in the EU?

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

Please explain your response to question 61 and substantiate it with evidence or concrete examples:

We do not support in the short term an extension to any limited liability entity, before we can completely assess the benefits and costs for the listed entities. Some limited application of ESEF (for instance in the tax declaration and prudential reporting areas) could be experimented in a first phase.

Question 62. As regards the non-financial information that listed companies, banks and insurance companies must publish, do you think that digitalisation of this information could bring about the following benefits?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Facilitate access to information by users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase the granularity of information disclosed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Reduce the reporting costs of preparers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your response to question 62 and substantiate it with evidence or concrete examples:

Whereas the digitalization is always expected to facilitate the access to information by users (assuming it would be accessed free of charge or at a moderate price), we do not think that the granularity of information will in principle be driven by the means used for reporting, whether paper-based or digital. However, experience will tell how the structured format influences the behavior of preparers and at this stage we prefer to say “don’t know”.

Question 63. Digitalisation facilitates the widespread dissemination and circulation of information. Besides, the same corporate reporting information may be available from different sources, such as a company’s web site, an OAM, a business register, a data aggregator or other sources. In a digitalised economy, do you consider that electronic reporting should be secured by the reporting company with electronic signatures, electronic seals and/or other trust services?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain your response to question 63 and substantiate it with evidence or concrete examples:

Securing the data filed by electronic means is necessary to protect their integrity, for instance by using third-party verifications. It would be advantageous to work towards international standards or to endorse best practices to that end.
Different technologies might be considered to that effect, and flexibility should be provided as the technologies evolve at a fast pace.

Data storage mechanisms – data repositories

Today, the self-standing national databases maintained by each Officially Appointed Mechanisms (OAMs) are not interconnected to each other, or to a central platform.

The [European Financial Transparency Gateway \(EFTG\)](#) is a pilot project funded by the European Parliament that aims to virtually connect the databases using the distributed ledger technology in order to provide a single European point of access to investors searching for investment opportunities on a pan-EU basis. The European Financial Transparency Gateway could be used as a basis for achieving a single European Electronic Access Point (EEAP).

Question 64. Considering the modern technologies at hand to interconnect databases on information filed by listed companies with the OAMs, do you agree with the following statements?

--	--	--	--	--	--	--

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
A pan-EU digital access to databases based on modern technologies would improve investor protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
A pan-EU digital access to databases based on modern technologies would promote cross border investments and efficient capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The EU should take advantage of a pan-EU digital access to make information available for free to any user	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 65. Public reporting data in the form of structured electronic data submitted by listed companies could potentially be re-used for different purposes by different authorities. For instance, by filing a report once with an OAMs and re-using it for filing purposes with a business register. In your opinion, should the EU foster the re-use of data and the “file only once” principle?

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

Please explain your response to question 65 and substantiate it with evidence or concrete examples:

Coherence with other Commission initiatives in the field of digitalisation

On 1 December 2017, the Commission launched a [Fitness Check on the supervisory reporting frameworks](#). In parallel, the financial data standardisation (FDS) project, launched in 2016, aims for a 'common financial data language' across the board for supervisory purposes. The Commission will report by summer 2019 (for more details, see [Commission report on the follow up to the call for evidence - EU regulatory framework for financial services](#), December 2017 section 3.3).

Question 66. Should the EU strive to ensure that labels and concepts contained in public reporting by companies are standardised and aligned with those used for supervisory purposes?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Other comments

Question 67. Do you have any other comments or suggestions?

Please refer to our letter dated 19 July 2018 to Commissioner Dombrovskis. It is available on our website through the following link:
<http://www.dipacint.com/Menu-gauche/Reponses-francaises-aux-consultations-internationales/Reponse-de-la-profession-francaise-au-fitness-check-de-la-Commission-Europeenne-lettre-de-couverture-juillet-2018>

Acronyms and Abbreviations

AD
Accounting Directive

BAD
Bank Accounts Directive

CEP
Centre for European Studies

CBCR
Country by Country Reporting

CLD
Company Law Directive

CMD
Capital Maintenance Directive

CMU
Capital Markets Union

CRD
Capital Requirements Directive

CRR
Capital Requirements Regulation

DG FISMA
Directorate General Financial Stability, Financial Services and Capital Markets Union

DLT& API
Distributed Ledger Technology & Application Programme Interface

EC
European Commission

EFRAG
European Financial Reporting Advisory Group

EFTG
European Financial Transparency Gateway

EITI
Extractive Industries Transparency Initiative

ESG
Environmental, Social & Governance factors

ESMA
European Securities and Markets Authority

ESRB
European Systemic Risk Board

FSB
Financial Stability Board

GAAPs
General Accepted Accounting Principles

HLEG
High-Level Expert Group

IAD
Insurance Accounts Directive

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

IFRS 4
International Financial Reporting Standards on Insurance contracts

IFRS 9
International Financial Reporting Standards on Financial Instruments

IFRS 17
will replace IFRS 4 as of 1 January 2021

IIRC
International Integrated Reporting Council

KPIs
Key Performance Indicators

NFR
Non-Financial Reporting Directive (also called NFI for Non-Financial Information)

NGOs
Non-governmental Organisation

OAMs
Officially Appointed Mechanisms

OECD
Organization for Economic Co-operation and Development

PIE
Public Interest Entities

P&L

Profit and Loss account

SMEs

Small and Medium Enterprises

SRB

Single Resolution Board

SSM

Single Supervisory Mechanism

TCFD

Task Force on Climate-related Financial Disclosures

TD

Transparency Directive

3. 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) here:

35d271f9-c028-4879-9d9f-675fae634445

/Cover_letter_CNCC_CSOEC_sur_le_Questionnaire_Fitness_check_CLEAN_FINALE_PDF.pdf

Useful links

[Consultation details \(http://ec.europa.eu/info/consultations/finance-2018-companies-public-reporting_en\)](http://ec.europa.eu/info/consultations/finance-2018-companies-public-reporting_en)

[Specific privacy statement \(http://ec.europa.eu/info/files/2018-companies-public-reporting-consultation-document_en\)](http://ec.europa.eu/info/files/2018-companies-public-reporting-consultation-document_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Contact

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