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By email only to: [cp14-17@fca.org.uk](mailto:cp14-17@fca.org.uk)

30 September 2014

Dear Ms Hinchy

## **CP 14/17 Early implementation of the Transparency Directive's requirements for reports on payments to government**

Deloitte LLP is pleased to respond to CP 14/17. Our response to the detailed questions set out in the Consultation Paper are set out in the Appendix to this letter.

Our main concern is the timescale for application of these rules to non-UK incorporated issuers for whom the UK is the Home State who, as a result of being incorporated outside the UK, will not be subject to the forthcoming UK Reports on Payments to Governments Regulations 2014. These companies may not have been aware of the UK Government's intention to implement these requirements early; a rule change in late 2014 will leave them with little time to make any necessary changes to systems and controls to collect the necessary information. If the FCA go ahead with early implementation, it will be helpful for the FCA to draw the attention of affected issuers to the new DTR 4.3A.

We would be happy to discuss our letter and the draft proposals with you. If you have any questions, please contact Richard Gillin on 020 7007 0202 or [rgillin@deloitte.co.uk](mailto:rgillin@deloitte.co.uk).

Yours sincerely



Veronica Poole  
National Head of Accounting and Corporate Reporting  
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## Appendix

### Answers to the detailed questions set out in CP14/17

**Q1: Do you agree with the proposal to align the implementation of the TD country by country reporting requirements with the implementation by BIS of the country by country reporting requirements in Chapter 10 of the AD to take effect in respect of financial years commencing on or after 1 January 2015?**

Please see the comments in our covering letter concerning non-UK incorporated issuers.

**Q2: Do you agree with the proposal to introduce a new DTR4.3A and new transitional provision DTR TP 1 (23) relating to reports on payments to governments?**

Yes, subject to redrafting of DTR 4.3A.7 as follows: “Where the *issuer* is a *parent undertaking*, payments to governments must be reported at a consolidated level.”

We suggest that once the rule is finalised it may be helpful to publish a UKLA Technical Note clarifying that, whilst a report prepared in accordance with the UK Reports on Payments to Governments Regulations 2014 will be treated as compliant with DTR 4.3A.7R(1):

- compliance with those Regulations is not required provided that the report complies with Chapter 10 of the Accounting Directive;
- that, prima facie, reports prepared in accordance with requirements implementing Chapter 10 of the Accounting Directive in another EEA State will be treated as meeting the requirements of DTR 4.3A.7R(1); and
- drawing the attention of those non-EEA issuers who will not be subject to Chapter 10 in any EEA State to the industry guidance referred to by BIS in their consultation response as a helpful source of guidance.

**Q3: Do you agree with the proposal to amend DTR4.4.8R and DTR6.3.5R(3) to refer to reports on payments to governments?**

Yes.

**Q4: Do you agree with the proposal to amend the Glossary definition of the Transparency Directive and to include a definition of the Accounting Directive in the Glossary?**

Yes.

**Q5: Do you agree with the proposal to amend DTR8 Annex 2, DTR TP 1 (1) and PR2.4.2G to make reference to reports on payments to governments and DTR4.3A?**

Yes.

**Q6: Do you agree with the proposed approach in relation to the sanctions and the scope set out above?**

Yes. We agree with the FCA that applying a different sanctions regime for Reports to Payments to Governments for one year would be confusing.