



EUROPEAN COMMISSION

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*Dear President,*

*The Commission would like to thank the Národná Rada for its reasoned Opinion on the proposals for a Directive amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts and a Regulation on specific requirements regarding statutory audit of public-interest entities {COM (2011) 778 final and 779 final respectively} and apologizes for the delay in replying.*

*We share the objective to enhance the quality of audits and to strengthen the credibility and reliability of the financial statements of companies. So far, EU rules have left a high level of discretion to Member States, which in turn have largely relied on self-regulation by the profession. However, the financial and economic crisis has highlighted that self-regulation is not adequate.*

*Many problems detected, such as the insufficient independence of auditors, cannot be solved solely at national level, as important differences would emerge in the regulatory framework and then seriously undermine the Single Market. The interconnected nature of the securities markets and the financial sector across the EU creates an imperative for a harmonised framework.*

*With regard to the proposed amendments to the Directive, the Commission considers that objectives cannot be sufficiently achieved by Member States. In particular, the facilitation of cross-border mobility of auditors could not be achieved without intervention at the Union level.*

*In terms of administrative costs, a regulation avoids the resource-intensive and time-consuming transposition of directives by national legislators as well as the monitoring of timely and correct transposition by the Commission.*

*As regards the supervision of the profession, the Commission pursues two objectives which are to reinforce and to strengthen the independence of national oversight systems from the audit profession on the one hand, and to give them more powers to cooperate on an increased number of matters on the other hand. The current Directive allows the appointment of a private professional body to carry out certain tasks on behalf of the national oversight authority. However, this framework has failed to ensure robustness and*

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*independence of some national audit supervisors. Independence is obviously an issue in certain systems where auditors oversee auditors.*

*The proposed legal framework does not foresee a transfer of powers to the European Securities and Markets Authority (ESMA). The oversight would still be undertaken at the national level. However, the Commission is convinced that cooperation and coordination at the European level to ensure effective supervision of audit firms operating across the EU would be best served by a European authority such as ESMA.*

*As for your concern that future regulatory measures may entail additional costs for companies, the Commission would like to emphasize that our "better regulation" principles require that we conduct a rigorous impact assessment for all legislative proposals. Some of the measures (e.g. mandatory tendering, rotation and restrictions on non audit services) would entail increased costs but these should be outweighed by the positive effects, such as enhanced independence leading to better quality audits and a better audit environment. Furthermore, it is important to bear in mind the potential costs of audit failures to the broader economy.*

*Taking the above into consideration, the Commission wishes to reinforce the public interest ethos of statutory audit. Stakeholders, investors, shareholders and companies would primarily benefit from better audit quality as well as higher confidence in financial information. Member States, auditors and supervisors would benefit from more harmonised requirements, legislation and standards. Finally, society as a whole and the European taxpayer, who ultimately pays for bailouts, would benefit from the stronger role of auditors in the prevention of future crises.*

*I hope that these clarifications address the issue raised in your Opinion and I look forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*