



Fédération des Experts
Comptables Européens

Press Release

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An international standard for comfort letters beneficial for all market participants, state European Accountants

FEE analysis provides valuable tool when developing standards for comfort letters

Tuesday 23 May 2006 – BRUSSELS –The European Federation of Accountants (FEE) has today launched a set of recommendations for the development of guidance on comfort letters. This publication is relevant in relation to the European Prospective Directive which recently introduced major changes to prospectuses with regard to their contents, applicability and approval. The comfort letter is a crucial instrument in the prospectus process.

The publication analyses comments received from a range of different stakeholders and is a culmination of their responses to FEE's original discussion paper "Comfort Letters Issued in Relation to Financial Information in a Prospectus" in April 2005. Within the document, FEE has offered practical guidelines for standard setters when developing standards for comfort letters.

FEE sought to find consensus between divergent views on a number of issues. An example is the debate on whether the EU should use the IAASB assurance framework or adopt the existing US accounting standard for comfort letters, otherwise known as SAS 72, which is already common practice amongst many European companies due to the American interest in European public offerings. After careful analysis of current market practices, the comments received and the differing legal frameworks between Europe and the US, full implantation of SAS 72 was not favoured by FEE. Rather, current market practices should come into line with the IAASB assurance framework.

FEE President, Mr David Devlin noted "an international standard on comfort letters would be beneficial for all market participants, not least for issuers and investors, and will contribute to the transparency and the efficiency of the prospectus process. It is our hope that this analysis can be a tool for national and international standard setters when developing standards for comfort letters. On behalf of FEE, I hope that real convergence in such reporting matters as this can be achieved progressively."

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Notes for Editors:

1. Information on Comfort letters: One of the investigation procedures that an underwriter of a prospectus uses is to request an independent auditor to provide them with a "comfort letter" in relation to "unexpertised" financial information (i.e. information in the prospectus which has not already been covered by a report of an independent auditor). The letter supports the underwriter in his due diligence. For more information, please see the FEE Discussion Paper on Comfort Letters issued in relation to Financial Information in a Prospectus.
2. The Fédération des Experts Comptables Européens (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 44 professional institutes of accountants from 32 countries. FEE member bodies are present in all 25 member states of the European Union and three member countries of EFTA. FEE member bodies represent more than 500,000 accountants in Europe.
3. The FEE Analysis of Responses to FEE Discussion Paper Comfort Letters Issued in relation to Financial Information in a Prospectus can be downloaded from the FEE website: www.fee.be.