

MASBMALAYSIAN ACCOUNTING STANDARDS BOARD
LEMBAGA PIAWAIAN PERAKAUNAN MALAYSIA

19 September 2008

Mr Gerrit Zalm

Chairman

International Accounting Standards Committee Foundation (IASCF)

30 Cannon Street

London ED 4M 6 XH

United Kingdom

Dear Mr Zalm

IASCF Review of the Constitution – Public Accountability and the Composition of the IASB – Proposals for Change

The Financial Reporting Foundation (FRF) of Malaysia welcomes the opportunity to provide comments to the IASCF on Discussion Document Review of the Constitution – Public Accountability and the Composition of the IASB Proposals for Change.

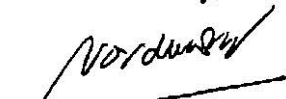
Malaysia has recently announced its convergence plan with the IFRS by 1 January 2012. The FRF believes that it is an important step towards enhancing public confidence supported by greater accountability of the IASCF and IASB through the review of the constitution.

FRF, as the trustee of the Malaysian Accounting Standards Board (MASB), is particularly conscious of the need to provide assurances to our local stakeholders about the framework upon which IFRS is developed in view of our commitment to converge with IFRS. We hope the proposals to enhance public accountability of the IASCF, the independence and integrity of the IASB's standard-setting function will further elevate the already high quality financial reporting standards to a higher level. We also hope that MASB's views will continue to be considered during the development of the IFRS.

We applaud the initiative taken by the IASCF to assess the appropriateness and relevance of the existing governance arrangements described in the IASCF's Constitution and we append below our detailed comments to the questions raised in the discussion document.

If you need further clarification, please contact the undersigned at +603 2240 9200 or email at nordin@masb.org.my.

Yours sincerely,

Dr Nordin Mohd Zain
Executive Director



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Questions related to the Monitoring Group

- Q1 Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institution?

We support the creation of a Monitoring Group as we believe the Group will enhance confidence in the governance of IASCF while safe-guarding the independence of the standard-setting process.

- Q2 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 believe the composition of the Monitoring Group should include government policy makers as this would provide a wider range of views in order to respond promptly to changing global economic conditions.

- Q3 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?

Yes, we believe the Monitoring Group's mandate and the Trustees' responsibilities are appropriate.

- Q4 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.

With the creation of a Monitoring Group, the Trustee Appointments Advisory Group will no longer be necessary.



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Questions related to the IASB's composition

- Q5 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?

Yes, we support the expansion of the IASB's membership to 16 members to ensure diversity, representation and its ability to consult, liaise and communicate properly across the world.

We believe this proposal is timely in view of the growing number of countries adopting IFRS, including Malaysia in 2012.

- Q6 Do you agree with the geographical formulation suggested by the Trustees?

We agree to the proposal so long as the IASCF Constitution emphasis on 'professional competence and practical experience' remains paramount and the eight criteria for IASB membership be given higher priority in the event of shortage of potential candidates in any of the geographical spreads.

We believe that technical competency and knowledge of financial accounting and reporting is the key determining factor and should remain the primary qualification for IASB membership.

- Q7 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.

Yes, we support the Trustees proposal on part-time membership as it will enable the IASB to access persons with practical expertise.