



MARKT/2520/03-EN
Orig.
26 June 2003

Newsletter

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1. Pension Funds Directive

On 13 May 2003, the Council (ECOFIN) approved European Parliament's amendments and adopted the Directive. The Directive will enter into force on the day of its publication in the Official Journal of the EC – publication is expected in July or August 2003 – with a transposition period of 24 months for Member States.

2. Implementation of insurance directives

The prime responsibility for implementing Community law, both the Treaty and secondary legislation, lies with Member States. Timely transposition of the insurance directives is a necessary condition for fair competition, for avoiding unnecessary costs for business and citizens, and for developing the confidence that underpins an effective internal market. The Commission monitors that the transposition measures are adopted on time.

In this context, the Commission has recently decided to bring to the Court six Member States (**France, Ireland, Italy, Luxembourg, the Netherlands and Portugal**) in relation to the late implementation of 4th Motor Insurance Directive ([2000/26/EC](#)) that aims to facilitate and speed up the settling of claims when the accident takes place outside the victim's Member State of residence. Following this announcement, Portugal came into line with the obligation to implement the directive into domestic law.

Following the warning letter sent beginning March, fresh infringement proceedings were launched mid-May against the 15 Member States regarding the transposition of the Winding-up Directive ([2001/17/EC](#)). After this decision, **Ireland, Italy and Portugal** have been the first three Member States to notify to the Commission the measures requested to implement the obligations of this Directive into their respective domestic legislations.

For reminder, Article 31(1) of this Directive stipulates that Member States are to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive before 20th April 2003 and that they are forthwith to inform the Commission thereof. To date, the Commission has received no national measures transposing the Directive into national law of the Member States.

As regards Directives [2002/12/EC](#) (solvency life) and [2002/13/EC](#) (solvency non-life), the Commission would like to remind that both Directives have to be transposed before 20th September 2003. To date, only one Member State (**Luxembourg**) has notified to the Commission that these Directives have been transposed. It should be recalled to the Member States that they have the obligation to secure proper transposition of Community directives by the set deadline. As usual, legal pressure under Article 226 of the EC Treaty will start as soon as possible after 20th September 2003.

Finally, Internal Market DG has offered technical assistance to Member States, whether by way of meetings with national authorities or in the form of an unofficial assessment of the planned national transposal measures in relation to the implementation of the directive on Insurance mediation ([2002/92/EC](#)). It is also considering the possibility to hold a meeting with Member States and accession countries at which any issues to which transposal may give rise can be discussed.

3. Motor insurance

1st Motor Insurance Directive – Commission Decision on a new agreement between the National Insurers' Bureaux of the Member States of the EEA and other Associate States

The draft for a Commission Decision was sent on 5 June to the IC Members for comments and any comments received from the Member States have been taken onboard in the text.

The agreement aims to modernise the provisions of the two principal agreements governing relations between national insurers' bureaux and to incorporate them into a single new basic document (essentially to codify existing different texts).

The First Motor Insurance Directive (Council Directive [72/166/EEC](#) of 24 April 1972) established the general framework for the removal of checks at borders on whether vehicles whose normal base (proven by the vehicle registration plate) was in the territory of another Member State had necessary third party civil liability insurance. This legal framework was built on the basis of the Supplementary Agreements of 12 December 1973 between the national motor insurer's bureaux, which were concluded between the six national insurer's bureaux guaranteeing to victims of traffic accidents who suffer injury or material damage as a result of an accident caused by a foreign vehicle the same level of compensation as for an accident caused by a domestic vehicle.

The basis of these Agreements was that the paying bureau guaranteed the liability risk for all vehicles which are normally based in its territory. This is possible because in all participating states compulsory insurance exists which prescribe that the EU/EEA area must be covered. Proof of this cover must also be provided when vehicles from third countries enter EU territory. Both the Directive and the Supplementary Agreements stipulated that the date from which checks between Member States and certain third countries were to be abolished was to be fixed by the Commission.

