



Press release

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Institutional investors raise concerns over EU's audit proposals

The Institutional Investor Committee (IIC) has issued its preliminary views on the European Commission's proposed Regulation and amending Directive on the audit requirements for public-interest entities.

Audits are vital in ensuring that institutional investors trust what companies' accounts tell them. The current EU proposals aim to improve audits by addressing institutional investors' concerns on:

- The limited number of players in the market and the impact this can have
- The quality of audits
- The outputs and the nature of the audit report

However, investors' initial views are mixed as to whether the proposals will be effective or whether they could have a detrimental effect on audit quality.

Douglas Ferrans, Chairman of the IIC, said:

"It's encouraging that the EU is looking at investors' concerns in relation to audit. However, the new proposals could give rise to certain unintended consequences which we want to avoid. For example, they could interfere with the markets in undermining the rights of shareholders and the role of the audit committees."

-Ends-



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Notes to Editors:

- The IIC is a group of trade associations that represents institutional investors and comprises the Association of British Insurers, the Investment Management Association and the National Association of Pensions Funds.
- A copy of the full EU Audit proposal is available on the [IIC website](#). **[Link to be added before release]**