

Mr Gerrit Zalm, Chairman
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CC: Tamara Oyre, Assistant Corporate Secretary
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17 September 2008

**Public Accountability and the Composition of the IASB - Proposed Amendments
to the IASC Foundation Constitution**

Dear Mr Zalm,

Mazars welcomes the opportunity to comment on the above mentioned proposition relating to the public accountability of the IASCF and the composition of the IASB. Our responses to the specific questions included in the Exposure Draft are detailed below.

Monitoring Group

Question 1 - Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions?

The independence principle at the heart of the IASCF organisation is to prevent the creation of standards from being beholden to national, regional, sectoral or other special interests. Nevertheless, as the IFRSs are becoming the worldwide accepted set of international accounting standards, enhancing public accountability is fundamental. Given this objective, we do not believe that maintaining a system of self appointment of Trustees without democratic and public oversight is sustainable.

Therefore, we support the creation of a Monitoring Group, composed of official institutions or international public organisations that are accountable to the public. This link will enhance the credibility of the IASCF, the IASB and the IFRIC and give legitimacy to their work. We also expect this proposal to make the dialogue between the IASB and public authorities easier.

Question 2 - The proposals contemplate a Monitoring Group comprising representatives of seven public authorities and international organisations with a link to public authorities. While recognising that the Monitoring Group is an autonomous body, the Trustees would welcome comments regarding the Monitoring Group's membership and whether other organisations accountable to public authorities and with an interest in the functioning of capital and other financial markets should be considered for membership.

We agree with the composition of the Monitoring Group. We consider that the objective of this group is to create a link with public officials through high level senior people representing organisations having an interest in accounting standard-setting. The IASCF will thus function in a way similar to national standards setters that report to national securities regulators, governments or parliaments.

Therefore, we share the Trustees' opinion that there is no need to include in this Group representatives of banking regulators, financial analysts organisations or other stakeholders. There already exist mechanisms for contact with stakeholders that permit receiving from them a specific input outside formal consultations. The main objective of the Monitoring Group being the creation of a direct link of public accountability, its composition must reflect this objective and not give the impression of any representation of specific interests. Moreover we consider that the size of such a group must be limited and thus we would not support extending its size.

We also consider that having high rank officials attending the Monitoring Group will give it a real legitimacy. It will also enable the IASCF to attract high calibre individuals as Trustees.

Question 3 - *The Trustees will remain the body primarily responsible for the governance of the organisation and the oversight of the IASB. Their responsibility to a Monitoring Group will enable regulatory and other authorities responsible for the adoption of IFRSs to review the Trustees' fulfilment of their constitutional duties. Does the formulation of the Monitoring Group's mandate and the Trustees' reporting responsibilities, as described in the proposed Section 19, appropriately provide that link, while maintaining the operational independence of the IASC Foundation and the IASB?*

We support maintaining the operational independence of the IASCF and the IASB. We therefore consider that the responsibilities of the monitoring Group should be limited to overseeing governance issues, including the appointment of Trustees. In particular we consider that the oversight of the IASB's agenda should remain the responsibility of the Trustees as it is one of their key roles. Thus we fear that the proposed paragraph 19 (c) of the Constitution goes beyond the role of the Monitoring Group. As currently drafted, the wording of this paragraph seems too wide and should be narrowed to governance issues, thus avoiding any indirect agenda-setting.

Question 4 - *Given the proposed creation of a Monitoring Group, would there be a continued need for the Trustee Appointments Advisory Group in the selection of Trustees? If so, what should be the role and composition of the Trustees Appointments Advisory Group? The Trustees would welcome any additional comments related to the Monitoring Group proposal.*

As we believe that the Monitoring Group should only approve the Trustees' nomination without intervening in the selection process, we consider that there is a continued need for the Trustee Appointments Advisory Group. While the approval process is in the hands of the Monitoring Group there is still a need for a sound selection process initiated by the Trustees themselves. We consider that the preparation of such a selection should stay the responsibility of a small subgroup among the Trustees, such an organisation being in our view more efficient than a work involving all the Trustees.

IASB's composition

Question 5 - *Do you support the principle behind expanding the IASB's membership to 16 members in order to ensure its diversity, its ability to consult, liaise and communicate properly across the world, and its legitimacy?*

While we agree with the objective of ensuring the IASB membership diversity and legitimacy, we are concerned that the proposal to increase the size of the IASB from 14 to 16 voting members will affect its efficiency and will result in a longer decision-making process. We feel that there is a maximum size that a group may have in order to work collectively without creating subgroups. We see a risk that the proposed size of the Board could make it difficult to have collective in-depth discussions. Nevertheless we also feel that there is an increased need for an enhanced liaison role for Board members. Thus we agree with the IASCF proposal to increase the size of the Board if this proposal meets the liaison objective and permits increasing the number of part-time members.

Question 6 - Do you agree with the geographical formulation suggested by the Trustees?

While we agree with the Trustees' proposal to set rules to ensure the diversity in the membership of the Board, we would have preferred a more flexible rule enabling the IASCF to choose high calibre individuals with a strong experience in financial and accounting matters. This objective could for instance be achieved by defining ranges rather than fixed numbers for each geographic allocation. We also consider that the composition of the Board should give priority to members coming from regions or countries that already apply IFRSs.

However, if the geographical allocation as set out in paragraph 26 of the proposals were to be maintained, we have strong reservations about the proposal to have four members from North America, which raises issues with respect to a one-country dominance in the Board composition. As several countries in Latin America are making a move towards the adoption of IFRS we therefore suggest that paragraph 25 (a) should read: *four IASB members appointed from the Americas*. There would then be no need to have (e) one member from South America and (f) should then accordingly read *"three members appointed from any area, subject to maintaining overall geographical balance"*

Question 7 - The Trustees are suggesting that the Constitution should provide flexibility on the matter of part-time membership. Do you support that proposal? The Trustees would welcome additional comments on the proposals.

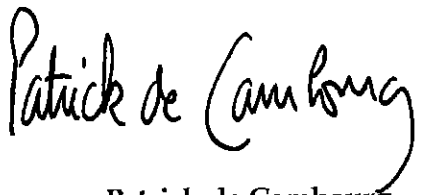
We consider that the choice of Board members with a wide range of practical experience on financial and accounting matters is key to the credibility of the IASB. This objective can be achieved notably by having members splitting their work time between the IASB and other professional activities. Part time members will indeed better know the current practical issues related to financial reporting. As currently worded, the flexibility introduced in the draft constitution relating to part-time membership could lead to having no part-time members. While we understand that there may be practical issues that make it difficult to find part-time members, we consider that flexibility should not involve such a possibility.

Additional comments

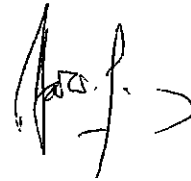
We strongly believe that practical experience is the key criteria for choosing Board members. We would recommend the Trustees to pay attention to the diversity of Board members regarding their professional profile and the length of their operational experience (from 20 to 45 years). Paragraph 25 of the Constitution states that members of the Board shall be appointed for five years, renewable once. We are of the opinion that a period of ten years is very long and could disconnect Board members from practical experience. We thus call the IASCF to reconsider the length of appointment periods.

We would be pleased to discuss our comments with you and stay at your disposal should you require further clarification or additional information.

Yours sincerely



Patrick de Cambourg
Chairman of the Group Executive Board



Michel Barbet-Massin
Head of Financial Reporting Technical support