

### **Case-related ex-ante query**

Companies have been able to turn to the FREP for clarification of accounting issues by submitting case-related ex-ante queries since November 2009. This procedure helps avoid errors during financial statement preparation, strengthening the FREP's preventative function.

Case-related ex-ante queries may only be submitted by companies subject to the enforcement regime in Germany, i.e. whose securities are listed on a German exchange for trading in the regulated market. There is no legal right to have case-related ex-ante queries accepted or responded to by the FREP.

The FREP does not charge a separate fee for case-related ex-ante queries.

A company requesting advice must submit the following documents to the FREP:

- a sufficiently concrete description of the issue;
- the proposed accounting treatment for this issue; and
- an opinion from the (current) auditors.

In addition, companies submitting a case-related ex-ante query to the FREP have to agree to the following:

- The FREP decides at its sole discretion whether and, if so, when to provide its opinion on a case-related ex-ante query. The FREP can discontinue the procedure at any time without stating reasons. The FREP does not reimburse costs the company has incurred or will incur.
- The FREP will inform the Federal Financial Supervisory Authority (BaFin) of specific case-related ex-ante queries it receives. In specific cases of greater interest, issues arising in case-related ex-ante queries may also be submitted for discussion at the European level (European Enforcement Coordination Sessions), as is also the case for enforcement examinations.

- The FREP is not bound to follow an opinion provided in response to a case-related ex-ante query in any subsequent enforcement procedure.
- The company commits to keeping the content of the case-related ex-ante query and the position taken by the FREP strictly confidential vis-à-vis third parties. Their (current) auditors are not considered third parties with respect to this commitment.
- The company waives the right to raise any potential claims for damages and indemnifies the FREP against any third party claims.

Following the completion of the full case-related ex-ante query procedure, the FREP advises the company as to whether it considers the accounting treatment proposed by the company acceptable.

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