



OPENING SPEECH OF JACQUES POTDEVIN, PRESIDENT OF THE FEDERATION OF EUROPEAN ACCOUNTANTS

Ladies and Gentlemen, Dear colleagues,

It is my pleasure to welcome you to this third FEE Conference on Audit Regulation. The merit of organising such a high level conference on auditing goes to my predecessor David Devlin. I see it is becoming more and more popular. We were oversubscribed this year and we hope that all participants can sit comfortably.

With the financial turmoil, we could have put many issues on the agenda of this conference.

Auditors need to be prepared for a rather challenging audit season this year.

The global audit standard setter, the IAASB, published an Alert Paper on auditing fair value estimates. This was indeed welcomed. Unfortunately, going concern is also more and more a risk of major relevance in this period; a risk that is amplified and made even less predictable because of liquidity issues.

I would like to make two personal remarks in this respect.

The first point is that it is now obvious that deregulation has not led to better regulation. We have to note that the origin of most difficulties is in over-the-counter markets; that is unregulated non-transparent markets – but most of the damage is on regulated markets and in society. I particularly think of those who will have to work longer because their pension has disappeared.

By the way, we can also note the good resilience of regulated markets that declined drastically but did not break down. Experience shows that markets cannot function properly without sufficient and reliable information.

The second point is that there is today a window of opportunity to debate and develop appropriate long-term responses as even sectors and individuals who were totally against any form of regulatory intervention are now calling for help. And it is more than time, as over the past 30 years, financial crisis are just becoming more and more brutal.

There is a clear need for a comprehensive regulatory framework and for more transparency. I say comprehensive because I believe that each hole, each exemption may be the source of a systemic risk. However, regulation must remain appropriate and proportional, as overregulation is equally counterproductive.

I am convinced that the accountancy profession has lived up to the expectations regarding governance, transparency and ethics. I believe these are fields where our contribution will add value. Across the world, the profession plays a key role in helping markets work better and safeguarding the public interest.

To further discuss this issue, we asked René Ricol, former President of IFAC, who prepared a detailed report on the topic to be our guest speaker later today.



In the meantime, the three topics we have on our agenda are equally important as they contribute to setting up the foundations of better markets: convergence, networks and public oversight.

Convergence is essential in the current context and we should resist the temptation of purely national solutions. This would undermine more than ten years of efforts toward global solutions.

It is important to learn from the accounting experience where much progress has been achieved, although there are also remaining issues. Hans van Damme, who will be my successor as President of FEE, will chair our first panel.

The second panel will discuss the development of network firms in the Internal Market, raising a whole series of related issues. Patrick de Cambourg, from Mazars, will chair this second panel.

After the lunch offered by FEE, we will still have a heavy menu. The debate will focus on home country oversight, mutual reliance and joint inspections.

This time, our supervisors will be on stage and Philip Johnson, the remarkable Chairman of the FEE Auditing Working Party, will be in the Chair. I would like to add that Philip will soon become the FEE Deputy President.

We hope this debate will contribute to the development of reasonable and practicable solutions by oversight bodies and will prevent the pitfalls of a bureaucratic and costly approach that would not serve audit quality.

To conclude we will listen to 3 prominent keynote speakers: Mr Ricol, Commissioner Mc Creevy and PCAOB Chairman Mark Olson. I am very grateful to them for having accepted to contribute to our discussions today.

I am equally grateful to our opening keynote speaker, Mr Stavros Thomadakis, Chairman of PIOB, the Public Interest Oversight Board of IFAC. Mr Thomadakis has a long career as a Securities Regulator, chairing the Greek Authority and serving in CESR and IOSCO where he chaired the European Regional Committee.

Mr Thomadakis is also a well known economist and an accomplished academic.

The theme of his opening speech will be Convergence and Audit Regulation.

Mr Thomadakis, you have the floor.

Jacques Potdevin, FEE President

Jacques Potdevin practices as a certified public accountant and auditor in Jacques Potdevin & Associés (JPA Paris), the firm he founded and chairs. He is also founder, Chairman and Chief Executive Officer of JPA International and JPA Consulting International, a network of certified public accountants and auditors representing 130 member firms in 41 countries.

He was elected Member and Treasurer of the Compagnie Régionale des Commissaires aux Comptes (Paris, 1982-84); elected Member of the Conseil Régional des Experts-Comptables et Comptables Agréés de Paris Ile-de-France (1984-87); Chairman of the Compagnie Régionale de Paris des Commissaires aux Comptes (1985-87); Vice-Chairman (1987-89) and Chairman (1989-91) of the Compagnie Nationale des Commissaires aux Comptes (French Institute of Auditors). Jacques has served on the Conseil National de la Comptabilité (French Accounting Standards Setter) and is a Member of the High Level Group of Independent Stakeholders on Administrative Burdens (European Commission, November 2007).

In February 1997 Jacques began his involvement in FEE, becoming Vice-President in December 2000, then Deputy President in December 2004 and President in 2006.