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Christopher Hossfeld, Yvonne Muller-Lagarde, Lionel Zevounou. The Evolution of the European Public Good Assessment in the EU Endorsement Process of IFRS.. Accounting in Europe, 2020, 10.1080/17449480.2020.1818799 . hal-02956905

HAL Id: hal-02956905

<https://hal.science/hal-02956905>

Submitted on 6 Oct 2020

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To cite this article: Christopher Hossfeld , Yvonne Muller-Lagarde & Lionel Zevounou (2020): The Evolution of the European Public Good Assessment in the EU Endorsement Process of IFRS, Accounting in Europe, DOI: [10.1080/17449480.2020.1818799](https://doi.org/10.1080/17449480.2020.1818799)

To link to this article: <https://doi.org/10.1080/17449480.2020.1818799>



Published online: 03 Oct 2020.



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The Evolution of the European Public Good Assessment in the EU Endorsement Process of IFRS

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ABSTRACT Although legally the criteria to adopt IFRS in the EU have not changed since the adoption of the 2002 IAS-Regulation, the way they are assessed evolved over time. The purpose of this paper is to analyse how the European public good (EPG) criterion has been interpreted since the beginning of the EU endorsement process and how it is interpreted today. After retracing the origin of the European public good criterion in the IAS-Regulation we identify different periods in the EU endorsement process where the application of the EPG criterion changed. These changes are explained by a variety of factors, not least the financial crisis of 2008. The scope of what is considered to be part of the EPG has substantially expanded, a trend that is still ongoing.

Keywords: European Union; IFRS; endorsement process; European public good

JEL classification: K22; K33; M41; M48

1. Introduction

The European Public Good (EPG) is one of the criteria for the adoption of IFRS by the EU as stated in Art. 3 no. 2 of Regulation no. 1606/2002 of 19 July 2002 on the application of international accounting standards (European Parliament and Council, 2002): ‘International accounting standards can only be adopted if they are not contrary to the principle set out in Article 2(3) of Directive 78/660/EEC and Article 16(3) of Directive 83/349/EEC, and are **conductive to the European public good**’ (emphasis added).

We analyse how this criterion was and is assessed during the EU endorsement process. The research question is to examine if, why and how the assessment of the EPG has changed over time. The research motivation comes from the fact that in the discussions around IFRS in Europe, on the EU as well as on national levels, the EPG criterion seems to become more and more important although that the IAS-Regulation text has not changed.

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In the first years of endorsement existed a strong alignment of the objectives of the IASB (mainly develop globally accepted standards to help investors in capital markets to make economic decisions) and the EU accounting policy. This appears clearly in the 2002 Regulation which emphasises the importance of the accounting standards for European listed companies being accepted at the international level and constituting truly global standards: ‘this implies an increased convergence of the accounting standards currently applied at the international level, with the ultimate objective being the creation of a single set of global accounting standards’ (recital 2). This single set of international accounting standards was therefore presented as being necessary to achieve the objective of contributing to the efficient functioning of the Community capital markets. Against this background the whole endorsement process seemed to be a simple formality.

However, early into the history of IFRS in Europe several elements started to disturb this harmony, among others the discussions about IAS 39, the carve-outs or IFRIC 3 Emission rights and a change in EU procedures giving more power to the European Parliament. This led to an increased scrutiny of the endorsement process and to its stricter formalisation.

The financial crisis of 2008 would lead to major criticism of IFRS in Europe as they were rapidly accused for different reasons having been an aggravating factor of the financial crisis (Barth & Landsman, 2010; Kothari & Lester, 2012; Maystadt, 2017; Pinnuck, 2012). One consequence was the appointment of Philippe Maystadt by European Commissioner Michel Barnier to draft a report on the EU’s contribution to the development of IFRS. On several occasions, the report stresses that the policy of accounting standardisation is in the public interest and ‘policy choices in the field of accounting involve public interest stakes that should be considered more thoroughly’ (Maystadt, 2013, p. 5). As a consequence the EPG criterion moved more to the centre of attention in the endorsement process and more recently the EU even attempted to define the content of the EPG – though without finalising an official definition.

Today, the endorsement considerations do not only include technical, i.e. directly accounting related, issues but also broader questions such as sustainability. Our paper contributes to a better understanding why and how EFRAG’s endorsement activities have shifted from being purely technical to adopting a wider (political) vision, analysing also non-technical aspects of accounting regulation. The research method is archival, based on the official documents related to the (drafting of the) Regulation no. 1606/2002 and related to the endorsement process since the adoption of the Regulation. We also conducted some interviews with actors involved in the elaboration of the Regulation and the endorsement process.

Our paper is organised as follows: Section 2 puts the adoption of the Regulation no. 1606/2002 in its historical setting and analyses the introduction of the EPG criterion in the Regulation in order to understand the origin of this criterion and the context of its introduction. Section 3 examines in detail how this criterion has been applied in practice by EU institutions and why its application changed over time. Section 4 concludes this paper.

2. The Origin of the EPG criterion in Regulation no. 1606/2002

2.1. The Adoption of IFRS in Europe

To examine the notion of EPG in Regulation no. 1606/2002, we need to look back at the historical context of the adoption of this regulation and for using this expression. Indeed, in order ‘to interpret a provision of [Union] law, it is necessary to take into account not only its wording, but also the context in which it is embedded and the purpose of the rules of which it forms part’ (European Court of Justice, 1983).

The choice for IFRS in the first place was influenced by the globalisation of the capital markets, a phenomenon which began at the end of the 1980s, promoting an environment that is essentially

based on ensuring the comparability of listed companies' consolidated accounts. The EU Commission also viewed IFRS in the early 1990s as a 'turnkey' solution to the problem of accounting harmonisation in the Single Market. The accounting harmonisation of European listed companies was a priority in a context in which some of them were already financing their activities on the American stock market. IFRS seemed to be a solution that would allow for the resolution of the problem of comparing the consolidated accounts of multinational listed companies: a set of reporting standards to be used by companies seeking to raise capital on 'markets other than those of their countries of origin' (Perier, 1995). At a conference on accounting harmonisation in January 1990 reviewing the application of the 4th Directive a certain number of representatives declared themselves in favour of a harmonisation of accounting standards at the European level that would be compatible with the harmonisation on international markets (European Commission, 1990). But finally, the Commission notice 'Accounting Harmonization: A new Strategy vis-a-vis International Harmonization' (European Commission, 1995) proposes a 'new approach' in the form of an institutional organisation aiming towards a transposition of IAS.

