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Opinion

Title **Impact Assessment on: Proposal for a Directive simplifying the rules of the Third and the Sixth Company law Directives**

(draft version of 9 June 2008)

Lead DG **DG MARKT**

1) Impact Assessment Board Opinion

(A) Context

In July 2007, the Commission adopted a Communication setting out ideas for a broad simplification exercise in the areas of company law, accounting and auditing. This is one of the 13 "priority areas" mentioned in the Commission's Action Plan to reduce administrative burdens on European companies by 25%, and it is the first of these priority areas for which the baseline measurement will be concluded and reduction plans put forward. The Competitiveness Council welcomed the Communication in general terms and called on the Commission to bring forward proposals, accompanied by impact assessments, before the end of 2008. The European Parliament also expressed general support for the Communication, but rejected the idea of a (partial) repeal of the company law acquis and urged the Commission to take all interests into account when preparing its proposal.

(B) Positive aspects

The report is written in clear, non-technical language and is accessible to a non-specialist reader. The objectives are well defined, and the range of alternative options for each of the issues appears appropriate. The report gives a broad overview of the results of stakeholders' consultations.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

General recommendation: The IA report is of good quality. The assessment of administrative burden reductions needs to be completed on various points using the recently finalised report on the baseline measurement. Furthermore the national

differences in public support for, and expected benefits of, the proposed actions need to be analysed, as well as the situation of unlisted companies.

(1) Complete the assessment of impacts on administrative burdens. The data in the IA report on the expected reductions of administrative burdens should be updated using the recently finalised report on the baseline measurement. These data should be presented in the standardised reporting format, and the report should analyse to what extent the envisaged reductions contribute to the global 25% reduction target. The IA report should explain how these data were calculated, and make a clear distinction between the reductions resulting from the present initiative and those resulting from the fast track action on an expert report in case of a merger or a division of public limited companies which was already adopted (this should be integrated in the baseline scenario). The report should furthermore present a clear overview of which reduction suggestions made in the report on the baseline measurement have been covered in this initiative, and highlight where the initiative goes further. Similarly the report should make a clear reference to the advice provided by the High Level Group of Independent Stakeholders on Administrative Burdens and how this has been incorporated.

(2) Analyse geographical differences in more detail. It appears from the report that there are considerable differences across Member States in the size of the envisaged reductions and in the degree of stakeholder support. The report should analyse and explain these differences. More generally, the report should comment on what appears to be lukewarm support from stakeholders, and whether these results may be influenced by inaccuracies or methodological problems in the survey.

(3) Clarify the situation of unlisted companies. The IA report should provide a clearer analysis of what benefits the initiative would bring for small, unlisted companies, and under what circumstances an accounting statement could still be relevant for them and their shareholders. If relevant, the report should incorporate the outcomes of this analysis in the overall calculation of administrative burdens reduction.

(D) Procedure and presentation

It seems that all procedural elements have been complied with.

2) IAB scrutiny process

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Author DG	DG MARKT
External expertise used	No
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