



**Mr. Michel Barnier**  
Commissioner for Internal Market and  
Services  
European Commission  
Rue de la Loi 200  
B-1049 Bruxelles

3 December 2013

Dear Commissioner,

We write to you to express our concerns regarding the proposals to transform EFRAG set out in the report prepared by Mr Philippe Maystadt 'Should IFRS standards be more "European"?'.

BUSINESSEUROPE agrees that there is a need for a thorough economic analysis of the effects of proposed standards. Such analysis should be incorporated with the work of EFRAG but it is also important to safeguard the current quality of EFRAG which should be allowed to continue its technical role.

We have particular concerns regarding the proposals on the role and composition of the Supervisory Board and the underrepresentation of the private sector which is the biggest contributor to EFRAG. Furthermore, we notice that the intended role and composition of the Accounting Regulatory Committee (ARC) has not been defined which leaves uncertainty about the representation of Member States. This cannot be resolved by adding more National Standard Setters to the EFRAG Board. National Standard Setters are organized differently and their governance arrangements vary greatly. They cannot generally be considered as representatives of the private sector. In addition, decision-making in the Board could effectively be blocked as the new Board would be unlikely to reach consensus. BUSINESSEUROPE's concerns are set out in more detail in our 30 September letter to Mr Maystadt, which we enclose for ease of reference.

The proposals create significant uncertainty about the future governance of EFRAG with serious implications for its financing and its ability to fulfill its role satisfactorily. We therefore urge you to clarify as soon as possible how the Commission sees the future governance of EFRAG and when it considers that EFRAG should put these arrangements in place. We remain at your disposal should you wish to discuss this issue further.

Yours sincerely,

Markus J. Beyrer