To encourage acceptance of the idea that IAS meet the needs of European markets, a plan for transposition in compliance with European public policies was introduced in the Commission's 1999 report on the European financial market harmonisation strategy (European Commission, 1999). This choice of a compliant transposition was consolidated by the notice of 13 June 2000 that preceded the adoption of Regulation no. 1606/2002. In substance, the Commission stated that the transposition mechanism for IAS authorises a presumption of the conformity of the said standards to the needs of European markets (European Commission, 2000, p. 7). It contains absolutely no reference to the EPG.

2.2. *The Origin of the EPG Criterion in Regulation no. 1606/2002*

Reviewing the debates that took place during the preparation of Regulation no. 1606/2002 helps forming a better idea of the causes that led to the inclusion of the EPG criterion. The works that led to the adoption of Regulation no. 1606/2002 started in 2000. The co-decision procedure began after the publication of the Commission notice entitled: 'The EU's Financial Reporting Strategy: the Way Forward' of 13 June 2000 (European Commission, 2000). In substance, it proposes to use IAS as single accounting reference. The proposal won political support from the Economic and Financial Affairs (ECOFIN) Council meeting of 17 July 2000. The conclusions of this meeting set out in point 3 of the 'European Accounting Strategy' section mention: 'In recognising these international accounting standards, the European Community will ensure that they are in fact conducive to the European public good and that they can be used by European undertakings with full legal certainty' (Council/00/263, Brussels, 17 July 2000, 10328/00 Press 263).

The Commission's proposed regulation on IAS (COM [2001] 80 Final COD 2001/0044) of 13 February 2001 contained initially no reference to the EPG. In the same vein, no observation concerning the EPG was formulated by the Council Legal Service or by the presidency. As is the case for any preparatory document, those which preceded the adoption of Regulation no. 1606/2002 were discussed in advance by a group of experts: the 'Company Law' Group (Accounting and Statutory Auditing) (Council Note of 6 June 2001, DG C II/9542/01 DRS 28/CODEC 517). The discussions initially concerned the content of the endorsement mechanism for IAS. Should this mechanism involve a regulation or a directive? In the case of a regulation, what steps could be taken to ensure that these new accounting standards would not conflict with the accounting standards already in force? Incidentally and from a purely legal standpoint, there is the question of whether a regulation can validly include provisions liable to repeal one or more directives. The question of the Commission's technical competency is also raised, in response to which it proposed to enlist the services of a panel of experts in EFRAG.

The first reference to the EPG in the draft regulation was made in a document prepared by the Council Presidency for the meeting of the 'Company Law' Group on 26 September 2001 (Council Note of 26 September 2001, DG C II/12205/01 DRS 45 CODEC 933). It seems to echo the conclusions of the ECOFIN Council of 17 July 2000 by making an explicit reference to the EPG. Art. 3 no. 1 was amended in the following manner: 'International accounting standards can only be adopted if they are conducive to the **European public good**' (emphasis added). The underlying justification for the inclusion of this expression was partly found in the (modified) added ninth recital of the draft regulation: 'To adopt an international accounting standard for application in the Community, **it is necessary ... that it is suitable for financial reporting within the European Union** (emphasis added)'. The same 'suitable' expression could already be found in Art. 3 no. 1 of the Draft Regulation of 5 September 2001 (Council Note of 5 September 2001, DG C II 11294/01 DRS 39 CODEC 796), and was specified in its ninth recital. Consequently, for an international accounting standard to be adopted, it would need to ... 'provide a **suitable basis for financial reporting**' (emphasis added) by European companies, that is to say for instance that it does not create a disproportionate charge for companies, that it produces sensible results and is socially and economically acceptable'.

The Minutes for 4 October 2001 (Council Note of 4 October 2001, DG C II, 12441/01, DRS 49 CODEC 967) provide a hint of the first discussions concerning the EPG. The German delegation maintained that this expression lacked precision, as it was simply based on minutes mentioned in an ECOFIN Council press release. The vagueness of the expression was considered liable, by the German delegation, to be the subject of an amendment before the European Parliament. A debate then began between the Commission (supported by France and Italy), and Germany (supported by the UK and the Netherlands). This debate focused on the degree of linguistic precision likely to justify the rejection of an IAS by the EU. The German delegation considered that, in the interest of transparency, the conditions in which an IAS might not be compatible with the EPG should be more clearly defined. Simply referring to the EPG seemed much too vague. The French delegation, however, considered that the substance of the 'public good' could be expressed in more concrete terms according to the vital interests of the Member States.

Finally, a new compromise text was proposed on 24 October 2001 (Council note of 24 October 2001, DG C II, 12441/01, DRS 50, CODEC 974) by the General Secretariat of the Council. This text reformulates the ninth recital of the draft regulation in the following manner: 'To adopt an international accounting standard ... it is necessary that, **in accordance with the conclusions of the ECOFIN Council of 17 July 2000, it is conducive to the European public good**' (emphasis added). The new wording of the ninth recital aims to shed more light on the content of the public good criterion mentioned in Art. 3 no. 2 of Draft Regulation no. 1606/2002.

The Minutes of the meeting on 4 December 2001 (Council Note of 4 December 2001, DG C II, 14789/01, DRS 65, CODEC 1300) also allude to significant differences in relation to the EPG. For example, the Dutch and British delegations proposed that the expression should not be used. The (Belgian) Presidency of the Council then suggested maintaining the reference to the EPG, while allowing the ARC to define its substance under the authority of the Commission.

At the same meeting the French delegation (backed by Greece) attempted to specify the EPG mentioned in the ninth recital (Council Note of 4 December 2001, DG C II, 14789/01, DRS 65, CODEC 1300, p.4). A standard is conducive to the EPG when 'it affords EU companies comparable competitive opportunities with those afforded to third countries undertakings and that it complies with the global convergence objective'. The German delegation (Council Note of 4 December 2001, DG C II, 14789/01, DRS 65, CODEC 1300, p.7), not opposing the initial French proposal, attempted to clarify Art. 3 in the following terms: 'The international accounting standards shall be adopted unless **they do not conform to the principles of the Directives ... or they are contrary to the European public good**' (emphasis added).

In the end, in the compromise text adopted by the Council (Council Note of 10 December 2001, DG C II, 14789/1/01 Rev.1, DRS 65, CODEC 1300), the proposed formulation for nonconformity was only used for the Directives ('The international accounting standards can only be adopted if they are not contrary to the principles set out in the Directives ...'), but not for the EPG criterion, which remained unchanged ('and if they are conducive to the European public good').

