SWEDISH
CORPORATE
GOVERNANCE BOARD

FI2015/1220

Comments regarding the Ministry of Finance proposals on new procedures for accounting oversight (SOU 2015:19)

The Swedish Corporate Governance Board ("the Board") was invited to submit comments to the Swedish Ministry of Finance on its document entitled “New Procedures for Accounting Oversight”, (SOU 2015:19). The proposal seeks to shift responsibility for accounting oversight, which today is shared between the Financial Supervisory Authority (Finansinspektionen) and the Nasdaq OMX Stockholm AB and Nordic Growth Market NGM AB stock exchanges, to the Financial Supervisory Authority alone.

The Board opposes this proposal. The Board endorses the comments submitted by the Board’s parent organisation, the Association for Generally Accepted Principles in the Securities Market, (see attached), and would like in addition to state the following.

There are compelling arguments in favour of delegating the responsibility for normal accounting oversight to a self-regulatory body. In addition to the views expressed by its parent organisation, the Board would like to emphasise that accounting oversight in both the United Kingdom and Germany has been in the hands of self-regulatory bodies composed of highly regarded individuals with extraordinarily high levels of expertise for many years. That the situation in the United Kingdom, for example, not been studied closely in the report, despite stating on page 72 that the British self-regulatory body Financial Reporting Council was founded in 1990 and that the issuers subject to supervision believe it to work well, is a serious omission.

Self-regulation has a long and strong tradition in the Swedish securities market. It offers many advantages, not least through a well-respected and qualitatively good regulation and through its adaptability and capacity for rapid change. Both government and the corporate sector have worked actively in the EU to promote self-regulation in relevant areas, instead of rigid detailed regulation by the EU. Now that the Transparency Directive (2004/109/EC) allows for a self-regulation model for accounting oversight, and when the rational arguments cited for continued self-regulation regarding accounting oversight are compelling, the Government should seize this opportunity. If not, we face the risk that the scope for self-regulation will be further limited in future legislative work within the EU.

The Board's conclusion, therefore, is to reject the report’s proposal and instead advocate a model that allows self-regulation in accordance with that presented to the Board's parent organisation.

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THE SWEDISH CORPORATE GOVERNANCE BOARD

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