

PRESS RELEASE

DEMOCRATIC OVERSIGHT FINANCIAL REPORTING STANDARDS FOUND LACKING BY EUROPEAN PARLIAMENT

02 May 2016 - The Committee on Economic and Monetary Affairs (ECON) of the European Parliament (EP) voted on the text of an own-initiative report evaluating the International Accounting Standards (IAS) and highlighting some of the shortcomings in the standard-setting activities of the International Financial Reporting Standards (IFRS) Foundation and the European Financial Reporting Advisory Group (EFRAG).

The report calls for the democratisation of the standard setters, IASB and EFRAG. Green MEP Sven Giegold stressed that "[the MEPs] are not just letting others decide on new standards. The European Parliament needs to be included when new standards are negotiated."

The report is likely to be voted in a plenary session in May, and although not legally binding, it will reflect the position of the EP on these issues and serve as reference for future legislative initiatives.

As pointed out on multiple occasions by Better Finance, the composition of EFRAG indeed falls considerably short in terms of democratic oversight. Private investors are key users of financial reporting standards but, so far, have never been represented on the EFRAG Board despite recommendations from its main backer, the European Commission.

To this day, and despite the 2014 reform following the "Maystadt report", EFRAG remains one of the very few EU financial Advisory Groups not to allow EU citizens as savers and individual investors to be represented on its governing body.

Better Finance welcomes the ECON Committee draft report as a new opportunity to call upon the European Commission to implement the recommendations regarding the EFRAG board composition as taken up in the Maystadt report.

Contact information:

Chief Communications Officer
Phone
Email

Arnaud Houdmont
0032 (0)2 514 37 77
houdmont@betterfinance.eu