These are the bases on which the ensuing negotiations were carried out in the Council and Parliament. On 10 December 2001 (Council Note of 10 December 2001, DG C II, 14789/1/01 REV 1, DRS 65, CODEC 1300), the General Secretariat of the Council introduced finally an enhanced (in bold) recital 12bis (recital 15 in the final version) regarding the substance of the EPG:

... the Commission should take into consideration, to the maximum possible extent, the views expressed by the delegations in the Accounting Regulatory Committee and, **in particular, the importance of not introducing a competitive disadvantage for European companies operating in the global marketplace.** (emphasis added; also Camfferman & Zeff, 2015)

Regarding the integration of the EPG criterion into Regulation no. 1606/2002 we also have the account² of a source wanting to remain anonymous who participated in the work leading up to the regulation. It states that this approach was not the fruit of a legal or academic analysis but aimed exclusively and very pragmatically to obtain a sufficiently vague (and all-embracing) criterion that could prevent Member States from having to adopt certain standards and interpretations that have been/might be issued by the IASB. This was a reaction to the proposal by certain Member States to apply IFRS directly, without amendments and as issued by the IASB, to listed companies in the EU. Also, these same Member States did not envisage any mechanism for the endorsement of the IFRS by the EU and their translation into the official languages of the EU. However, it was one thing to recognise – by the adoption of the European Regulation – the failure of European accounting standardisation regarding the consolidated accounts of listed companies, it was quite another to relinquish any form of accounting sovereignty.

As conclusion we can note that the reference to the EPG was not initially included in the Commission's draft regulation. The reference appears for the first time in a text originating from the Council Presidency. Number of rifts occurred as soon as attempts were made to give substance to the expression EPG.

At the same time, the polysemic nature of the EPG made it possible to satisfy several important stakeholders in the negotiations for Regulation no. 1606/2002. The reference to the EPG was, for example, in line with the position of a certain number of French (Assemblée nationale, 2001, p. 166) political leaders, who were opposed to a simple mechanism for the endorsement or refusal of IAS, and who considered that on the contrary, it should be possible to adapt an IAS to the 'specificities' of the European financial market. Lastly, the European Commission saw support for the EPG as being a way to guard against any criticisms that might be made concerning a mechanism through which the EU has relinquished exercising its sovereignty in the transposition of the accounting standards proposed by a totally private standardisation body over which Europe exercises only relative control (Van Hulle, 2004).

3. The Application of the EPG Criterion by the EU

Since the beginning of IFRS endorsement in Europe, we identified based on archival research and interviews three phases which differ in the way the endorsement process has been conducted in general and the EPG criterion applied in particular. Many organisations and events are relevant for

the evolution of the application of the EPG criterion. Their influence can be well identified in the way the functioning of EFRAG has changed. We can therefore link the differences in the assessment of the EPG criterion to different phases in the life of EFRAG. The first phase lasts from the creation of EFRAG in 2001 until its formal recognition by the European Commission in 2006. The second phase can be set from 2006 until October 2014 when the Maystadt reform was effective. Since October 2014 EFRAG and the endorsement process are in the third phase. The end of 2018 may well be the beginning of a fourth phase (creation of the European Corporate Reporting Lab) which remains to be confirmed by the way EFRAG monitors the EPG in the future.

3.1. The First Phase, Including the Carve-Out

In its communication of 13 June 2000, the European Commission asserted that it is inconceivable that the European Union could delegate the power to define the financial reporting obligations incumbent on the Union's listed companies to an external non-governmental body and deemed it necessary for the Union's authorities to have a true right of scrutiny over the production of the regulation (§19 and 20). This right of scrutiny would take the form of a 'Community approval mechanism' (§ 20) making the adoption of proposed accounting standards subject to the satisfaction of four criteria including the need for them to be 'conducive to the public good' (Regulation no. 1606/2002, Art. 3).

Nevertheless, in this same communication, the European Commission (2000) limits the scope of the endorsement mechanism which intends only to 'confirm' that the standards are fully compatible with the Union's overall approach (§ 21); in other words, and as mentioned in §21, the proposed standards would be presumed to satisfy the adoption criteria. The implementation of the Regulation therefore led to an endorsement mechanism for the standards that was only designed to 'confirm that this presumption is justified' (§21; and Camfferman & Zeff, 2015; Van Hulle, 2004).

The first phase of endorsement lasted from 2001, when EFRAG was created by private organisations in the area of financial reporting (the so-called 'founding fathers'), to the formal recognition of EFRAG by the European Commission in 2006 through the signature of a 'working arrangement' (European Commission, 2006). From the start, the separation of duties took place in the manner provided for by the Regulation: in the form of technical support for the Commission provided by EFRAG, and a political committee – the ARC.

The Commission also asked EFRAG systematically and in addition to the technical aid to carry out a cost–benefit analysis of the standard to be adopted. Indeed, it seemed from the beginning that an IFRS would not be conducive to the EPG if it did not pass a cost–benefit analysis or had negative macroeconomic consequences (Hennrichs & Schubert, 2007; Pöschke, 2009; Van Hulle, 2003; Van Hulle, 2004; Van Mourik & Walton, 2018). However, this analysis was unofficial and informed only the Commission's discussions with the ARC during the adoption process. No documents or details regarding the cost–benefit analysis of this phase were published.

This five-year term saw the wholesale adoption of the existing IAS in September 2003. The first EFRAG endorsement advice letter of 19 June 2002 contains 2 pages (and an annex with the list of the adopted IAS), states that IAS 'meet the requirements of the Regulation' and then goes on listing all the criteria of Art. 3 IAS-Regulation except the EPG. The letter continues with EFRAG writing that it believes 'that it is in the European interest' to adopt the standards. The wording, however, cannot be seen as reference to the EPG as an adoption criterion: the European interest referred to in the letters is not part of the assessment process but the consequence of the fulfilment of the assessed other adoption criteria. The volume of the letters – 'Originally the endorsement advices were one-pagers' (Stig Enevoldson, EFRAG TEG chairman from 2004 to

2010; in EFRAG, 2019, p. 11) – as well as the phrasing were in general similar for the following endorsement letters.

Another important event of this first phase was the carve-out relating to IAS 39. One of the factors at the origin of the carve-out was a letter by the President of the French Republic to the Commission which insisted on verifying the compatibility of the proposed standards with the EPG (Klee & Chambost, 2009).

