



Weeks 44 & 45/2017

1. Accountancy Europe: Insolvency Directive & Duties of Directors

In its [position paper on Insolvency](#), Accountancy Europe is calling for directors being incentivized to take early and appropriate actions where there is a warning of financial distress.

The legislative text should elaborate further on the list of the directors' obligations and what would be the consequences of not meeting those obligations. Where a director acts on time using the right tools and this still leads to bankruptcy, a remission policy should be applied.

Examples from Member States should be taken into account:

- In Belgium: auditors can call for an extra general meeting to dismiss directors.
- In Italy: any shareholders may file a complaint to the board of statutory auditors which the board has to consider in its report to the shareholders meeting. Where the board does not take appropriate actions based on the warning given by the board of statutory auditors, the latter has the right to call for a shareholders meeting to inform them about the situation.

2. European Commission: Public consultation on Digital Taxation

The European Commission launched a [public consultation](#) on how the Union could tax the digital economy in a fair and growth-friendly way. As stated by Pierre Moscovici, the current EU tax framework cannot fit with the recent digital developments. A coherent European approach to this challenge is needed. The deadline for answering the questionnaire is 3 January 2018.

3. ESMA: Priorities for 2017 financial statements

On 27 October 2017, the European Securities and Markets Authority published the [priorities](#) that listed companies and their auditors need to take into consideration when preparing and auditing their 2017 financial statements.

ESMA stresses the need for high-quality implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers and for enhancing the communication of their expected impact.

ESMA, together with European national enforcers, will supervise, by collecting data and reporting on findings, the implementation of its priorities, which encompass also “the importance of measurement and disclosure of non-performing loans by credit institutions, the ongoing relevance of the fair presentation of financial performance and the disclosure on the impact of Brexit”. ESMA also highlights that the 2017 year-end will be the first time that the requirements of the amended Accounting Directive to disclose non-financial and diversity information will become applicable for certain large groups and undertakings.

4. European Commission: Horizon 2020 Work Programme - Digitalisation

Last week the European Commission presented the final [Work Programme for Horizon 2020](#), the biggest research and innovation funding programme in the whole EU history (around €30 billion). One interesting focus area is certainly “*Digitising and transforming European industry and services*”, which foresees a budget of €1.7 billion for

- enabling all societal sectors to adapt, transform and benefit from digitalization;
- developing industrial strategies and new business models;
- connecting to Member States and regions;
- removing barriers for innovation enabled by digitalization.

Finally, components of this focus area are innovation hubs and digital platforms/large-scale pilots for experimentation and co-creation with users.

5. ECOFIN November meetings (Fiscal paradises)

Concerning the ECOFIN meeting on 7 November 2017, Commissioner Dombrowskis made a [keynote speech](#), addressing the following remarks to the group:

- Tax evasion: many proposals aimed at fighting these phenomena have been already agreed. Nevertheless, the Commission is still calling Member States to take forward the June proposal for transparency measures for tax planners and tax advisers, insisting that national authorities receive information on potentially aggressive tax planning schemes before their implementation. As regards the blacklist for non-cooperative tax jurisdictions, an agreement should be achieved at the 5 December ECOFIN. In the meanwhile the European Parliament PANA Committee has decided to hold a special meeting on 28 November 2017;
- Financial services: Concerning tackling the weaknesses of the EU banking systems, the Restructuring Directive focuses on giving second change for viable enterprises and dealing with high levels of non-performing loans. Issues related to insolvency and loan enforcement regimes are essential for the overall Action Plan for tackling non-performing loans too;
- Markets’ supervision: the European Commission just presented to Ministers some proposals to review the European Supervisory Authorities and the European Systemic Risk Board, ensuring in this way supervisory convergence.

6. FRC (UK): A consultation to strengthen international audit standard setting

The [consultation](#), which will run until 9 February 2018, sets out options which are intended to make the setting of international auditing and ethical standards independent of the auditing profession. The reforms are also intended to strengthen public interest oversight, by enhancing the role of the Public Interest Oversight Board (PIOB) and developing a framework to ensure that the public interest is served, and to improve the relevance and timeliness of standard setting.

7. ecoDa News

- The [report of our conference](#) on “Boards’ efficiency and fit & proper rules in financial organizations” organized jointly with EBF is now available on our website.
- Anne-Hélène Monsellato who spoke at ACCA conference on Professional Skepticism in October took part in [a related video](#) which is on line.
- Irena Prijovic, Lutgart Van den Berghe, Per Westerberg, Stephen Martin (ecoDa board members) and Béatrice Richez-Baum (ecoDa Director General) spoke at the 20th Anniversary of the Slovenian Directors’ Association (SDA).
 - Lutgart Van den Berghe referred to the King IV Report in South Africa and made it clear that “monitoring is the biggest challenge in the EU. It requires independence and expertise”. According to her, the new CG Code in South Africa which opts for “apply and explain” will make monitoring impossible. She questioned also how boards can be accountable to stakeholders. It will not be easy for board members to convince shareholders that they are doing a good job if they don’t follow their interests. Shareholders need to understand that taking into account stakeholders interests is in their own interests.
 - Béatrice Richez-Baum addressed the question of trust in boards. Trust is the cornerstone for any team in business that wants to succeed. Trust can also be summed up in one equation: Trust equals credibility plus reliability plus intimacy divided by Self-orientation. In fact, it is interesting to see that the Commission has worked on all the elements of the equation. Hopefully the EU might refrain from adding new legislation. Béatrice addressed the future challenges for board members. Beside others, she is convinced that business intelligence will play a key role in the years to come. The selection of CEOs is another challenge which is not new. Business failures have shown that the best recipe for disaster is to get arrogant CEOs with their own values. We are at a point where this is the end of “super CEOs”.





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More photos: [dinner](#) / [conference](#)