The Commission has adopted a number of decisions since 1974 requiring each Member State to discontinue green card checks on vehicles registered in the other Member States or in eight third countries subsequently updated and extended to new Member States. As regards removal of green card civil liability insurance checks between the EC Member States and third countries, the last two decisions concerned Croatia (1999) and Cyprus (2001). Commission Decision [1999/103/EC](#)¹ and [2001/160/EC](#)² set respectively 1st February 1999 and 1st January 2001 as the dates of entry into force of the extension of the Multilateral Agreement to these countries. As from these dates, each Member State had to refrain from making checks on insurance against civil liability in respect of vehicles which were normally based in the territory of Croatia and Cyprus and which were subject of the Multilateral Guarantee Agreement between national insurers' bureaux of 15 March 1991, joined to the Commission Decision [91/323/EEC](#)³.

The draft Commission Decision refers to the entry into force of the new "*Agreement between the National Insurer's Bureaux of the Member States of the European Economic Area and other Associate States*", in accordance with the principles laid down in Article 2(2) of Directive 72/166/EEC. The first Appendix of the new Agreement incorporates all the provisions of the "Uniform Agreement between Bureaux" and of the "Multilateral Guarantee Agreement" into a single document ("the Internal Regulations"). These Internal Regulations abrogates and replaces these two latter agreements

5th Motor Insurance Directive

Since the Commission adoption of the [proposal](#) in June 2002, the Council working group has held eight meetings (three under Danish presidency and five more under Greek Presidency). The first meeting of the Council working party under Italian Presidency is scheduled for 4 July.

¹ OJ L 33 of 6 February 1999, p. 25.

² OJ L 57 of 27 February 2001, p. 56.

³ OJ L 177 of 5 July 1991, p. 25.

The EP Legal Affairs Committee debated a draft report on 16 June. The file should be submitted to a vote on 7/8 July. It is on the agenda of the EP Plenary meeting of 1 September.

If the work progresses as expected, a political agreement for a common position could be reached at the end of the Italian presidency.

By way of reminder, ECOSOC has adopted its opinion on this proposal on 26 February.

4. Solvency II

On April the 9th, the architecture envisaged for the new solvency regime was presented by the Commission to the Insurance Committee. Member States welcomed the broad lines of the project ([MARKT/2503/03](#)) and expressed their willingness to support its further development.

The future EU supervisory regime for insurance will include three pillars (inspired by the Basle II project). In pillar 1, new standards will be introduced to harmonise further the level of prudence in technical provisions. Two different types of capital requirements will also be distinguished: a target level which will reflect the economic capital needed by an insurance company and a "safety net level" which will be a trigger for ultimate supervisory intervention. Pillar 2 will consist of a set of measures aimed at enhancing internal risk management in insurance companies as well as promoting convergence in supervisory practices. Disclosure requirements (pillar 3) will complete the prudential regime, where necessary.

The Commission intends to prepare a paper on the organisation of the second phase of the project during summer 2003 and submit it to the Insurance Committee (by written procedure). The first working documents, outlining the proposal for a directive, are then expected for autumn 2003.

5. Reinsurance supervision

The work towards a Commission proposal for a 'fast-track' reinsurance supervision directive continues and working group meetings have been held on 8 May and 11 June 2003. At the meetings a draft directive text was discussed as well as quantitative parameters for the fast-track project. The discussed documents are available on the insurance website at:

http://europa.eu.int/comm/internal_market/insurance/reinsurance_en.htm.

An orientation debate on the fast-track project will be held at the Insurance Committee meeting on 2 July 2003. The Services are asking Member States to comment on the general orientations chosen for the project, in particular those related to quantitative parameters. Having received these comments, the Commission Services will prepare a new version of the legal text as well as draft the explanatory memorandum and the extended impact assessment. These documents will be discussed at a meeting of the IC Reinsurance Subcommittee on 9 September 2003.

According to the timetable a reinsurance supervision directive should be presented around the end of 2003.

6. Guarantee schemes

Following an orientation debate on 9th April 2003 at the IC, the Committee agreed that the ad-hoc working group should carry out further preparatory work before the Commission may prepare a draft proposal for a directive on insurance guarantee schemes.

In this context a new meeting of the working group will take place on 9th July. The focus will be on the arguments in favour and against the creation of guarantee schemes as well as on the scope of possible harmonisation. As the main arguments brought forward by some delegations against the necessity of guarantee schemes were moral hazard and the high cost of the system, the meeting will specially discuss these two issues. Furthermore, the Member States who already have an insurance guarantee scheme in place will make a short presentation of the main features of their systems with a special reference to the problems of moral hazard and financing/cost. The Commission working paper [MARKT/2525/03](#) will constitute the basis for the discussion.