In 2004 the European Commission (Regulation no. 2086/2004 of 19 November 2004) adopted IAS 39 on financial instruments after amending it by deleting certain paragraphs and adding others (so-called ‘carve-out’; Walton, 2004). The carve-out was proposed to the Commission by ARC which – obviously in line with its proposal – had given a positive opinion on its adoption. Similarly, EFRAG adopted a position in favour of the carve-out in a statement dated 26 September 2004, after initially abstaining from an endorsement advice on the original version of IAS 39 (Dewing & Russell, 2008; Walton, 2004). Indeed, the EFRAG rules required a simple majority in the TEG in order to endorse a standard but a two-thirds majority to refuse endorsement. Out of the eleven TEG members, five favoured and six opposed endorsement of the original IAS 39, making it impossible to endorse or refuse and, therefore, to give any endorsement advice (EFRAG letter of 8 July 2004; Walton, 2004). Neither the supporters nor the opponents of IAS 39 endorsement use the EPG argument, they only refer to the other criteria (EFRAG letter of 8 July 2004).

The statement of grounds for Regulation no. 2086/2004 is quite apparent on the scope of the application of the carve-out, which concerns two clearly defined subjects: the fair value option and hedge accounting (‘macro-hedging’). Two types of difficulties were dealt with the carve-out: legal (the ‘fair value’ option as initially provided for by IAS 39 was contrary to the 4th Directive), and economic (concerning the conditions set by IAS 39 regarding eligibility for hedge accounting). The carve-out consisted ‘simply’ in removing the ‘fair value’ option from the IAS 39 text, and in additional provisions inserted into IAS 39 for macro-hedging.

Thus, the Commission amended IAS 39 very early in the European IAS application. The question is on which of the criteria set out in Art. 3 no. 2 of Regulation no. 1606/2002 the amendments are based on. Regarding the justification for the carve-out, the European Commission ruled out any reference to the true and fair view principle or to the EPG in the defence of its position.³ It is implicit in Regulation no. 2086/2004 as neither of these criteria is mentioned and it is explicit in the FAQ document related to IAS 39 published on 17 November 2004 (European Commission, 2004a):

The two issues were carved out because the Commission considered that the related provisions are not yet suitable for adoption and require further revision. The two carve-outs were not based on any arguments related to the ‘true and fair view principle’ under the European Accounting Directives **or the European public good**, as mentioned in the IAS Regulation. (emphasis added)

The Commission pointed out that the provisions of IAS 39 in force at that time were probably temporary insofar as, at the IASB’s request, they were being debated by a variety of regulatory bodies. The Commission would naturally have preferred to have waited until these debates had concluded and to express its opinion on a more established standard, but it was bound by Art. 4 of Regulation no. 1606/2002 requiring the application of IFRS to the consolidated financial statements of European companies on 1 January 2005. This is the context in which it opted for a carve-out which, to its mind, could only be provisional. This is what clearly appears in recitals 10 and 11 of Regulation no. 2086/2004. Recital 14 (European Commission, 2004) confirms that the position adopted by the Commission conforms to Art. 3 of Regulation no. 1606/2002, without any other details. The carve-out is essentially an exceptional and temporary measure enabling the

Commission to comply with Regulation no. 1606/2002, whose effective date could not conceivably be changed.⁴

Another noteworthy event during this first phase was the non-endorsement by EFRAG of IFRIC 3 Emission rights in its letter of 6 May 2005 to the EU Commission. This letter included – exceptionally at that time – a basis of conclusion for the non-endorsement. The reasons given relate to the (missing) relevance of the IFRIC 3 information because ‘it does not faithfully represent of the economic reality’ and to the disadvantages of endorsing outweighing its advantages. The EPG is not mentioned.⁵

The fact that the EPG criterion was not emphasised to justify the positive endorsement advices, nor the carve-out, nor the rejection of IFRIC 3 can be interpreted as a sign that – in this first phase – this criterion existed but was not actually applied. Indeed, in this phase it was considered ‘that once an IAS has been adopted by the IASB, it should be acceptable to the EU’ (Van Hulle, 2004, p. 366). As stated earlier the purpose of the endorsement process was to confirm the assumption that IFRS satisfy the adoption criteria.

3.2. The Second Phase Until the 2014 EFRAG Reform

The second phase is characterised by more emphasis on the EPG criterion and a stronger systematic political influence on the endorsement procedure. After the debates on the carve-out and IFRIC 13, this second phase began with the official recognition of EFRAG by the Commission with the signature of the ‘Working Arrangement between European Commission and EFRAG’ of March 2006 (European Commission, 2006). Point 2.2 of the Arrangement defines the mission of the EFRAG Technical Expert Group (TEG) in the IFRS adoption process. The TEG was responsible for analysing whether the standard to be adopted corresponded to Community law, and especially to ‘the requirements of Regulation no. 1606/2002 relating to intelligibility, relevance, reliability and comparability, as well as to the true and fair view principle as defined in the 4th and 7th Directives’. The Commission therefore asked explicitly EFRAG (TEG) to check all the criteria of Art. 3 no. 2 except for the EPG. This means that – in continuity with the first phase – for the time being the Commission did not consider that EFRAG’s (TEG’s) duty was to monitor formally the EPG criterion.

EFRAG’s work on endorsement begins in general with an endorsement request letter from the Commission asking it to analyse the IFRS to be adopted. Until October 2012, this letter only mentioned in line with the Working Arrangement the technical criteria of Art. 3 mentioned above. Consequently, EFRAG analysed the technical criteria which was still consistent with the rationale of appointing a technical body (EFRAG) to analyse the technical criteria and leaving the political organs (Commission, ARC) to adjudicate on the political criterion of the EPG (Maystadt, 2013, p. 7, citing discussions during the ECOFIN Council of 13 November 2012; also see Chiapello & Medjad, 2009; Crawford et al., 2014).

In 2010, however, appears a change⁶ in the formulation of the endorsement advice because EFRAG now wrote that the technical criteria were met (where applicable) and that it had found nothing in the standard in question that was of detriment to the EPG. By this wording, the Chairman of EFRAG wished to recall that EFRAG was created to provide technical advice to the European Commission on the new standards proposed by the IASB and that it was therefore not, in principle, its task to consider whether the proposed standards were conducive to the EPG. Political advice in this regard was the responsibility of the ARC and the Commission. Regardless of the wording of the advice, the EPG check remained in substance a pure formality and the criterion was presumed to have been met in the absence of evidence to the contrary, i.e. as long as the other technical criteria were fulfilled.⁷

In October 2012, the criterion of EPG was added to the Commission’s endorsement request letter to EFRAG, without any apparent reason given that EFRAG’s mission had not changed.⁸

Consequently, EFRAG continued its technical work as before and still did not specifically analyse this criterion.

