



Federation of European Accountants
Fédération des Experts comptables Européens

INFO

Standing for trust and integrity

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FEE calls for the consistent application of the network firm definition across Europe

Brussels – FEE (Fédération des Experts comptables Européens – Federation of European accountants) continues to strongly encourage European Member States to ensure the urgent and consistent application of the definition of networks of audit firms within the Internal Market: to this end, they should stick to the definition of networks as included in Article 2.7. of the Statutory Audit Directive. Inconsistency will threaten legal certainty, it will be unworkable in practice and in addition will raise compliance costs in contradiction with the stated objective of reducing administrative burdens in the EU. This results from an updated Survey published today regarding the current network firm definitions used in all 27 EU Member States, Norway and Switzerland.

On the 29 June 2008 deadline for implementation of the Statutory Audit Directive by the EU Member States, only seven EU Member States have implemented the network definition of the Statutory Audit Directive and three EU Member States (and Norway) have implemented or will implement a definition which approximates to the one in the Directive.

Commenting on the findings of the Survey, **Jacques Potdevin**, President of FEE, said: *“It is unfortunate that during the last year, minimal progress has been made and that on the due date for implementation of the Directive, only about one third of all EU Member States had implemented the network firm definition of the Statutory Audit Directive, including three Member States having implemented their own interpretation of the definition.”*



According to **Olivier Boutellis-Taft**, CEO of FEE, *"It is difficult to think of an Internal Market with 27 different definitions, with certain firms in or out of a network depending on which Member State looks at the issue! Furthermore, such a patchwork of national definitions will hamper the international development of networks of mid-sized audit firms at a time where ways to increase choice on the audit market are being discussed"*.

Michael Niehues, Chairman of FEE Ethics Working Party, added *"National legislators or regulators are highly recommended to use the IFAC Code of Ethics guidance in EU Member States to promote consistent application of the network firm definition internationally. A definition of "network" is first and foremost a response to cross-border issues in relation to international associations of audit firms, therefore harmonised definitions will provide efficiency and simplification."*

FEE believes that this updated Survey will contribute to the proper implementation of Article 2.7. of the Statutory Audit Directive across Europe.

– ENDS –

NOTES FOR EDITORS

About the survey

This survey was carried out as at 1 July 2008, by the Ethics Working Party. It covers 43 professional bodies of accountants in 32 Member States. It can be downloaded free of charge from the FEE website @ www.fee.be

About FEE

FEE (Fédération des Experts Comptables Européens – Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all of the 27 EU Member States.

In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

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