



ZENTRALER KREDITAUSSCHUSS

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BUNDESVERBAND ÖFFENTLICHER BANKEN DEUTSCHLANDS E.V. BERLIN · DEUTSCHER SPARKASSEN- UND GIROVERBAND E.V. BERLIN-BONN
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Communication from the Commission on a simplified business environment for companies in the areas of company law, accounting and auditing (COM (2007) 394 final) of 10 July 2007 i.e.: Simplification measures for all undertakings concerning accounting and auditing (Annex 4(5))
Ref.: EG-RechV

Dear Sir or Madam,

ZENTRALE KREDITAUSSCHUSS (ZKA)¹ appreciates the opportunity to submit its comments on the above Communication from the European Commission and would, at the same time, like to seize this opportunity to also address the simplifications for all undertakings (cf. Annex 4(5)).

We explicitly endorse the Commission's proposal of a clarification of the relationship between IAS Regulation 1606/2002 and the Seventh Directive in terms of consolidation provisions.

At this juncture, there should particularly be a clarification to the effect that the consolidation obligation falls under the purview of the Seventh Directive on consolidated accounts (83/349/EEC).

Pursuant to the provisions of said Directive, a subsidiary undertaking may be exempt from inclusion in the consolidated accounts where it is immaterial. The same applies when two or more subsidiary undertakings are, on aggregate, immaterial (cf. Article 13 of the Seventh Directive). A

¹ The ZKA is the joint committee operated by the central associations of the German banking industry. These associations are the *Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR)*, for the cooperative banks, the *Bundesverband deutscher Banken (BdB)*, for the private commercial banks, the *Bundesverband Öffentlicher Banken Deutschlands (VÖB)*, for the public-sector banks, the *Deutscher Sparkassen- und Giroverband (DSGV)*, for the savings banks financial group, and the *Verband deutscher Pfandbriefbanken (VDP)*, for the mortgage banks. Collectively, they represent more than 2,500 banks.

parent undertaking which has exclusively immaterial subsidiaries is thus exempt from the obligation to prepare consolidated financial statements. In its practical application, this regime has proven meaningful and fit for purpose.

Hence, we cannot endorse a view which is occasionally held, i.e. that Article 13 of the Seventh Directive is irrelevant for the purposes of defining corporate consolidation obligations in the IAS context. This would mean that any parent undertaking (provided it is covered by the scope of IAS Regulation 1606/2002) would be required to prepare IFRS financial statements if it has subsidiary undertakings that are either jointly or severally immaterial.

The clarification proposed by the EU Commission that parent undertakings with subsidiary undertakings that are immaterial shall be exempt from statutory consolidation meaning that they do not have to prepare IFRS financial statements would lead to greater legal certainty for the companies affected. By making a major contribution towards the envisaged reduction of red tape it would thus translate into a significant simplification and reduction of administrative burdens.

Hence, we strongly endorse an amendment that would clarify that parent companies with a capital market focus that have immaterial subsidiaries shall be exempt from the mandatory consolidation requirement and thus do not have to prepare an IFRS financial statement. Hence, Article 13 of the Seventh Directive should include a clarifying language which shall also cover the other cases that fall under the scope of Art. 13.

Yours faithfully,

For

ZENTRALER KREDITAUSSCHUSS (ZKA)

Deutscher Sparkassen- und Giroverband

i.V.

Pia Jankowski