7. E-Commerce

The Commission's services are preparing a new working paper which will be discussed in a third meeting of the IC working group to further consider particular issues (pre-contractual information, law applicable, contract law) and concrete action to be taken in order to attain further convergence between the insurance and e-commerce legal frameworks and to remove the current derogation for insurance in the E-commerce directive. This meeting will take place in the autumn 2003.

8. Accounting

International Accounting Standards

[Regulation 1606/2002](#) (with [PT corrigendum](#)) on the application of international accounting standards has entered into force on 14 September 2002. IAS will become mandatory for all listed companies from 2005 onwards (with a national option to derogate for additional 2 years for certain issuers). Work proceeds towards an endorsement decision on existing standards. The Accounting Regulatory Committee ([ARC](#)) has been invited to give its opinion on the Commission proposal to endorse all existing IAS standards except IAS 32 & 39 in July, considering the Commission's firm intent to endorse revised IAS 32 & 39 as soon as available. The ARC will meet on 16 July. Endorsed IAS will be published in extenso in all official languages in the Official Journal of the European Union. The [IASB](#) and European banks are working very closely together in order to refine the modalities of application of IAS 32 & 39, two standards that are undergoing a thorough revision. The IASB intends to adopt a clear orientation regarding the scope and depth of revision of these two standards, at its board meeting of 23 July. Final IAS 32 & 39 should be available by the turn of the year and not later than March 2004.

Modernisation of the Accounting Directives

The Directive amending the 4th and 7th Company Law Directives as well as the respective Directives on the accounts of banks and insurance companies was adopted by the Council on 6 May 2003. The Directive allows Member States to gradually align their national accounting requirements with IAS, facilitating convergence towards high quality financial reporting for all companies, listed or unlisted.

Insurance accounting

IASB will present the exposure draft for phase 1 of the insurance accounting project towards the end of July. The exposure draft will be sent to IC members as soon as available.

The next meeting of the IC Accounting Subcommittee will take place on 11 September 2003. An invitation will be sent out in due course. Members of EFRAG Insurance Subcommittee will attend the meeting. The following items will be on the agenda: presentation of phase 1 by Peter Clark (IASB), comments to EFRAG on their draft comment letter on phase 1, a preliminary discussion on what impact the phase 1 proposals could have on EU legislation and guidance.

9. US-EU Regulatory Dialogue

The next regulatory dialogue meeting will be held in Brussels on 22-23 July 2003. The US delegation will tentatively consist of Al Gross (Commissioner, Virginia), Al Iuppa (Commissioner, Maine), Ernie Csiszar (Commissioner, South Carolina), Larry Mirel (Commissioner, Washington DC) and George Brady (NAIC). The Commission delegation will be led by David Deacon and accompanied by a limited number of Member State representatives and Commission officials.

The draft agenda includes the following issues:

- In-depth presentation of Solvency II developments
- Organisation of integrated authorities
- Supervisory interventions in the time of crisis
- E-commerce
- Co-operation on the exchange of information on insurance groups: finalisation of a model confidentiality agreement, and identification of contact points
- GATS and other trade related issues
- Future co-operation in the IAIS and the IASB
- Reinsurance issues (standing item)
- Enforcement of court decisions in other jurisdictions

10. The new committee architecture in the insurance sector (including reinsurance and pensions)

The Internal Market DG is preparing a package of measures to establish the new committee architecture for financial services. In the insurance and pensions field this includes a draft Commission decision to establish the new committee of supervisors, CEIOPS, i.e. the Committee of European Insurance and Occupational Pensions Supervisors. The package also includes a proposal to amend the existing Directive ([91/675/EEC](#)) establishing the Insurance Committee and to rename it the European Insurance and Occupational Pensions Committee (EIOPC). The package includes similar proposals for the banking sector and some modifications for the securities field.

The intention is that the draft package of measures be formally adopted by the College before the summer break. This will enable the formal establishment of CEIOPS. It is hoped that the Council and the Parliament will be able to agree quickly the proposals to modify the directives, to permit the parallel establishment of the new EIOPC committee.

11. Enlargement & accession arrangements for IC meetings

The Commission is continuing to closely follow and review the progress of accession countries in the implementation of insurance legislation. The Commission aims to complete its 'second wave' of analysis this autumn.

