



31 March 2009

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(By email: constitutionreview@iasb.org)

Dear Madam

**RESPONSE TO DISCUSSION DOCUMENT ON REVIEW OF THE
CONSTITUTION: IDENTIFYING ISSUES FOR PART 2 OF THE REVIEW**

The Accounting Standards Council (ASC) appreciates the opportunity to comment on the Discussion Document on Review of the Constitution: Identifying Issues for Part 2 of the Review issued in December 2008.

2. In particular, we have some comments regarding the specific questions in the Discussion Document as below.

**The Constitution defines the organisation's primary objective in the following manner:
to develop, in the public interest, a single set of high quality, understandable and
enforceable global accounting standards that require high quality, transparent
and comparable information in financial statements and other financial
reporting to help participants in the world's capital markets and other users
make economic decisions**

**In fulfilling that objective, the organisation is
to take account of, as appropriate, the special needs of small and medium-sized
entities and emerging economies**

**Does the emphasis on helping 'participants in the world's capital markets and other
users make economic decisions', with consideration of 'the special needs of small and
medium-sized entities and emerging economies', remain appropriate?**

3. We agree with the IASCF that the main purpose of having a set of international accounting standards that are robust and sound, is to ensure transparency and comparability among the world's capital markets, which should also take into consideration the needs of SMEs and emerging economies.

4. Additionally, there should also be special consideration for the different legal and business conditions in different regions such as Asia, as part of the standards setting process. One example would be IAS 17 Leases, for which we believe that the accounting for unexpired long-term leasehold land (i.e. 99 to 999 years) and freehold land should be similar because the effect of such long-term lease is, in economic substance, virtually indistinguishable from rights acquired on buying a property outright.

5. While it may not be possible to take into account the different situations in every country, there should be due consideration on differing legal and business conditions which may impact the presentation of the commercial substance in the financial statements.

The Trustees are appointed according to a largely fixed geographical distribution. Is such a fixed distribution appropriate, or does the current distribution need review?

6. We agree that such a fixed distribution is appropriate for now, and allows for diversity of representation globally.

Commentators have raised issues related to the IASB's agenda-setting process. The Constitution gives the IASB 'full discretion in developing and pursuing its technical agenda'. The Trustees have regularly reaffirmed that position as an essential element of preserving the independence of the standard-setting process. However, they would welcome views on the IASB's agenda-setting process and would appreciate it if, in setting out views, respondents would discuss any potential impact on the IASB's independence.

7. We agree that independence of the agenda-setting process is an integral part of the overall standard-setting process, and lends credibility to the IASB as an independent body which issues international accounting standards without bias towards any one jurisdiction. Nevertheless, it also has to be recognised that stakeholders such as the preparers and users of accounts have a vested interest in what projects are on the IASB's agenda.

8. Thus, the IASCF should institute communication channels where relevant parties can actively provide their views on the IASB agenda. This would be of particular benefit to countries which are not represented on the SAC or other IASB constituents, and give them a voice to raise issues, without compromising the independence of the IASB and the standard-setting process. Ultimately, the IASB would still have the final say in setting the agenda and workplan, but stakeholders would have given their relevant inputs.

Should a separate 'fast track' procedure be created for changes in IFRSs in cases of great urgency? What elements should be part of a 'fast track' procedure?

9. A separate "fast track" procedure should be institutionalized, so that stakeholders are aware that there is a due process, and that the urgent amendments are not released without a proper approval mechanism.

10. The fast track procedure should only be used in cases of special exigencies, and should include elements such as a framework with criteria to determine cases of great urgency, a system for soliciting views from key stakeholders and organizations, and adequate media communication in the event that the urgent amendments are released.

11. Should you require any further clarification, do contact me. Thank you.

Yours faithfully,

Dexter Tan
Secretary, Accounting Standards Council