

Mr Tommaso Padoa-Schioppa
Chairman of the Trustees
IFRS Foundation
30 Cannon Street
London
EC4M 6XH

30th November 2010

Dear Mr Padoa-Schioppa,

The annual improvement process: Proposals to amend the Due Process Handbook for the IASB

This is the British Bankers' Association's response to the above proposal; we welcome the opportunity to comment. We share the view that the due process around the IASB's annual improvements process needs to be enhanced and greater clarity brought to when and for what purpose it should be used to amend IFRSs. In this context, we welcome the Trustees' decision to address this issue and are broadly supportive of the criteria proposed to assess whether a project should be included in the process.

In writing, however, we would also like to take the opportunity to reiterate our previous comments on the IASB's due process and the need for the Constitution to be strengthened. In the past we have made clear our view that whilst the IASB's due process and stakeholder engagement procedures have appeared to be a model of their type the reality has been that they have often fallen short in practice. The establishment of the Monitoring Board and the oversight of the G20 and Financial Stability Board would appear to have gone some way to rectifying these concerns and we are pleased to have observed the Board and Staff deepening their engagement and outreach activities with constituents and other interested parties over recent months.

These improvements notwithstanding, we believe that further enhancements could be made to the constitution. For example, we suggest that the Trustees should consult annually on the IASCF's business plan, budget and forward looking agenda.

We set our thoughts on the question posed in the consultation below.

Question:

The proposed amendments to the IASB Due Process Handbook are intended to provide enhanced criteria to assist the IASB and interested parties when determining whether a matter relating to the clarification or correction of IFRSs should be addressed using the annual improvements process.

Do you think that the proposed criteria provide a sufficient and appropriate basis for assessing whether a matter relating to the clarification or correction of IFRSs should be addressed using the annual improvements process? If not, what changes would you propose and why?

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We welcome the proposed enhancements to the annual improvements process. We broadly support the criteria set out in paragraph 65A and welcome the commitment to maintain the principles-based nature of IFRS. In this context, we firmly support the inclusion of the following statement in paragraph 65A (a) (ii): 'A correcting amendment does not propose a new principle or a change to an existing principle', but would not agree that a correcting amendment should create an exception from an existing principle. Our view would be that an exception from a principle is best progressed by a targeted project. Doing otherwise runs the risk that, as the constituent base following IFRS expands, the IASB will come under ever greater pressure to create new exceptions which would, over time, lead to IFRS becoming more "rules-based".

We support the other criteria proposed, believing that they will enhance the rigour of the Annual Improvements Process and therefore urge that the amendments be made to the Due Process Handbook.

Yours sincerely,

A handwritten signature in black ink, reading "Paul Chisnall". The signature is fluid and cursive, with the first name "Paul" and last name "Chisnall" clearly distinguishable.

Paul Chisnall
Executive Director

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