

Mr Pierre Delsaux  
Acting Director  
Accounting  
Internal Market and Services DG  
European Commission  
B-1049 Brussels  
Brussels,

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Dear Pierre,

On behalf of the Federation of European Securities Exchanges (FESE), I would like to thank you for your letter on *Financing of the IASB – Considerations related to a companies' fee based option*. Please find below the response of FESE with regard to questions you pose in your letter:

**1) Current financing of the IASB**

FESE believes that it is important to continue the work of IASB, and that the current financing model of the IASB should only be changed if voluntary funding is not sufficient.

**2) New financing – Company funding option**

Funding, total or partially, through contributions from regulators or national accounting standards bodies of the **Members States** or through the **European Commission** would be the best option. However, if the company funding option is eventually chosen, the funding should be made by **end users** such as institutional investors, audit firms and issuers who are the **main beneficiaries** of IASB standards.

**3) Technical issues**

If the company funding option is chosen, the fee should be calculated according to **company size** rather than capitalization. While our members support the Commission's efforts to ensure that the IASB has a reliable funding source, I must let you know that **FESE is unable to endorse any scenario that would involve the collection of the fees by the Exchanges**. As you know, most European exchanges are now private entities with profit-making purpose structure and own fees. Hence, their supervisory functions have been progressively handed over to their national supervisors. Making exchanges collect these fees would inevitably mislead their members and confuse the market. More important, we firmly believe that such an imposition is unjustified and would in fact undermine the competitiveness of Europe's regulated markets in the global arena, at a time when our markets are trying to digest the costs of the FSAP and seek to attract investors and issuers despite the higher costs of admission to trading in Europe. Taxing Europe's issuers would send the wrong message to Europe's markets and could potentially deter companies from listing on an exchange.

We propose that the institutions collecting these fees be **National Financial Services Authorities, National Registers of Companies** or **National Standards Bodies**. Imposing the fee through one of these entities would be fully in line with the objectives you set out in your letter.

I hope that you will find our response useful as you finalise your decision on this subject.  
We are looking forward to discussing this issue further with you.

Yours sincerely,  
Judith Hardt, Secretary General