Whilst there has been considerable progress, there is some concern developing that not all insurance legislation will be fully and properly implemented in time for accession, unless there is a further acceleration in the pace of work by accession countries.

In order to facilitate the task of accession countries, the Commission is organising two seminars in Brussels in September (probably on the 15th and on the 22nd September) to examine directives recently adopted. The 1st seminar we will deal with solvency and pensions. The 2nd seminar will focus on the directive on insurance mediation and the directive on the reorganisation and winding-up of insurance undertakings.

12. FSAP – Financial Services Action Plan

The [8th progress report](#) (and its [annex](#)) concluded that progress towards adopting the necessary legislative measures to create an integrated market remains on the right track. There is a strong need to complete the legislative measures and implement the [complete FSAP](#) effectively by 2005. In the light of European Parliament's elections, the final cut-off date for the adoption of the legislative measures is April 2004. A final sustained effort by all institutions is necessary to reach compromise on the remaining measures as legislation which will not be finally adopted in the coming nine months, risks being significantly delayed, possibly for years.

At present 35 of the 42 original measures are finalised. The proposals ready for adoption are the Prospectuses Directive, the Take-over Bids Directive, the Transparency Directive and the Revision of the Investment Services Directive. The Commission will try to launch some first concrete initiatives in the area of company Law, corporate governance and statutory audit later this year, *inter alia* the 10th and the 14th Company Law Directives. The Commission will continue its work on the important implementation of a revised capital framework for banks and investment firms. In the course of the coming year, the Commission expects to come forward with measures which are directly linked to the FSAP as well, for instance on Clearing and Settlement, Insurance Solvency II, and Reinsurance supervision.

13. FSC – Financial Services Committee

The Financial Services Policy Group (FSPG) has been reconfigured in the FSC, and is now chaired by the Treasurer-General of the Dutch Finance Ministry, Mr. Kees van Dijkhuizen.

The FSC provides political oversight and advice to the Ecofin Council and the Commission on issues related to the regulatory framework for financial markets. The Commission (Director-General Alexander Schaub) is a member of the FSC.

The frequency of meetings will be agenda driven. Its first meeting was held on 26 May. During this meeting *inter alia* the Brouwer reports on prudential supervision and crisis management in EU financial markets, the EU-US Financial Markets Regulatory Dialogue, and the 8th FSAP progress report were discussed. A next meeting will be held on 9 July; two other meetings are foreseen for this year.

14. Conference / Interim CEIOPS

The 120th Meeting of the Conference of Insurance Supervisory Authorities of the Members of the European Union took place in Dresden, Germany on 15 and 16 May 2003.

The most important point on the agenda was the transformation of the Conference into the interim CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) which was unanimously approved.

Mr. Henrik Bjerre-Nielsen (DK) has been elected Chairman of the interim CEIOPS and Dr. Thomas Steffen, Deputy Chairman. The Chair will be assisted by a so-called Bureau, represented by three additional members: Florence Lustman (F), John Tiner (UK) and Michel Flamée (B).

The Interim CEIOPS agreed upon the following decision procedures:

In principle decisions are unanimously adopted by Committee members. Advice for the Commission forms an exception. In this case, while the interim CEIOPS will strive for unanimity, should this not prove attainable, the decision will be taken on a qualified majority basis, i.e. each Member State will have the same number of votes as indicated in the Nice Treaty for voting in the Council. The same applies for those Member States which have two representatives because of different supervisory authorities for insurance and occupational pensions. The Explanatory Note as well as the Charter will be accordingly amended.

The interim CEIOPS gave responsibility to the Bureau for the organisation of future work on the Solvency II project and the related correspondence with the (EU) Commission.

The questions of the location of the secretariat, the language for meetings and the appointment of the Secretary will be discussed at the next meeting of the interim CEIOPS in Athens in October.