Another event influenced the endorsement process in this phase. In 2006, a new joint decision-making procedure – the Regulatory Procedure with Scrutiny – was defined in the EU, giving greater powers to the European Parliament (Klee & Chambost, 2009; Malo, 2014). This procedure did not formally enter into force until 2008, but the Parliament anticipated its introduction by applying it in advance in 2006 on IFRS 8 whose endorsement process was ongoing. The reason for doing so was not that there were specific concerns about this standard but rather that it was simply in the adoption process at that time. Furthermore, this involvement was essentially more of a political issue than a technical one (content of the standard). It related to dissatisfaction of the European Parliament⁹ with the IFRS adoption procedure in general, and with what IFRS 8 represented, i.e. an exact copy of US-GAAP. The European Parliament wanted to ensure that in the adoption processes, IFRS were not simply endorsed, but had to be ‘politically, socially and economically’ justified (Crawford et al., 2014). Consequently, and for the first time, the Parliament asked the Commission to carry out a formal impact assessment of the new standard (European Parliament, 2007). In the end, and despite some degree of uncertainty, the Parliament adopted IFRS 8 in November 2007 – with no amendments in relation to the American standard. The impact study (European Commission, 2007a) analyses different aspects of IFRS 8 (e.g. usefulness, relevance, comparability) and concludes that the ‘adoption of IFRS 8 would have positive cost-benefits effects’ (p. 4). From now on the Commission would systematically prepare with EFRAG impact studies; the previous informal cost-benefit analysis became a formal element of the endorsement process.

In the same spirit of improving the scrutiny of the endorsement process, the Commission created in early 2007 the Standards Advisory Review Group (SARG) (European Commission, 2006a; European Commission, 2007). Given that IFRS are produced by a private body and subsequently analysed for endorsement by another private body – EFRAG – there was a need to ensure that EFRAG’s work was balanced and objective. Members of the SARG were appointed by the Commission and independent accounting experts. The SARG operated until 2011 and always found that EFRAG’s work conformed to the above-mentioned expectations. One practical consequence of the establishment of the SARG was that EFRAG began adding Bases of Conclusion to its endorsement advice (EFRAG, 2006; Van Mourik & Walton, 2018), which are today Appendix 2 of EFRAG’s endorsement advice. In the Basis of Conclusion EFRAG would now systematically refer to the cost-benefit analysis and state (if applicable) that the benefits of the new standards exceed their application cost. The EPG is (still) not mentioned.

Also, in 2008 a structural reform of EFRAG was put in place (EFRAG, 2008). It was linked primarily to the Commission’s decision to contribute to EFRAG’s budget and emphasised the need to assure the ‘European (public) interest’ of EFRAG’s work. But the focus here was on how to set up EFRAG as organisation so that its activities respected this interest, not if or how to assess the EPG in the endorsement process. The reform led to independence of EFRAG’s supervisory board and the establishment of a planning and resource committee. Members of the supervisory board, the planning and resource committee, and of TEG committed now formally to act in the European public interest (EFRAG, 2008; Van Mourik & Walton, 2018). This new attentiveness can also be noticed in the annual reviews of EFRAG: Starting in 2008 the review now refers systematically and on many occasions to the (European) public interest of the organisation and its members whereas in the previous reports – the first one was published for the year 2004 – such references do not occur.

However, despite the explicit appearance of the EPG criterion in the endorsement letter (request), a stronger political influence by the European Parliament, the involvement of SARG and the organisational reform of EFRAG, in practical terms little changed regarding the EPG

assessment: it was not specifically assessed, contrary to the other criteria of Art. 3 Regulation 1606/2002.

3.3. *The Third Phase Since the 2014 EFRAG Reform*

IFRS were held liable for the financial crisis of 2008, when they were accused of being a factor leading mechanically to its acceleration (Barth & Landsman, 2010; Kothari & Lester, 2012; Maystadt, 2017; Pinnuck, 2012). On the technical level, most of the blame was assigned to the application of fair value accounting. The crisis apparently confirmed the fear, which had been expressed before the crisis, of systemic risk induced by the measurement method for financial instruments held by banks in particular (IAS 39).¹⁰ Beyond the purely technical analysis, the event revealed the political dimension (Marteau & Morand, 2010) of accounting standards by raising awareness of their ‘potential impact (...) on the performance posted by companies and on the economy as a whole’ (Barnier, 2013; Maystadt, 2013a).

With the criticism of the role of IAS in the economic crisis, the general presumption of the standards’ conformity with the EPG was no longer appropriate (Bengtsson, 2011). Indeed, it became essential to reinforce the endorsement criteria for the standards to enable the EU to make sure, *inter alia*, that they did not jeopardise financial stability and, more generally, that they protected the European economy. The European Commission was therefore inclined to improve the assessment of the EPG criterion in the endorsement process. The concrete analysis of the EPG – which was not previously carried out expressly on grounds of the presumption of conformity – was now seen as a means of ensuring that the greater economic interest of the EU prevailed in the accounting standardisation process. The EPG criterion, previously a purely formal criterion, was now put into practice and needed to be actually applied (EFRAG, 2019). The new importance of the EPG can also be seen in the annual reviews of EFRAG: the EPG is first mentioned in the review for 2013 (following the Maystadt report) and then in every review since then.

In a context of financial crisis and supposing that accounting standards contributed to the crisis, however, the EPG had to be understood to include the security of financial markets. It was therefore a question of adding new objectives that were directly related to the financial crisis to the initial objectives set out in the Regulation. As a result, the notion of EPG retained in the Regulation in 2002 is no longer necessarily identical to that emerging as a result of the financial crisis and the criticism of accounting standards.¹¹ EFRAG had now an ‘enlarged public good mandate’ (European Commission, 2018b, p. 7) and the European Commission has to report since 2017 to the European Parliament and the Council on ‘whether the expanded public good criterion ... has been respected [by EFRAG] during the endorsement process’ (Art. 1 (3) (c) and recital 6 Regulation no. 2017/827; European Parliament and Council, 2017).

Following the Maystadt (2013) report EFRAG was radically reformed (reform effective in October 2014) in terms of both its organisational structure and its missions, to make it more representative and legitimate (Maystadt, 2017). In terms of its organisational structure, the decision-making authority was transferred from the committee of experts (TEG), which kept its technical advisory role, to the EFRAG board. The latter – previously ‘only’ a Supervisory Board with a purely administrative function – became now the central body of EFRAG, with 17 ‘representative’ members:¹² 8 national accounting standard setters, 8 representatives of European stakeholder bodies (auditors, preparers etc.) and one president, appointed by the Commission. The fact that the current president¹³ is a former Member of the European Parliament underlines the more political role of EFRAG today.

