



Fédération des Experts  
Comptables Européens

# Press Release

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## Network firm definitions should be consistent across Europe say FEE

### The use of the IFAC Code of Ethics as guidance to implement the network firm definition in the EU would prevent harmful consequences

**Monday 8 October 2007 – BRUSSELS** – FEE (European Federation of Accountants – Fédération des Experts Comptables Européens) encourage European Member States to ensure the consistent application of the definition of networks of audit firms within the Internal Market: to this end, they should stick to the definition of networks as included in Article 2.7. of the Statutory Audit Directive. Inconsistency will not only threaten legal certainty, it will be unworkable in practice and in addition will raise compliance costs in contradiction with the stated objective of reducing administrative burdens in the EU. This results from a Survey published today regarding the current network firm definitions used in all 27 EU Member States, Norway and Switzerland. The analysis of responses also focused on the current differences with the Directive and IFAC Code of Ethics network firm definition and the practical implementation issues encountered.

Commenting on the findings of the Survey, **Jacques Potdevin**, President of FEE, said: *"National legislators or regulators should consider the use of the IFAC Code of Ethics guidance in European Member States to promote consistent application of the network firm definition internationally. A definition of "network" is first and foremost a response to cross-border issues in relation to international associations of audit firms, therefore harmonised definitions will provide efficiency and simplification."*

According to **Olivier Boutellis-Taft**, CEO of FEE, *"it is difficult to think of an Internal Market with 27 different definitions, with certain firms in or out of a network depending on which Member State looks at the issue! Furthermore, such a patchwork of national definitions will hamper the international development of networks of mid-sized audit firms at a time where ways to increase choice on the audit market is being discussed"*.

**Michael Niehues**, Chairman of FEE Ethics Working Party, added *"there is also a need for clarification, by means of further guidance, of some currently ambiguous terms in the network firm definitions. The European Commission is encouraged, with advice from the European Group of Auditors' Oversight Bodies (EGAOB), to enhance legal certainty by initiating a process to prepare and provide guidance to the EU Member States to implement and apply the network definition."* FEE believes that this will contribute to the proper implementation of Article 2.7. of the Statutory Audit Directive across Europe.

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Notes for Editors:

1. 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 27 member states of the European Union and three member countries of EFTA. FEE member bodies represent more than 500,000 accountants in Europe.
2. The FEE Survey on the Network Firm Definitions Across Europe can be downloaded from the FEE website: [www.fee.be](http://www.fee.be).