In addition, the interim CEIOPS considered *inter alia* the following subjects:

- The assessment of the updated questionnaire on insurance undertakings in difficulty
- A presentation of the operation of Protektor Lebensversicherungs-AG in Germany
- The assessment of the questionnaire on the impact of capital market developments on life assurance
- An interim report from the Working Group on internal control in insurance undertakings
- The assessment of the questionnaire on the problems of the administration of life assurance linked to investment funds
- The assessment of the updated questionnaire on credit insurance
- A presentation on the note dealing with SPVs (Special Purpose Vehicles)
- Claims settlement for nuclear liability insurance under freedom of provision of services
- The legal aspects of supervision of existing contracts for a closed branch outside the EU
- A discussion of the conclusions of the parallel seminar on:
 - Capital requirements and risk profile
 - The role of capital and disclosure in the annual accounts
 - Application of phase 1 of the IASB Insurance Project and its consequences for the accounts of insurance undertakings.

15. IAIS Technical Committee

The main IAIS committees have met twice to date in 2003: in New Delhi in January and in Basel at the end of March. The next meetings are scheduled for mid July in Guernsey.

Three important papers have recently been sent to IAIS members and observers for consultation. Subcommittees are in the process of finalising these papers with the view to their being tabled for adoption at the General Meeting in Singapore in early October 2003.

The revised *Insurance Core Principles (ICPs) and Methodology* will replace the previous versions agreed in 2000. The ICPs have been extended in number and coverage, and – once agreed – will constitute a comprehensive framework for the regulation and supervision of the insurance sector worldwide. The IMF and the World Bank will utilise it in their assessment work. It is also anticipated that there will be an IAIS self-assessment exercise conducted on the basis of the revised ICPs in 2004.

The Reinsurance Subcommittee is finalising a draft *Standard on Supervision of Reinsurers*. It is accepted that many elements of the supervision of direct insurers can be applied in the supervision of reinsurers, but that there are others that will need to be adapted to reflect the unique risks faced by reinsurers. The standard elaborates on those areas of supervision where the supervisory framework for reinsurers needs to be adapted. The responsibility for supervision of internationally active reinsurers is placed on the supervisor in the home jurisdiction of the reinsurer. The standard also applies to domestic reinsurers to the extent that it is relevant. The standard is the first step in the evolution towards a system of accreditation of home supervisors.

The third paper that is currently being finalised is a draft *Standard on Disclosures Concerning Technical Performance & Risks for Non-Life Insurers & Reinsurers*. The purpose of the standard is to describe disclosure requirements on technical performance and risks that should apply to non-life insurers and reinsurers. The standard describes the role of the supervisor in encouraging disclosure by insurers. It does not, however, require supervisors to disclose information obtained when carrying out their duties.

The Solvency, Solvency Assessments and Actuarial Issues Subcommittee is in the process of drafting a guidance paper on *Stress Testing*. The purposes of the guidance paper are to discuss the role stress tests should play in an insurer's overall risk management, to outline the role stress tests play in supervisors' risk assessments and in assessing insurers' stress test environments, and to provide an overview of the factors to be considered in designing and undertaking stress tests.

This subcommittee is also drafting a supervisory standard on *Appropriate Forms of Capital*. The purpose of the standard is to discuss the characteristics of various forms of capital and the standards that should be applied to determine whether they are appropriate forms of capital within a capital adequacy and solvency regime. In addition, they have drafted a guidance paper on *Solvency Control Levels*, a discussion paper on *Quantifying and Assessing Insurance Liabilities*, and a guidance paper on *the Use of Actuaries as Part of a Supervisory Model*.

In 2002 the Financial Stability Forum initiated a discussion on the potential systemic concerns related to the reinsurance industry. These concerns focused on the effects of a collapse of a major reinsurer and on the role of reinsurers in cross-sector transfer of credit risk. Concerns also arose from the impact on the real economy when certain risks are no longer adequately covered by reinsurance.

The FSF noted that sufficient information was not available about the reinsurance sector to assess reliably potential systemic concerns. This opaqueness was in itself seen as a stability concern.

In response to the FSF's request to improve transparency and disclosures in the reinsurance sector, the IAIS has established a high-level time-limited task force of senior representatives from the supervisory authorities in the major reinsurance centres, Bermuda, France, Germany, Japan, Switzerland, UK and US. Industry representatives from these markets also participate in the work. The Task Force is in the process of describing how global reinsurance market statistics can be set up.