Considering its new missions, in November 2014 (after the Maystadt reform entered into force on 31 October 2014), EFRAG published a staff paper entitled ‘Approach to endorsement’ (EFRAG, 2014). Staff papers are discussion papers only and do not represent the official

views of EFRAG. In the chapter on the EPG, this paper states that the objectives of Regulation no. 1606/2002 (to ensure a high degree of transparency and comparability) are conducive to the EPG because they contribute to the efficient operation of the capital markets. It is considered that the adopted norms must not endanger the financial stability or hinder the economic development of the EU, but the adopted standards are not required to contribute to this stability or development. The document then lists elements that the Board could analyse when assessing the EPG criterion: transparency, protection of investors, confidence in financial markets, competitiveness of accounting standards, particularly vis-à-vis the American standards, the impacts on the behaviour of investors and preparers of financial information, economic growth and financial stability.

In 2015, the report from the Commission to the European Parliament and Council concerning the evaluation of Regulation no. 1606/2002 on the application of international accounting standards (European Commission, 2015, p. 6) observes that

the notion of the public good is not defined but may be understood as encompass broad financial stability and economic considerations. In particular, it is necessary to assess whether accounting standards could be detrimental to the economy or to particular stakeholders, such as long-term investors.

It also observes (European Commission, 2015, p. 9) that ‘some stakeholders considered that it would be helpful to be more specific about what European public good encompasses, while others considered that the term is generic enough to have meaning and allows flexibility in practice’.

Following the EFRAG staff paper of 2014 and the discussions concerning the aforementioned report, a European Commission working document (non-paper) was produced in 2016 (European Commission, 2016). It is not legally binding and only a discussion paper. The document is entitled ‘European Public Good’ and was discussed within ARC regarding the meaning and relevance of the criterion. The document specifies (p. 2) that

when assessing whether a standard meets the criterion of public good, the following elements should generally be taken into consideration:

- It should not endanger financial stability;
- It should not hinder the EU economic development;
- The impact of the new standard on the competitiveness of European undertakings;
- It should have added value for the Union, for example it is an improvement of the accounting rules with respect to the issues at stake.

The above mentioned shall not be considered, in any case, as exhaustive.

The non-paper contains nothing new in relation to the EFRAG document. It repeats the same elements (financial stability, economic development etc.). Reading the non-paper therefore gives us no further information about the definition of EPG.

Lastly, the European Parliament (2016) adopted a resolution in June 2016 concerning ‘The evaluation of the activities of the IFRS Foundation, EFRAG and the PIOB’ and asking the Commission to follow as a matter of urgency the Maystadt recommendations regarding the extension of the EPG criterion (i.e. the inclusion of financial stability and economic development) ensuring that it is fully respected during the endorsement process. It ‘urges the Commission to publish, in collaboration with EFRAG, clear guidelines on the meaning of the notion of public good’ (European Parliament, 2016, p. 6). However, the Commission did not elaborate beyond its working document as it expressed (European Commission, 2016b, p. 4)

a common view ... successfully reached between the Commission and the members of the ARC on the criterion of public good. [It] will not be translated into guidelines or communication from the Commission, but it will be the position that the Commission will use in future discussions with the European Parliament and EFRAG.

The common view consists in not defining precisely the EPG to keep flexibility in its interpretation but to consider the different ‘sub-criteria’ listed in the working document when assessing the EPG.

The considerable extension of EFRAG’s missions since the Maystadt reform in 2014 is also reflected in the new Working Arrangement of June 2016 (European Commission, 2016a), which replaces the 2006 version. According to the new point 4, ‘Endorsement process’, EFRAG remains the technical advisor to the Commission, but from now on, it must analyse ALL criteria in Art. 3 of the IAS Regulation, which therefore includes the EPG criterion (EFRAG, 2015). EFRAG is also required to provide an impact assessment including a cost–benefit analysis and an assessment of broader impacts including those of a macro-economic nature. The Commission can also ask EFRAG to analyse any other subject related to the IFRS adoption process and to supplement its adoption advice with ‘specific elements’. In addition, point 6 – ‘Other activities’ – of the Working Arrangement makes it possible for the Commission to ask EFRAG in general to ‘undertake activities relating to wider reporting developments’. Therefore, EFRAG’s basic mission is now wider ranging, but the Commission can extend it even further. One example is the creation in September 2018 of the European Corporate Reporting Lab within EFRAG with the mission to promote innovation and best practices in the environmental and sustainable reporting field (European Commission, 2018).

Regarding the EPG assessment by EFRAG after the Maystadt reform, the following reasoning can be observed in the endorsement advice letters: If the standard in question improves financial reporting with an acceptable cost–benefit trade off, and if the standard has no negative impacts on the European economy (including financial stability and economic growth), then it is conducive to the EPG. The endorsement advice letter currently contains three appendices: a first appendix explaining the elements of the standard to be adopted, a second appendix covering the technical criteria and a third appendix wholly dedicated to the EPG criterion including a description of the impacts and relevant stakeholders. By analysing the endorsement advice letters after October 2014 relating to the most recently adopted significant standards (IFRS 15, IFRS 9, IFRS 16), the increasing importance in terms of number of pages dedicated to Appendix 3 can be observed (see Table 1 below).

Starting with its endorsement advice request letter regarding IFRS 9 from 8 December 2014 – IFRS 9 being ‘the first full scale experience [for EFRAG assessing] whether an IFRS is conducive to the EPG’ (EFRAG, 2015, p. 13) – the Commission adds now occasionally after consulting ARC special points for consideration. For example, the letter asking for EFRAG’s opinion in relation to IFRS 16 lists quite specific questions in Appendix 2 (e.g. ‘Is the definition of “lease” appropriate or does it also cover certain service contracts?’) in different fields (behaviour of stakeholders, competitiveness, financial stability, cost–benefit analysis). A similar structure and Appendix 2 are also found in the request letter on IFRS 17.

Table 1 reveals a similar structure to Appendix 3 for the last three adoptions of significant standards, started after the Maystadt reform. It confirms the approach already mentioned: improvement of financial reporting with an acceptable cost–benefit trade-off and no negative impacts on the European economy, which are analysed in different ways according to the standard in question. For the assessment of IFRS 16, for example, EFRAG commissioned an economic study by a consulting firm and carried out two quantitative analyses on its own.

We have two observations concerning the specificities mentioned in Table 1:

Table 1. Analysis of significant EFRAG endorsement advice letters after the 2014 reform.

