

21 October 2009
Mr Gerrit Zalm
Chairman
International Accounting Standards Committee Foundation
30 Cannon Street
London, EC4M 6XH
United Kingdom

Re: IASCF Constitution Review Part 2 (Proposals for Enhanced Public Accountability)

Dear Mr Gerrit Zalm

I am so pleased to provide comments to the IASC Foundation Trustees on the proposals for enhanced public accountability.

My comments do not cover all the questions on the proposals but are focused on key issues that I want to discuss at Tokyo round table meeting on 21 October 2009. The full comments from Korea Accounting Standards Board on all of the questions will be submitted by the deadline of 30 November 2009.

During the last several years, we noticed rapid and unprecedented changes of accounting standards toward globalisation. And undoubtedly, the IASCF and IASB played the greatest role in bringing about the success so far.

In particular, I believe that Korea would not have preemptively decided to adopt IFRS and made progress toward IFRS adoption, without the assistance and cooperation from the IASCF and IASB.

Now, I think it is time that IFRS adoption countries including Korea contribute further to the enhancement of the IASCF and IASB, since the IFRS is not just a ready-made imported goods but the products that all of us have to produce together.

First of all, I would like to make a few comments on the proposals from the perspective of an IFRS-adopted emerging market country.

1. Geographical diversity

With respect to geographical allocation of Trustees, it seems necessary to incorporate some other measures in order to enhance diversity and fair opportunity. Under the current proposals, it is possible that only some leading countries take all of the seats while keeping the other countries from participation. If that is the case, one of the objective of the Constitution would not be achieved, which is to take account of emerging economies.

Therefore, I suggest that the Constitution include the requirement that countries within each region have seat-rotation. We understand that some would argue that it is not feasible at this stage citing that it is difficult to select qualified personnel from the countries other than major countries. However, if we admit that more than 100 countries have adopted or converged with IFRS, it is more desirable to encourage newly IFRS-adopted or converged countries to take more responsibility by way of playing leading role. In doing so, IFRS would stand as truly globally accepted accounting standards.

Alternatively, I would also like to propose a modified suggestion factoring in current situation, which is that major countries are allocated with one seat whereas emerging market countries rotate for the remaining seats.

Although this solution may appear to be a segregation policy, I believe we have to admit the reality that a limited number of influential countries have sent their representatives to the Trustees for the last 7 years despite the geographical allocation in the Constitution (please refer to the appendix 1). In this sense, my modified suggestion would be a practical solution to provide many emerging countries with opportunity for participation.

When we take the UN Security Council as an example, we can see that it is composed of 5 permanent members and 10 non-permanent members. I am not insisting that the Trustees should have the similar structure as the UN Security Council for long periods. But I firmly believe that the way of rotating only the emerging market countries is not only better than the current clause but also an interim solution to eventual fair opportunity among countries.

In addition, I argue that geographical distribution of the Trustees should be considered together with that of the other IASCF organizations including IASB, IFRIC, SAC, and Monitoring Board. Unfortunately, these organizations have as scarce geographic

dispersion as the Trustees. So it is even more difficult for emerging market countries to have their voices heard at the IASCF and IASB.

If the Trustees acknowledge that the requests and suggestions from emerging market countries will increase going forward, how they would satisfy the increased demands will be an important issue in the near future. Therefore, Trustees need to improve geographic diversity not just for the Trustees per se but for the entire organisations under the IASCF so that the emerging market countries reflect their views on the activities of the IASCF and IASB more efficiently.

2. Accelerated due process

I do not support the Trustees' proposal that it has the authority to reduce public comment period on an exposure draft.

As is mentioned in the proposal, there is already a 'fast-track' procedure in the IASB Due Process Handbook that allows a 30 day accelerated process for public consultation. So I do not see any benefit of the possibility to reduce this period, although the Trustees put a phrase 'in exceptional circumstances'. Non-English using countries like Korea would not properly provide comments on an exposure draft if the comment period is reduced less than 30 days. Besides, if these countries are IFRS-adopted countries, it would be extremely difficult to amend the standards within such a short period of time.

3. Change of the names

I recognise the positive effects that the change of the names from the IASCF and IASB to IFRS Foundation and IFRS Board will bring about.

However, I am concerned with the confusion that could also be caused by this change at this stage.

First, without the agreement with the FASB on this matter, there is a possibility to change the name again after convergence with the FASB. So I believe that such an agreement that the name of IFRS will be used even after the convergence with the FASB should precede.

If that is the case, then it is necessary to change all the related names that are used by the IASCF and IASB. For instance, the proposed change needs to be made with the change of IAS standards to IFRS standards and SAC to IFRS Advisory Council.

It would be my pleasure to further discuss any aspects of this letter.

Yours truly,



Chungwoo Suh, PhD, CPA
Chairman
Korea Accounting Standards Board

Appendix 1. Geographical distribution of the Trustees

Trustees of the IASCF

Region	Country	2002	2003	2004	2005	2006	2007	2008
Asia/Oceania(6)	Japan	2	2	3	2	2	2	2
	Australia	1	1	1	1	1	1	1
	Hong Kong	1	1	1	1	1	1	1
	India				1	1	1	1
	China				1	1	1	1
Sub Total		4	4	5	6	6	6	6
Europe(6)	UK	1	2	1	1	1	1	1
	France	1	1	1	1	1	1	1
	Germany	1	1	1	1	1	1	1
	Italy	1	1	1	1		1	1
	Denmark	1	1	1	1			
	Netherland	1	1	1	1	1	1	1
	Spain			1	1	1	1	1
	Swiss			1	1	1	1	1
	Poland					1	1	1
Sub Total		6	7	8	8	7	8	8
North America(6)	US	5	5	5	4	5	5	5
	Canada	1	1	1	1	1	1	1
Sub Total		6	6	6	5	6	6	6
Africa(1)	South Africa	1	1	1	1	1	1	1
South America(1)	Brazil	1	1	1	1	1	1	1
Other	Int'l org	1	2	1	1	1		
Total		19	21	22	22	22	22	22