

## Opening speech for 15th anniversary event

Ladies and gentlemen, distinguished guests, I would like welcome you all very warmly to our event.

The year 2001 was notable for many reasons. It was the year that Enron filed for bankruptcy, the year Wikipedia was founded - according to Wikipedia. And in 2001 - with the encouragement of the EC and the bold vision of our 10 'Founding Fathers' - EFRAG was established.

My name is Andrew Watchman. EFRAG is 15 years old today. I am slightly older, but I am young in my role – as I became chairman of the EFRAG TEG and CEO just three months ago. And, despite the outcome of the UK referendum two weeks ago, I plan to be here for a while longer. Before EFRAG, I was global head of IFRS for an international accounting firm, and before that I was the Accounting Adviser to the UK government's business department. During that period I represented the UK on the EC's Accounting Regulatory Committee. So my first taste of IFRS came with a European flavour.

Before introducing our programme I would like to mention a few of our guests whose role has - or will be - particularly important in EFRAG's history, future or both.

Firstly I'd like to introduce the newest member of team EFRAG - just 5 days ago EFRAG's General Assembly confirmed the appointment of Jean-Paul Gauzes as President of the EFRAG Board, following his nomination by the European Commission and successful hearing in the European Parliament. Many of you will know Jean-Paul as a result of his 10 distinguished years of service as a member of the European Parliament. And, if you know Jean-Paul you will understand how pleased we are at EFRAG at the appointment of such an accomplished and well-respected figure. You will hear directly from Jean-Paul at the closing of our event.

Second, I want to mention Roger Marshall. Roger has served as EFRAG's Acting Board President for almost two years – no doubt a rather longer stint than he expected when agreeing to step in. EFRAG owes Roger a huge debt of thanks for his commitment and strong and wise leadership during this prolonged transition period.

I'm also very pleased to welcome Goran Tidstrom – the first chairman of EFRAG's Supervisory Board; and Hans van Damme – Acting Chairman from 2012 through to the implementation of EFRAG's current governance structure. These are two people whose leadership has been instrumental in EFRAG's success.

So, what of today's programme? Our theme is 'EFRAG Moving Forward'. But when contemplating the future, it's also important to celebrate past achievements and reflect on EFRAG's journey during our 15 year history.

There is no better person to reflect on that journey than Stig Enevoldsen. Stig was involved in EFRAG right from the start, he was our first full-time Chairman for 6 years and is now an EFRAG Board member. So I am very much looking forward to joining Stig in conversation with Peter Walton later in the programme.

EFRAG has adapted and reformed many times in the past 15 years - a young organisation in a changing world. Probably the most significant reform was implemented in 2014 following Philippe Maystadt's comprehensive review of Europe's relationship with IFRS. My eminent predecessor, Françoise Flores led EFRAG successfully for 6 years, including through this critical time of change. And I'm delighted that Françoise is back with us for today, and that she will be testing your knowledge of the new EFRAG following the Maystadt reforms. That is one reason why you have the voting buttons, which you will be using a few times today. Just to allay any concerns, all answers are anonymous.

But back to the theme of EFRAG moving forward. So what does the future hold?

Our subjects for our two Round-table discussions will give you a hint. The first is on Effects Analysis. I'd like to offer some context on why we chose this.

Something that hasn't changed in 15 years is that one of EFRAG's key responsibilities is to advise the European Commission on whether new IFRSs are suitable to be endorsed for use in Europe.

For most of EFRAG's history this advice has been based mainly on a technical assessment. Moving forward, we will be taking a much broader perspective. Ultimately EFRAG will express a view on whether a new standard is conducive to the European public good. And that requires consideration of the wider

effects of financial reporting changes. We will assess not just the direct costs for companies and benefits for users of financial statements, but also how changes in financial reporting might affect the economic behaviour of key actors on capital markets. We then need to assess whether those behavioural changes might have negative consequences for economic development, financial stability or competitiveness. Our pilot case will be the IASB's new standard on leases – IFRS 16, soon to be followed by the expected new standard on insurance contracts.

These assessments are far from easy – but they are the right thing to do and EFRAG is determined to meet the challenge. So I'm particularly looking forward to the discussions on effects analysis, which will be moderated by Dr Claes Norberg. Claes is the Director of Accountancy at the Confederation of Swedish Enterprise and an EFRAG Board member.

Our second Round-table will consider the financial reporting needs of Smaller Listed Companies – whether listed on a regulated market or an alternative market. Ultimately, the question is, when it comes to financial reporting standards, does one size fit all? This is an important issue in Europe and beyond – and has indeed arisen in the context of the EU's Capital Market's Union programme. Although EFRAG's focus is on IFRS for use on Europe's regulated markets, moving forward we are ready to play our part in this debate and indeed in debates on wider corporate reporting developments. The discussion will be led by Olivier Boutellis-Taft – the CEO of the Federation of European Accountants.

Before I introduce our keynote speaker, I would like to say a few more words about EFRAG Moving Forward. You will understand that Jean-Paul and I have not yet had much time to work on any detailed plans. But some directions are already clear.

Following the reforms in 2014 EFRAG is a very different organisation – more representative, more accountable, better placed to speak as the European Voice in financial reporting and to serve the European public interest. But the first review of the effectiveness of the new structure indicates that we have some work to do on perceptions of the role we serve. So we must focus on our communications, and strengthening relationships with some key stakeholders outside our heartland of technical accounting circles.

I'd also like to comment briefly on how EFRAG seeks to influence the IASB. In my early days at EFRAG I have particularly enjoyed meeting many of our stakeholders, and some have asked whether I expect EFRAG to take a more aggressive relationship with the IASB. Let me say that I don't see it that way.

Europe chose international standards in 2001, and only recently reaffirmed that choice. EFRAG's role has always been to help make a success of that decision.

To that end, EFRAG has demonstrated that we can and will exercise robust influence when an issue is a pressing concern to Europe. A recent, high profile example was EFRAG's work in helping to convince the IASB that something needed to be done to address the problems of different effective dates of the new financial instruments standard (IFRS 9) and the forthcoming new insurance contracts standard.

But EFRAG's influence comes mostly from our continuous, constructive participation in the debate: our comment letters, our proactive work and our day-to-day interactions with the IASB. We need to be effective and influential in this upstream work – before new standards are issued – to ease the path for our downstream work – the endorsement advice. And for that we need a constructive partnership with the IASB, working towards the shared goal of making a success of Europe's IFRS project.

The success of the Europe's IFRS project is of course critical to the broader ambition of global standards.

I'm looking forward to this afternoon and, beyond, to working with Jean-Paul, the EFRAG Board and the EFRAG team to build on the strong foundations of the past 15 years.

Now it's time for me to give the floor to our keynote speaker – Matthew Baldwin. Matthew is Head of the Cabinet of Commissioner Jonathan Hill, whose portfolio covers Financial Services, Financial Stability and CMU. By profession, Matthew is a trade negotiator – a skillset that will be in high demand in the next few years.

Ladies and gentlemen, I do hope you enjoy our event. And Matthew – we are very grateful to you for taking time from your busy schedule to help us celebrate our 15<sup>th</sup> Anniversary. And I give you the floor.