Standard (date of EFRAG endorsement advice letter on adoption)	IFRS 15 (March 2015)	IFRS 9 (September 2015)	IFRS 16 (March 2017)
Number of pages in the letter	43	97	84
Importance of Appendix 3 related to the EPG in the letter (% number of pages)	19%	39%	46%
Content of Appendix 3	<ul style="list-style-type: none"> (a) 1 paragraph with sundry considerations (no negative effects on the economy, better transparency, reduced cost of capital, no competitive disadvantage) (b) cost-benefit analysis <ul style="list-style-type: none"> - costs for preparers (single, continuous) - costs for users (single, continuous) - benefits 	<ul style="list-style-type: none"> (a) improvement of financial reporting (b) lack of convergence with US-GAAP (competitiveness) (c) effects on behaviour of investors and issuers (d) relationship between IFRS 9 and IFRS 17 (e) European carve-out regarding hedge accounting (f) cost-benefit analysis <ul style="list-style-type: none"> - costs for preparers (single, continuous) - costs for users (single, continuous) - benefits 	<ul style="list-style-type: none"> (a) improvement of financial reporting (b) effects on stakeholders' behaviour: quantitative effects, effects on behaviour of users and lessees (c) impacts on the leasing industry (d) effects on SMEs (e) effects on financial stability (f) effects on competitiveness (g) cost-benefit analysis (different categories) (h) other (timing of adoption process, effects on regulatory capital requirements)
Specificities		<p>'IFRS 9 is conducive to the public good except for the impact on the insurance sector' (p. 93 of endorsement letter)</p>	<ul style="list-style-type: none"> - In its endorsement advice request letter to EFRAG, the Commission asks it to analyse the impacts on stakeholders, including 'the environmental and social aspects, if relevant'. - EFRAG commissioned an external economic study - EFRAG also carried out two quantitative analyses on its own.

- IFRS 9 is, for the moment, the sole standard that, according to EFRAG, does not completely satisfy the EPG criterion. It is intriguing to see the EPG distinguished between the insurance industry and ‘everything else’. One might also ask how the public good can be served (or not) for only a part of the ‘public’, given that the public good often requires compromises between the advantages (for some stakeholders) and disadvantages (for others). If the public good is served, the advantages outweigh the disadvantages. These disadvantages (for some) exist without calling into question the public good.

The reservation expressed by EFRAG did not prevent the Commission from adopting IFRS 9 but prompted it to insert a temporary European exemption ultimatum into the adoption regulation (European Commission, 2016c, Recital 5) if the IASB failed to provide a deferred application option for the insurance sector, which would be valid until a certain date. The IASB published an amendment to this effect in September 2016¹⁴ but insufficient in the eyes of the Commission. Consequently, upon the adoption of the amendment, Art. 2 of Regulation no. 2017/1988 (European Commission, 2017) provides for a temporary exemption enlarging the scope of companies (compared to the IASB amendment destined only to pure insurance players) eligible for differed application: insurance sector operators belonging to financial conglomerates are thus also allowed to postpone the application of IFRS 9 until 1st January 2021.

Regarding the application date of IFRS 9 by insurance companies we can note that the reservations (of EFRAG) concerning the EPG prompted the IASB to adapt its standards. Deeming the amendments unsatisfactory, the Commission implemented a temporary exemption for certain companies.¹⁵

- In its endorsement request letters regarding the adoption of IFRS 16¹⁶ and IFRS 17¹⁷ the Commission asked EFRAG to analyse the impacts on stakeholders, including economic aspects, but also ‘where relevant environmental and social aspects’. This extended the scope of analysis beyond economic considerations only. In the same spirit, a draft motion of the European Parliament concerning IFRS 17 (European Parliament, 2018) asked the Commission and EFRAG to consider the benefits of the standard for investors ‘and society’ (point 13) and referred to the COP21 and the Task Force on Climate-related Financial Disclosure (in the recitals and point 15). Still in relation to IFRS 17, Theodor Stolojan, at the time Member of the European Parliament and the author of the aforementioned motion, asked in an oral question to the Commission how it intended to ensure compliance with the EPG criterion, and particularly with its objective of ‘sustainability’ (European Parliament, 2018a). In its ‘Action Plan: Financing Sustainable Growth’ of March 2018 (European Commission, 2018a) the Commission commits itself – ‘where appropriate’ – to requesting EFRAG to analyse the impact of an IFRS on ‘sustainable investments’ as part of the verification of the EPG criterion.

It is therefore clear that there is a willingness to broaden the scope of analysis that EFRAG is supposed to cover beyond the ‘simple’ economic or financial market considerations. In the same vein and following a request from the Commission (European Commission, 2018a) EFRAG created the European Corporate Reporting Lab in September 2018. According to the EFRAG website¹⁸

the European Lab will initially focus on non-financial reporting, including sustainability reporting. Preliminary projects may include climate-related disclosures in line with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. Other topics may be environmental accounting and, in the medium term, integrated reporting, digitalisation and innovations in various other aspects of corporate reporting.

From now on, EFRAG will therefore work on financial and non-financial reporting. This extension of EFRAG's scope of action may be the beginning of a new, fourth phase in the life of this organisation.

4. Conclusion

In conclusion we find that since the creation of the European endorsement mechanism there has been a considerable extension of activities and scope of analysis. After a first phase in which EFRAG formally assessed the technical criteria alone and carried out an unofficial cost–benefit analysis, impact analyses of a new standard were carried out in the second phase and EFRAG stated in its endorsement advice that it had not found (where applicable) any elements that the accounting standard would not be conducive to the EPG. We have noted that since the implementation of EFRAG's new governance in October 2014, in line with the recommendations of the Maystadt (2013) report, EFRAG's work has specifically analyzed the EPG criterion. While before 2014 a laconic sentence such as 'EFRAG sees no reason why the standard should not contribute to the EPG' addressed this criterion, today particular attention is being paid to this criterion. EFRAG's analysis in this respect has been based since 2016 on an unofficial document of the European Commission (2016) which does not define the EPG but lists the elements to be considered in this respect (financial stability, economic development, etc.). EFRAG is now in charge of verifying all the criteria of Art. 3 of the IAS Regulation, formally providing an impact analysis (including at least a cost–benefit analysis) and, where appropriate, other elements requested by the Commission.

The notion of the EPG is a flexible criterion that must be assessed in relation to each individual standard. And while four factors (financial stability, economic development, competitiveness and added value for the Union) are listed as components of the EPG (European Commission, 2016), they are in no way exhaustive, as EFRAG, ARC and the Commission remain free to assess the EPG according to other factors, if necessary. While initially the EPG was considered through purely economic aspects (functioning of financial markets, economic development, among others), its assessment has become more 'politicized'.

This flexible interpretation of the notion of EPG was clearly that adopted by the European Commission (2018) in its public consultation on the 'Fitness check on the EU framework for public reporting by companies'. Indeed, the European Commission (2018) specifies that until now, in the absence of a clear definition of the EPG, it has 'adopted a pragmatic approach enabling the identification of the main areas of concern, on a case-by-case basis', with a reference to the non-paper of May 2016 (European Commission, 2016) in support of this statement.

