



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

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Our ref: ICAEW Rep 106/07

DG Internal Market and Services
European Commission
Rue de la Loi 200
B-1049, Brussels
Belgium

By email: Markt-F2@ec.europa.eu

Dear Sir

POSSIBLE STATUTE FOR A EUROPEAN PRIVATE COMPANY

The Institute of Chartered Accountants in England and Wales (the Institute) welcomes the opportunity to comment on the consultation paper *A Possible Statute for a European Private Company (EPC)* published by the Internal Market Directorate General of the European Commission in July 2007.

The Institute operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 128,000 members in more than 140 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The Institute is a founding member of the Global Accounting Alliance with over 700,000 members worldwide.

We set out below our general comments, but have not provided detailed answers to the specific questions raised, many of which are directed at companies.

We note that the main purpose of a European Private Company (EPC) would be to make cross-border operations within the EU easier. However, we think that there would be little practical benefit in implementing such an EPC Statute. We acknowledge that an EPC may provide some additional choice. However, since any EPC Statute would not address issues such as accounting, tax, insolvency, labour, social security and criminal law (with EPCs instead required to follow the relevant law of their place of incorporation), in our view EPCs would be a myth as real stand alone entities.

An EPC statute would create a large amount of law and bureaucracy at the EU Commission and European Parliament, and then also at the Member State level, when in practice it is easy simply to establish a subsidiary in another Member State. We note that corporate vehicles created by EC statute create a huge amount of law and bureaucracy, and yet very few European Companies (SEs) have been formed.

We therefore wonder whether EPCs may be motivated from a political rather than practical perspective.

We understand that, given the shortcomings of the proposed EPC Statute outlined above, there is very little interest in the EPC from UK business, and we are not aware of cross-border business operations that UK business is unable to do, that might be facilitated by an EPC.

We therefore believe that the proposals under the Simplification project, in particular reform of the Second Directive, should take priority over the EPC proposals.

Please contact me should you wish to discuss any of the points raised in this response.

Yours faithfully



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