

Europe's Accountants Issue Proposals for Successful Implementation of the EU's Prospectuses Regime

Analysis provides guidance on the implementation of the single European passport and the related role of the auditor

Brussels, 24 October 2005: "The Prospectus Directive, which came into force on 1 July 2005, intends to simplify the raising of capital in Europe. The Directive requires the involvement of the auditor in historical, prospective and pro forma information. With its new analysis being published today, FEE is highlighting issues which, if left unattended, could undermine the benefits for investors and other market participants of the 'single passport' for issuers," warned David Devlin, President of FEE, the European Federation of Accountants.

The European accountancy profession's representative organisation, FEE, has today published an analysis of responses to its November 2004 discussion paper on the 'Auditor's Involvement with the EU Prospectus Directive'. The publication analyses comments received from a range of different stakeholders.

FEE is putting forward key proposals including:

- The inclusion of the audit report together with the related previously audited financial statements. The Prospectus Regulation permits it to be reproduced independently.
- If adjustments to the financial statements or additional information are necessary, a new audit report or a specific opinion on the additional information should be produced.
- There is a need to address the auditor's responsibility and liability for the prospectus in the absence of a systematic approach to deal with auditor's liability for prospectuses throughout Europe.
- Prospective financial information and pro forma financial information needs to be prepared on the basis of a recognised and preferably international framework.

Jan Buisman, Chairman of FEE's European Capital Markets Reporting Project Group, emphasised that:

"FEE is now urging: the **European Commission** and national authorities to work with the profession in addressing the auditor's responsibility and liability for the prospectus; the **IASB** to define and develop suitable criteria in the context of profit forecast / estimate and to provide an appropriate framework for the preparation of pro forma financial information; and the **IAASB**, the international audit standard setter, to consider the development of a specific standard on assurance engagements in relation to reporting on other than historical financial information in prospectuses.

Mr. Buisman added: "National standard setters play a crucial role in setting guidance for the auditor in absence of international guidance. FEE's analysis contains further useful material to assist audit standard setters in issuing or updating their guidance for auditors regarding the Prospectus Directive."

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Notes for Editors:

1. The publication *Analysis of Responses to FEE Discussion Paper on the Auditor's Involvement with the New EU Prospectus Directive* can be downloaded free-of-charge from the FEE website (<http://www.fee.be>) or copies may be ordered from Sylvie Romancide (Fax: + 32 2 231 11 12, Email: Sylvie_Romancide@fee.be). Comments on the paper are welcome and may be submitted to the FEE Secretariat (Corinne.Soubies@fee.be).
2. The Fédération des Experts Comptables Européens (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 44 professional institutes of accountants from 32 countries. FEE member bodies are present in all 25 member states of the European Union and three member countries of EFTA. FEE member bodies represent more than 500,000 accountants in Europe.