Recently in the context of its sustainable finance objectives, the European Commission has shown its desire to go beyond the functions traditionally attributed to financial reporting in the EPG assessment. In the framework of the Sustainable Development Programme adopted by the United Nations in September 2015 and following the Paris Agreement on Climate Change of December 2015, the EU began examining how to develop a sustainable economy. In this context, in December 2016, it appointed a High-Level Expert Group on Sustainable Finance (HLEG) responsible for issuing recommendations on the development of a global EU sustainable finance strategy in the framework of the Capital Markets Union. The report, submitted by the HLEG on 31 January 2018 suggests that IFRS should only be adopted if they are 'favourable to the European public good, including its objectives of sustainability and long-term investment' (HLEG, 2018, p. 58).

The HLEG (2018) report was also used as a core document by the European Commission for developing an 'action plan to finance sustainable growth' (European Commission, 2018a). Presented on 8 March 2018, this action plan incorporates questions and proposals relating to the

international accounting regulations since they are perceived as being liable to hinder decision-making in favour of sustainable investments. These questions concern the power of the Commission in the adoption of accounting standards which could be amended, if necessary, in order to promote long-term investments.

There is no doubt that extending the analysis to include for example environmental aspects in the EPG assessment goes further than the initial, stricter framework of the 2002 Regulation. However, the question of whether an expansion of the EPG criterion to include sustainability and social aspects is desirable in general can be questioned. This expansion may be at the expense of the effectiveness and relevance of financial reporting. Originally, (international) accounting standards are developed to give a true and fair view of the company's situation. The desire to achieve other and multiple objectives (financial stability, sustainable development) with the same instrument (financial statements) certainly affects negatively the quality of information (Ballwieser & Kuhner, 1994). For example, in some countries, the negative impact of the application of tax rules in (individual) accounts on the relevance of financial information is well known (Kuhner, 1997). The same is true if financial information is asked to perform (yet) other functions. We then recall the Tinbergen rule (1959): An economic policy instrument can serve (effectively) only one objective (see also Dankert et al., 2018).

Acknowledgements

An extended version of the study was presented in October 2018 to the *Autorité des Normes Comptables* (ANC), the French accounting standard setter that commissioned this study. Copyright of this study remains with the ANC. We would like to express particular thanks to David Alexander, Ingo del Guayo Castiella and Moritz Pöschke. We are also grateful to: Richard Baker, Alain Burlaud, Nicoleta Farcane, Giuseppe Ferrari, Manuel Gutan, Christian Hoarau, Sebastien Kott, Dominique Ledouble, Raffaele Manini, Chiara Saccon, and Yvan Stempniewsky.

Disclosure Statement

No potential conflict of interest was reported by the author(s).

Notes

¹This same expression is already found in the general description of the endorsement mechanism for the first proposal of the Regulation (COM [2001] 80 Final COD 2001/0044 of 13 Feb. 2001, p. 7) without being specified.

²Interviewed on 5 September 2007.

³EFRAG did not give an endorsement advice but provided an analysis of the two carve-out features. However, EFRAG did not express 'any opinion, favourable or unfavourable, on whether the carve-out is a desirable solution. [EFRAG's] response should therefore not be interpreted as implying support for the carve-out itself.' EFRAG letter of 26 September 2004.

⁴What has become of the 'temporary' carve-out over time? The part of the carve-out relating to the deletion of the 'fair value' option was removed in November 2005 (European Commission, 2005) after the modification of IAS 39 by the IASB in June 2005. However, the reservation about hedging still applies fifteen years later. Indeed, IAS 39 was replaced by IFRS 9 for mandatory application in 2018, and the rules on hedging were relaxed, but the question of macro-hedging was deliberately set aside, with the IASB reserving the right to examine the issue as part of a specific project ... which is still in progress. The IASB website identifies this (research) project under the heading: 'Dynamic risk management'. The European Regulation for the endorsement of IFRS 9 logically mentions that the carve-out added to IAS 39 remains valid: 'In order to ensure consistency with Union law a consequential amendment to IAS 39 relating to fair value hedge accounting, has not been effected in this Regulation' (Recital 3 of Regulation no. 2016/2067 of 22 November 2016).

⁵In June 2005 the IASB withdraw IFRIC 3.

- ⁶This change was initiated by the new Chairman and CEO of EFRAG. Interview of 29 March 2018 with Françoise Flores, Chairman and CEO of EFRAG from 2010 to 2016.
- ⁷Interview of 29 March 2018 with Françoise Flores, Chairman and CEO of EFRAG from 2010 to 2016. Also Van Mourik and Walton (2018).
- ⁸Interview of 29 March 2018 with Françoise Flores, Chairman and CEO of EFRAG from 2010 to 2016. The Commission's request letters were not (yet) published at that time.
- ⁹Before the European Parliament intervened EFRAG (January 2007) and the ARC (February 2007) had already uncontroversially supported IFRS 8.
- ¹⁰This discussion is not the subject of our work. In their study for the European Parliament on the criteria for adopting IFRS in relation to IFRS 9, Bischof and Daske (2015; also Bischof & Daske, 2016) point out that there is still no evidence that specific accounting standards have played a significant role or have contributed to the crisis. In addition, they add that prudential regulators should counterbalance any potential negative effects of accounting that they may perceive in their own regulations. See also Laux & Leuz, 2010.
- ¹¹Interview with Valérie Ledure, Directorate-General for Financial Stability, Financial Services and Capital Markets Union on 15 September 2016.
- ¹²The Board also consisted of 17 members before the Maystadt reform, but these members 'only' represented EFRAG's founding professional organisations.
- ¹³The current president, Jean-Paul Gauzes, appointed on 1st July 2016, was a Member of the European Parliament from 2004 to 2014.
- ¹⁴On 12 September 2016, the IASB published amendments to IFRS 4, entitled 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts'.
- ¹⁵In April 2020 the IASB even decided to defer the effective date of IFRS 17–1 January 2023 after continuing insistence of EFRAG (see, for example, EFRAG letter to the IASB of 24 September 2019 regarding IASB ED/2019/4 Amendments to IFRS 17).
- ¹⁶Letter of 9 June 2016.
- ¹⁷Letter of 27 October 2017.
- ¹⁸<http://www.efrag.org/Activities/1807101446085163/European-Corporate-Reporting-Lab-at-EFRAG#> (last accessed on 23 August 2019).

Funding

We acknowledge the financial support by the French Accounting Regulator Autorité des Normes Comptables (Convention No 2016-006).

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