



Domestic Regulation and Professional Services

OECD-World Bank Services Experts

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European Federation of Accountants
Fédération des Experts Comptables Européens

www.fee.be



European Federation of Accountants

- More than 500.000 accountants grouped in 44 Member Bodies working in 32 countries
 - ↳ incl. in the 27 Member States
 - ↳ 45% in public practice
 - ↳ 55% in industry, commerce, government and education
- Member of IFAC
- Main representative body to the EU Institutions
 - ↳ Contributing to public policy development recognising the public interest and the Internal Market

What do accountants do?

- Audit and assurance engagements
 - ↪ Statutory audit of financial statements
 - ↪ Forensic audit, operational audit...
- Accounting
 - ↪ Preparation of accounts
 - ↪ Organisation of accounting systems and internal controls
 - ↪ Analysis of financial statements
- Taxation
- Human resources
- (certain) Legal services
 - ↪ Company law
 - ↪ Labour law
 - ↪ Insolvency
- Financial services
- Information Technologies
- Sustainability and CSR
 - ↪ Reporting
 - ↪ Assurance

What value do accountants provide?

- From 'number crunchers' to
 - ↪ Guardians of transparency, accountability and public trust
 - ↪ Sophisticated entrepreneurship and trade enablers servicing local and global markets
 - ↪ Best practices catalysts promoting transparency and CSR
 - ↪ Public policy stakeholders dedicated to better markets, better regulation and the public interest

A regulated profession

- Providing many non-regulated services
- Mostly with a public interest component
- With different local definitions and scope
- Often subject to multiple regulatory sources
 - ↪ Self-regulation by Institutes
 - ↪ National audit regulators
 - ↪ Other sectoral regulators
 - ↪ Supra-National regulators
 - ↪ Foreign regulators with extraterritorial ambitions
- The only profession with a global Code of Ethics

Origin regulatory regimes

- EU Statutory Audit Directive 2006/43 (30 June 2008): Partial harmonisation of statutory audit requirements
 - ↪ Approval
 - Professional qualification (theoretical instruction + 3 years practical training + examination + continuing education)
 - Good repute
 - Firms' voting rights and management: Majority of auditors
 - Public register of statutory auditors and audit firms
 - ↪ Professional ethics, independence and objectivity
 - ↪ International auditing standards
 - ↪ Quality assurance systems
 - ↪ Investigations and penalties
 - ↪ Public oversight systems
(European Group of Audit Oversight Bodies)

➤ Intra-EU establishment

↪ EU Statutory Audit Directive 2006/43: 30 June 2008:

- Registration in the Member States of the seat of the audited entity
- Approval procedure for auditors approved in another Member State
 - Mutual recognition for technical matters
 - Aptitude test relevant to statutory audit

➤ Intra-EU establishment

↪ Recognition of professional qualifications (EU Directive 2005/36: 20 Oct. 2007)

- National treatment of qualified professionals
- Obligation to take into account and assess professional qualifications obtained in another EU Member State
- Aptitude test or adaptation period to compensate absence of harmonisation
 - Principle of proportionality

Destination regulatory regimes

- Temporary and occasional X-border provision of services (except statutory audit)
 - ↪ Title of the Member States of origin
 - ↪ Rules of the Member States of destination regarding professional regulations and protection of the public interest
 - ↪ No assessment, no aptitude test or other measure

Destination regulatory regimes

- Non-EU auditors providing services in the EU
 - ↪ Approval on the basis of reciprocity if evidence of education equivalent to requirements of the Statutory Audit Directive
- Non-EU auditors auditing companies listed in the EU
 - ↪ Registration where securities are listed
 - ↪ Application of Member States' oversight, quality assurance and sanctions systems
 - Exemption if: equivalence + reciprocity
 - Possibility of transitional period
- ≠ US Sarbanes-Oxley Act

A changing regulatory landscape

- From legislative parsimony to legislative inflation
- From self-regulation to co-regulation
- From national standards to international standards
- From national public interest to global public interest
- From domestic regulation to multi-extraterritorial regulations