

Internal Market: Commission refers France to Court of Justice over restrictions on provision of services by networks of audit firms

The European Commission has decided to refer France to the European Court of Justice over its national independence rules relating to international networks of audit firms. The Commission considers that Articles 24 and 29 of the 2005 French Code of Ethics for auditors unduly restrict the freedom to provide services as guaranteed by Article 49 of the Treaty. This follows a reasoned opinion sent in October 2007, after which the French authorities failed to amend the relevant Articles accordingly.

Articles 24 and 29 (III, second paragraph) of the Code of Ethics concern non-audit services provided worldwide by any member of an international network. Under these rules, the provision of a large number of non-audit services to any company that is either a parent or a subsidiary of a company audited in France is deemed to be incompatible with the independence requirements of the French statutory auditor. Due to the fact that these presumptions cannot be challenged, an auditor and its network are not in a position to demonstrate that the independence of an audit is unaffected.

The Commission takes the view that the rules in question go far beyond of what is required by Article 22(2) of the Directive 2006/43/EC which establishes a general framework for independence of statutory auditors in the EU. The Commission considers, in this respect, that the rules are not proportionate to the objective of ensuring the independence of auditors. Moreover, the provisions of the French Code do not take into account the rules existing in other Member States that already protect the independence of auditors.

The European Commission has therefore decided to refer France to the European Court of Justice.

The latest information on infringement proceedings concerning all Member States can be found at:

http://ec.europa.eu/community_law/index_en.htm