In 2001 the Financial Stability Forum asked the IAIS to consider the issues relating to credit risk transfer. Therefore in March 2003, the IAIS presented a report to the FSF, *IAIS Paper on Credit Risk Transfer between Insurance, Banking and Other Financial Sectors*. The focus of the work carried out and the conclusions are broader than just implications for stability. It focuses on issues for both insurance firms and insurance supervisors as a result of growth of credit risk transfer activities. As a follow up to this report and other work in the field of credit risk transfer a series of case studies may be developed to gain further insight into whether enhanced reporting or further public disclosures would indeed be desirable or necessary.

The Executive Committee is well advanced in agreeing the arrangements for the IAIS Annual Conference to be held on 1–3 October 2003 in Singapore. After a thorough analysis of the SARS situation the Executive Committee has noted that Singapore has successfully contained the situation and decided that the Annual Conference can take place as planned. More information and a draft programme is available on the IAIS web site www.iaisweb.org.

The IAIS web site will be relaunched in July/August 2003.

Annexes:

- 1) **BAC** – Banking Advisory Committee
24 June agenda enclosed (Annex 1)
- 2) **ESC** – European Securities Committee
17 March conclusions available at:
http://europa.eu.int/comm/internal_market/en/finances/mobil/docs/esc/meeting-03-2003-report_en.pdf
23 May conclusions available at:
http://europa.eu.int/comm/internal_market/en/finances/mobil/docs/esc/meeting-05-2003-report_en.pdf
- 3) **ARC** – Accounting Regulatory Committee
10 April summary record available at:
http://europa.eu.int/comm/internal_market/accounting/docs/arc/200304-summary-record_en.pdf
16 July draft agenda enclosed (Annex 2)



DRAFT AGENDA

73rd meeting of the Banking Advisory Committee (BAC), Salzburg, 24 June 2003

1. Adoption of the Agenda and the Minutes of the 72nd meeting

2. Committee architecture in the banking sector

- Consultation: Draft operational arrangements for the Committee of European Banking Supervisors
- Discussion: Adaptations to BAC composition and functioning

3. Capital review

- Update: Basel developments, EU process, including report from the Technical Sub-Group
- Discussion: opportunity to provide high level comments on draft Third consultative paper
- Decision: Options for scope of consolidation
- Discussion: Overview of some differences between EU and Basel framework
- Consultation: articulation between Pillar 1 and Pillar 2 requirements (MARKT/1044/03)
- Report from the Groupe de Contact on developments in the supervisory review process

4. Third countries: Equivalence of supervision

- Role of the BAC in giving guidance to competent authorities on equivalence, as foreseen by Financial conglomerates directive

5. Investment services directive

- Amendments proposed in Council to Directive 2000/12/EC

6. Outsourcing

- Discussion: Report from the Groupe de Contact

7. Multilateral development banks

- Task Force Review of the applications from the Black Sea Trade and Development Bank and from MIGA

8. Internal matters

- Election of new Chair according to Article 2(1) of the rules of procedures

Information points

9. Newsletter and activities in other EU fora .

10. Any other business

- Contribution by French delegation on Article 16(1) of Directive 2000/12/EC
- Upcoming meeting of the GTIAD on E-money

FOURTH MEETING OF THE ACCOUNTING REGULATORY COMMITTEE (ARC)

**BRUSSELS, 16 JULY 2003 (10 AM)
CONFERENCE CENTRE A. BORSCHETTE (ROOM 1A)
RUE FROISSART 36, 1040 - BRUSSELS**

DRAFT ANNOTATED AGENDA

I - IMPLEMENTING MEASURES

Proposal for a Commission Regulation adopting certain international accounting standards in accordance with Regulation (EC) N° 1606/2002 of the European Parliament and of the Council

The members of the Committee are expected to give their opinion on this implementing measure in accordance with the regulatory procedure provided for in Article 6 of Regulation (EC) N° 1606/2002.

II - OTHER AGENDA ITEMS

- 1) Approval of the minutes of the ARC meeting of 10 April 2003**
- 2) Joint presentation by the Commission and EFRAG of the endorsement process**

Description of the functioning of the mechanism, the role of EFRAG, relation with the IASB

- 3) Presentation by EFRAG of the new IFRS 1 First Time Adoption of International Financial Reporting Standards**
- 4) Miscellaneous**

Review of a draft Interpretative Communication from the Commission concerning certain articles of the IAS Regulation and of the modernized Accounting Directives as well as of a related Questions & Answers paper.