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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a Regulation of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities (first reading) - Adoption of the legislative act (LA + S) = Statements

Statement by Latvia

Latvia supports adoption of the draft Regulation of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities in general. Latvia fully shares the aim of the proposed Regulation to clarify the role of the public interest entities' auditors and introduce more stringent rules for the audit sector aimed in particular at strengthening the independence of auditors as well as greater diversity into the current highly-concentrated audit market. However, Latvia maintains its concerns that the proposed measure, namely cap on 70 % fees from non-audit services is likely to negatively impact the access of smaller public interest entities to non-audit services and could cause additional administrative and financial burdens. It is usually smaller listed companies which use their auditors for a greater proportion particularly of compliance related services both because they lack that expertise in house and the cost effectiveness and efficiency of a single supplier is proportionately greater.

Statement by Portugal

Portugal considers that the adoption of this legislative package constitutes progress on financial market reform and stresses the independence of auditors, factors with the potential to rebuild trust in and on the markets. Because of this and in a spirit of compromise, Portugal supports the final outcome of these negotiations.

However, as regards the supervision of the audit authorities, throughout the negotiations Portugal has expressed its preference for conferring audit competence on the ESMA, which would take on the roles previously fulfilled by the European Group of Auditors' Oversight Bodies (EGAOB), as in the European Commission's original proposal.
