

ecoDa

a.s.b.l.

Confédération Européenne des Associations d'Administrateurs
European Confederation of Directors' Associations

Klaus-Heiner Lehne
European Parliament
Bât. Altiero Spinelli
10E103
60, rue Wiertz
B-1047 Brussels

Brussels, 14 January 2008,

Object: Comments following the draft report on a simplified business environment for companies in the areas of company law, accounting and auditing.

Dear Sir,

The European Confederation of Directors' Associations (ecoDa) believes that this is now the appropriate time to conduct a review of the business environment and that this should address both amendment to specific legal instruments and consideration of whether the *acquis* is appropriate to the present business environment or the environment in which EU business will be operating for the foreseeable future. ecoDa acknowledges the need to adapt Corporate Governance standards depending on the size and the legal form of companies. Specific adjustments should be done for SMEs and non listed companies. ecoDa welcomes therefore your support to the European Commission's initiative.

However the European Commission should not reason only in terms of costs for companies but in terms of objectives pursued by its legislative work. Simplification, costs reduction and management efficiency should not increase risks and lack of safety for stakeholders. Company Law's reform should not jeopardize achievements made so far regarding corporate governance within Europe and transparency towards stakeholders at large. Protection of stakeholders is part of Company law and Corporate Governance. Detailed examination of each directive relating to Company Law should prevail over inappropriate complete repeal. That is why ecoDa's members largely prefer the second option suggested by the Communication of the European Commission i.e. focusing on concrete, individual simplification measures. Company Law simplification should also refer to the necessary upholding of good corporate governance.

Specific examination of amended directives where transposition deadline has not come into force yet should be started quickly to avoid successive useless legislative adaptations for companies and to avoid legislative chaos. Legislative stability is required to enhance good corporate governance practices.

Until now, the European institution has succeeded to implement a minimum of Corporate Governance's standards with a different approach from the United States. ecoDa would welcome a thrifty simplification of the Fourth and Seventh Companies Directive providing it will not resume Corporate Governance to an empty box. Transparency is an essential part of Corporate Governance, if not its cornerstone.

Both the Communication of the European Commission and your draft report refer to micro-entities. By asking to double the threshold values for categorisation as a micro-entity, it will become difficult to distinguish these micro-entities from SME's. Whatsoever Company Law simplification should not prevent small companies from respecting certain norms.

ecoDa welcomes suggestions made with regard to the need to create a new legal framework for undertakings. The expected legislative proposal for a European private company should take into account the experience of the European Company to create an operational tool for SMEs. Efficiency must not only be searched for the past but also for future actions. Moreover the Company Law simplification should coincide to a deeper reflection on the future legislative work and on real needs for companies. A public hearing should be envisaged in that prospective.

IN SHORT

Company Law simplification should:

- refer to the necessary upholding of good corporate governance (in paragraph 1 or in an additional paragraph 2 of your draft report),
- avoid successive useless legislative adaptations for companies (a new paragraph 9 should be added in that sense in your draft report),
- not resume Corporate Governance to an empty box (in the additional paragraph 2 and in paragraph 12 of your draft report),
- not prevent small companies from respecting certain norms (in an additional paragraph dealing with SMEs in your draft report),
- should coincide to a deeper reflection on the future legislative work (in a conclusive paragraph in your draft report).

We hope that you will give your support to our remarks.

With kind regards,
Yours sincerely,



Béatrice RICHEZ-BAUM
Secretary General



Miles Templeman
Chairman

More about ecoDa:

The European Confederation of Directors' Associations (ecoDa) is an organisation representing the views of its ten members, the British Institute of Directors (IoD), the *Institut Français des Administrateurs* (IFA), the *Institut Luxembourgeois des Administrateurs* (ILA), the *Finnish Association of Professional Board Members* (Hallitusammattilaiset ry), the *Instituto de Consejeros – Administradores* (IC-A), the *Czech Institute of Directors* (CloD), the *Slovenian Association of Supervisory Board Members*, the *Polish Institute of Directors* and the *Croatian Association of certified supervisory board members*, (the Belgian *Guberna* being about to join us) on corporate governance and company law issues.

Our Chairman:

Miles Templeman is the Director General of the British Institute of Directors (IoD). Alongside his IoD role, Miles is non-executive Chairman of Shepherd Neame, the Kentish family brewer; non-executive at restaurant chain YO! Sushi; and a non-executive director of Melrose plc, the buy-out specialist.