





Trends in regulation of the financial sector: Accountancy

Richard Martin

ACCA

- Association of Chartered Certified Accountants
- Largest global accountancy qualification
- 300,000 members and students in 160 countries
- UK origins and base
- Exams in IAS since 1997

Accountancy and regulation

- **Supplying financial information for regulation of the financial sector**
- **Financial reporting for capital markets**
- **Audit of financial statements**

External or self-regulation?

- Independence
- Conflicts of interest
- Expertise
- Adaptability
- Costs

Institutional structures

- Oversight
- Involvement of interested parties
- Standard setting
- Enforcement
- Double jeopardy
- Transparency
- Due process

Rules or principles

- US or European approach
- Clear unambiguous rules
- Loop holes
- Adaptability and scope
- Cultural differences
- Long term trend towards rules
- Some counter currents
 - IASB
 - SEC post-Enron

Setting rules and enforcement

- Both are needed
- Separation
- Positive feedback
- Interpretations and enforcement decisions
- Enforcement mechanisms
 - Transparency
 - Appropriate sanctions

Globalisation

- Level playing field
- Comparability for global capital markets
- Reinventing the wheel
- Boundaries
 - Global
 - National
 - Regional for example E U

