

CESR
Mr. F. Demarigny
17 Place de la Bourse
75082 Paris CEDEX 02
France

The Hague, 15 January 2003

Reference: GH/0**/03

Subject: CESR IAS

Dear Mr. Demarigny,

The VEB (Vereniging van Effectenbezitters), the Dutch shareholders association, has read the consultation paper on the International Accounting Standards with great interest. We believe that the enforcement of accounting standards is very important in order to realise adequate protection of investors throughout Europe. The VEB generally welcomes the proposed Statement of Principles. Nevertheless, the VEB would like to comment on some of the issues in the consultation document, especially the issues concerning actions and public corrections.

Enforcers

We believe that the competent authority should not be able to outsource enforcement activities, even if the responsibility stays with the competent authority. Nevertheless if other bodies might carry out enforcement on behalf of the competent authority, then these bodies should be independent, not-commercial and should especially not be related to companies or auditors.

Companies and documents

We support the principle that enforcement applies to all harmonized documents. However it remains unclear why the enforcement will not apply to ad-hoc disclosure of price sensitive (financial) information. In many cases press releases contain (additional) financial information based on the quarterly or annual reports.

Definition of enforcement

We fully agree on principle 9 to protect investors and promote market confidence by contributing to transparency of financial information relevant to the investors' decision making process.

Methods of enforcement

We note that the method of enforcement cannot be an excuse or reason not to examine a certain lead or external clue.

Actions

We do not support principle 16 in which non-material misstatements are not disclosed. Apart from the question whether or not something is material, investors should be aware of all known misstatements in financial information. Market confidence and the reputation of the authority could be hurt if the authority doesn't disclose all the misstatements. This could be the case when the misstatement becomes public later. All misstatements are able to affect the investors' decision and may have a negative impact on market confidence.

In case of a non-material misstatement, this qualification can be mentioned in the publication and the authority can state that therefore there is no (or just a limited) sanction. However if only material misstatements are disclosed, a clear and adequate definition of material misstatements should be introduced. Possible misstatements can become more important in another context, for example merger, indebtedness or takeover. If the authority fails to take action on possible material misstatements, investors are not protected in future cases where the company refers to the same information.

Coordination in enforcement

The VEB supports a consistent and harmonized approach on interpretation of the accounting standards and that there should not be a parallel body of interpretations.

Reporting

We agree with the periodically reporting, however we note that also the authority has a responsibility to inform the market effective and timely. We like to see a more active approach on informing investors about the possible misstatements and investigations.

Regards,

Vereniging van Effectenbezitters,

Drs. P.P.F de Vries

Drs. G.P. Hettinga