



Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale



A F E P

Association Française des Entreprises Privées

Göran Tidström
Chairman Supervisory Board
EFRAG
13-14 Avenue des Arts
Brussels

Paris, September 22, 2008

Ref: Enhancement of EFRAG – Proposals for Public Consultation

Dear Göran,

ACTEO, AFEP & MEDEF welcome the opportunity to comment on the proposals to enhance the organisation and governance of EFRAG.

For now close to ten years, we have been long-standing supporters of EFRAG with the objective of building a strong European voice in the debate on international accounting standards. Since Europe has adopted and implemented IFRS in 2005, the progress of harmonisation of accounting standards has accelerated. We acknowledge the need in this context to reinforce EFRAG and hence bring valuable and timely input to the IASB from a strong European counterpart. EFRAG's past achievements have demonstrated its ability to be strengthened into that role, provided that, as suggested, its pan-European legitimacy is safeguarded. We therefore fully support the efforts which are currently being made in order to enhance EFRAG further and gather European resources in a more efficient fashion. We welcome the financial support that the European Commission is ready to bring to EFRAG.

Beyond this general expression for support, we include in the appendix to this letter some comments we hope will be useful in finalising EFRAG reform.

We remain at your disposal should you need further clarification or background information.

Yours sincerely,

ACTEO

Patrice MARTEAU


Chairman

AFEP

Alexandre TESSIER


Director General

MEDEF

Agnès LEPINAY


**Director of economic
and financial affairs**

Appendix to the ACTEO, MEDEF & AFEP letter of comments on “Enhancement of EFRAG – Proposals for public consultation”

Our detailed comments are set out below, following the order of the consultation document.

1) Introduction

We agree with the urgency of the need to reinforce the voice of Europe in the accounting debate. We believe EFRAG has shown in the past achievements which designate it as the appropriate body to increase Europe’s input to the accounting debate.

2) Objectives and activities of EFRAG

We concur with the objectives and activities of EFRAG as described in that section. Proactive activities are both essential to an effective contribution to the debate on accounting standards and very resource-consuming. Proactive activities have been part of EFRAG’s objectives since its creation and have developed as far as EFRAG’s resources would permit, while other requests were put on EFRAG (bases for conclusions for SARG and Parliament, effect studies at the request of the EC...). Enhancing EFRAG’s resources in this area should ensure that projects are lead from a truly European standpoint.

3) Public oversight, accountability, relationship with the European Commission

We support efforts towards greater transparency and communication for the SB and PRC, as has been experienced with TEG.

4) Structure of the new EFRAG

a) General Assembly and Governance and Nominating Committee

We approve of the objective of seeking the best representation of all European stakeholders. In addition to General Assembly members, the Governance and Nominating Committee should seek individuals representing the European public interest, as is proposed in the composition of the Supervisory Board. We believe crucial that EFRAG keeps its pan-European legitimacy.

b) Supervisory Board and its Committees

We approve of the responsibilities and composition of the Supervisory Board. We recommend that all members with a public policy background get a sufficient level of European background in order to reinforce the role of European “ambassador” of EFRAG .

c) Planning and Resource Committee

We approve of the decisions that formalise and bring transparency and discipline in the composition and work of the existing Coordinators group for PAAinE. We however have the following remarks:

- participation in the PRC should be seen from a National Standard Setter as a key priority. We therefore would request that no secondment is allowed and that only Chairs of the NSS can sit in the PRC, unless the NSS is represented by one of its members having full authority and delegations to make agenda and resource allocation decisions;

- we agree that participation of NSS be based on the ability or willingness of NSS. To best ensure the legitimacy of the PRC, we believe that the level and conditions of commitments required from NSS should be defined in EFRAG's internal rules;
- pro-active project teams should be required to be international and once identified by the PRC should work under the management of the EFRAG Director for Pro-Active Activities (responsibility to be created as part of the enhancement implementation), to ensure that projects are run from a fully European perspective;
- meetings of the PRC should always be in public, except for administrative matters.

d) Technical Expert Group

We approve that no change is made in either the responsibilities or the composition of the voting TEG. We acknowledge that active participation in TEG of NSS Chairs has been a positive contribution in the past three years. We suggest however that EFRAG's internal rules precise the possibility of appropriate secondments.

5) Consultative Group

We fully concur with the proposals.

6) Involvement of NSS and NFM

a) NSS

We fully agree with the statements made under this caption.

b) NFM

We fully approve of the close coordination that should exist between the GA and the NFM, as described.

7) Funding of EFRAG

We agree with the projected increase in EFRAG's resources. Beyond the enhanced transparency in the governance of EFRAG, increasing EFRAG's resources is the key change from which most benefits are to be expected.

END

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