



EUROPEAN COMMISSION

Brussels, 26.6.2012
C(2012) 4325 final

Dear President,

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

The Commission would like to take this opportunity to explain why it considers a regulation a suitable and proportionate solution regarding the audit of public-interest entities.

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 in order to ensure an appropriate legal framework for auditors.

Many issues such as the complete independence of auditors cannot be solved solely at national level, as important differences could emerge in the regulatory framework and seriously undermine the Single Market. The interconnected nature of the securities markets and the financial sector in general renders a harmonised framework across Europe necessary.

In terms of administrative costs, a regulation avoids the resource-intensive and time-consuming transposition of directives by national legislators.

With regard to the proposed amendments to the Directive, the objectives behind this revision cannot be sufficiently achieved by Member States alone. In particular, the facilitation of cross-border mobility of auditors across the Union could not be achieved without action at the Union level.

As regards the self-regulation of the profession, the Commission would like to highlight the need to reinforce and to strengthen national oversight systems. The current Directive allows the appointment of a private professional body for the carrying out of certain tasks on behalf of the national oversight authority. However, this framework has failed to ensure the necessary robustness and independence of all national audit supervisors.

*Herr Per WESTERBERG
Talmannen
Riksdagen
Sveriges riksdag
SE – 100 12 STOCKHOLM*

Independence can obviously be compromised where the oversight is exclusively ensured by the profession itself.

The Riksdag is also concerned that future regulatory measures may entail additional costs for companies. Let me assure you that, in line with the better regulation principles, the Commission conducts a rigorous impact assessment for all legislative proposals. Furthermore, it is important to bear in mind the potential costs of audit failures to the broader economy.

With the two proposals on audit policy, the Commission envisages to enhance audit quality by strengthening the independence of auditors and by strengthening the Internal Market for audit services.

The Commission's overall objective is to reinforce the public interest ethos of statutory audit. Stakeholders, investors, shareholders and companies will primarily benefit from better audit quality as well as a higher level of confidence in financial information. Member States, auditors and supervisors will benefit from more harmonised requirements. Finally, society as a whole and the European taxpayers will benefit from the stronger role of auditors in the prevention of future crises.

I hope these explanations help to address the concerns raised in your reasoned Opinions and look forward to continuing the political dialogue with the Riksdag in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*