

PRESS RELEASE



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For immediate release

EFRAG appoints its Secretary General !

Paul Rutteman is the first Secretary General of the European Financial Reporting Advisory Group (EFRAG). Born in the Netherlands and educated in the UK, Paul is a true European. He has a wide and deep accounting knowledge (from being involved in the developments of the EU Accounting Directives to chairing the committee responsible for the development of IAS 17 on lease accounting). He has in addition a wide experience of applying IAS in practice as former partner of Ernst & Young.

Paul Rutteman has a profound specialised sector: insurance and banking knowledge since he has been responsible for the Insurance practice and Banking practice within his firm.

Göran Tidström, Chairman of the EFRAG Supervisory Board, expressed his view: "With his wide experience in European, international and UK financial reporting, the EFRAG Supervisory Board has found in Paul Rutteman the ideal candidate for EFRAG's Secretary General function."

Johan van Helleman, Chairman of the EFRAG Technical Expert Group said: "Although EFRAG is operational and technically active - the Technical Expert Group has already met twice since July - its activities no doubt will be accelerated and the consultative network will soon be in place under the leadership of Paul Rutteman."

Notes to Editors

1. Short CV Paul Rutteman

- 1970-1989 Partner Ernst & Young and its predecessors, including
 - senior technical partner
 - chairman Arthur Young International Accounting and Auditing Standards Committee
 - responsible for the firm's Insurance Practice
 - responsible for the firm's Banking Practice (1989)
- UK representative on Groupe d'Etudes des Experts Comptables and its President just before merging with UEC into FEE (advising on Fourth and Seventh Directives). Member of FEE's Accounting Advisory Group
- Member Council and Executive ICAEW, Chairman ICAEW Business Law Committee, Chairman ICAEW Professional Standards Directorate, Chairman UK profession's Committee responsible for advising on IAS
- Chairman groups responsible for the development of IAS 17 and SSAP 21 on Lease accounting
- 1999 consultant on banking practices and application of IAS to banking clients of Ernst & Young

2. On 13 February, the European Commission has presented a proposal for a Regulation that will require all EU companies listed on a regulated market, including banks and insurance companies, to prepare consolidated accounts in accordance with International Accounting Standards (IAS). This requirement will enter into force at the latest in 2005. Member States would have the option to extend this requirement to unlisted companies and to the production of individual accounts. The Regulation will help eliminate barriers to cross-border trading in securities by ensuring that company accounts throughout the EU are more transparent and can be more easily compared.

The proposals will also establish a new EU mechanism to assess International Accounting Standards adopted by the International Accounting Standards Board, the international accounting standard-setting organisation based in London to give them legal endorsement for use within the EU. Under this mechanism, there will be an Accounting Regulatory Committee that will operate at political level under established EU rules for decision-making by regulatory committees.

An accounting technical committee has been set up as a private-sector initiative, named EFRAG "European Financial Reporting Advisory Group", by the principal organisations interested in financial reporting (including users, preparers, the accounting profession and national standard setters). The accounting technical committee will provide technical expertise concerning the use of IAS within the European legal environment. It will participate actively in the international accounting standard setting process and organise the coordination within the EU of views concerning international accounting standards.

3. EFRAG has a two-tier level: a Technical Expert Group of highly qualified experts to carry out the technical work and a Supervisory Board of European Organisations to guarantee representation of the full European interest and to enhance the legitimacy and credibility of EFRAG.

The four main functions of the Technical Expert Group are as follows:

- Proactive contribution to the work of IASC: Proactive coordination of European standard setters, accounting profession, users and preparers so as to contribute to and influence the IASB standard setting process efficiently. The mechanism should normally provide the IASB with submissions on any discussion paper or exposure draft issued by the IASB or SIC (Standing Interpretations Committee). It would also contribute to the development of technical and conceptual papers on emerging topics that would be brought to the attention of the IASB.
- Initiating changes to the EU Accounting Directives: To help the Commission in their assessment of possible non-conformity of an IAS or SIC with EU Accounting Directives and recommending appropriate changes to the Directives.
- Technical assessment of the IASC standards and interpretations: Confirming or conversely rejecting a standard or interpretation for application in the EU.
- Implementation guidance: Identification of issues for which the IASB general interpretation guidance (i.e. SIC Interpretations) is not sufficient to ensure consistent application of a given standard in the EU. The mechanism would communicate such situations to the IASB and urge it to identify appropriate solutions. Also, in cooperation with European securities markets supervisors, the mechanism would develop implementation guidance specifically relevant to EU listed companies.

EFRAG will operate independently of each of the European organisations involved.

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