



Ref: CESR/06-444

Thomas Seidenstein
International Accounting Standards Committee
Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

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IASCF's draft due process handbook for the IFRIC

Dear Mr. Seidenstein,

The Committee of European Securities Regulators (CESR), through its standing committee on financial reporting (CESR-Fin), considered the International Accounting Standards Committee Foundation's paper – *Due Process Handbook for the International Financial Reporting Interpretations Committee (the Handbook)*.

From CESR-fin perspective, the draft due process handbook for the IFRIC is dealing with a very critical issue as the role of the IFRIC and its due process is instrumental in the quality of the standards issued by the IASB as well as in the consistent interpretation and rigorous application of those standards leading ultimately to the quality of the financial information provided to the investors.

Therefore, we thank you for this opportunity to comment on your draft handbook and we are pleased to provide you with the following general comments.

- CESR-Fin recommends that the IFRIC make the whole process more transparent. In particular, the handbook should require the IFRIC to make public the list of the questions in process, the status of each issue and the estimated timetable of when an issue will be discussed. This document would be very valuable to constituents who will be able to follow an issue throughout its life on the agenda.
- CESR-Fin recommends the IFRIC should contemplate specifically a mechanism described in the handbook that should seek to prioritize (and re-prioritize) more the issues the group wants to discuss. Indeed, certain interpretive issues will warrant more immediate resolution than others and there may be a need to adjust the priority of current issues as new ones are added to the IFRIC's agenda.. The Handbook should also address the frequency at which this process should take place (e.g. every meeting, every other meeting, etc...).
- Although CESR-fin understands that the Agenda Committee is not a decision making body, and therefore does not meet in public, we do think its process should also be more transparent. Therefore, we would recommend the Agenda Committee to issue a list of the questions in process, the status of each question and the estimated timetable of when the Agenda Committee will discuss an issue next. This list should be made available to the IFRIC and discussed during public sessions in order to raise the constituents' awareness. Therefore, we recommend a requirement for such a document to be also included in the handbook.



- CESR-Fin also has concerns regarding the substance of the rejection wording which has developed in a way that could let the constituents feel that these are in fact quasi interpretations. On the other hand, it is also very crucial to have a clear answer to the questions raised by constituents and CESR-Fin holds firmly the view that a simple wording stating “the standard is clear” without pointing at the relevant literature would not be very helpful. Therefore, CESR-fin recommends that IFRIC should try to discipline itself more strictly when drafting these wording for rejection.

CESR-Fin would also like to have the opportunity to comment on par.30 of the handbook according to which, a simple majority of IFRIC members (present at the meeting) can agree to add or not any issue on the agenda, after having considered the agenda committee recommendation. However, this issue is because of its relevance still under discussion within CESR-Fin and therefore, we would be happy to provide comments on this important issue when our internal discussion has been finalised and anticipate this to be no later than the end of November.

I should be happy to discuss all these issues further with you.

Yours sincerely,

Paul Koster
Chairman of CESR-Fin