

24 November 2009

Ms Tamara Oyre
Assistant Corporate Secretary
IASC Foundation
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Ms Oyre

**Review of the IASCF Constitution
Proposals for enhanced public accountability**

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with a purpose of advancing Australia's financial competitiveness. The G100 is pleased to provide comments on the review of the IASCF Constitution.

Q1 *The Trustees seek views on the proposal to change the name of the organization to the "International Financial Reporting Standards Foundation", which will be abbreviated to IFRS Foundation.
The Trustees also seek views on the proposal to mirror this change by renaming the International Accounting Standards Board (IASB) as the International Financial Reporting Standards Board, which will be abbreviated to "IFRS Board".
Do you support this change in name? Is there any reason why this change of name might be inappropriate?*

The G100 supports the proposed name change for the Foundation. However, the G100 is quite comfortable with the current description of the Board which is consistent with the fact that it issues IFRS, IFRIC Interpretations, conceptual framework and other guidance documents. In addition, constituents are familiar with the description and the IASB has invested significant resources in establishing its 'brand'.

Q2 *The Trustees seek views on the proposal to replace all references to 'accounting standards' with 'financial reporting standards' throughout the Constitution. This would accord with the name change of the Foundation, the Board and the formal standards developed by the IASB-International Financial Reporting Standards (IFRSs). Do you support this change?*

While the G100 is familiar with the current description and meaning of international financial reporting standards we do not have any objections to the proposal if the term is used in its present context.

Q3 The Trustees seek views on their proposal to change section 2 as follows:

The objectives of the ~~IASC-IFRS~~ Foundation are:

- a. to develop, in the public interest, a single set of high quality, understandable, ~~and enforceable~~ and globally accepted accounting financial reporting 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;
- b. to promote the use and rigorous application of those standards;
- c. in fulfilling the objectives associated with (a) and (b), to take account of emerging economies and, as appropriate, the special needs of small and medium-sized entities ~~and emerging economies~~; and
- d. to bring about convergence of national accounting standards and ~~International Accounting Standards~~ and International Financial Reporting Standards (IFRSs being the standards and interpretations issued by the IFRS Board) to high quality solutions.

Do you support the changes aimed at clarity of Section 2 of the Constitution?

The G100 supports the proposed amendments.

Q4 The Trustees seek views on the proposal to amend section 3 of the Constitution as follows:

The governance of the ~~IASC-IFRS~~ Foundation shall primarily rest with the Trustees and such other governing organs as may be appointed by the Trustees in accordance with the provisions of this Constitution. A monitoring Board (described further in sections 18-23) shall provide a formal link between the Trustees and public authorities. The Trustees shall use their best endeavours to ensure that the requirements of this Constitution are observed: however, they are empowered to may make minor variations in the interest of feasibility of operation if such variations are agreed by 75 percent of all Trustees.

Do you support the clarifying amendments to Section 3 of the Constitution?

The G100 supports the proposed amendments to bring the Constitution into line with the current governance structure.

Q5 The Trustees seek views on the proposal to amend section 6 of the Constitution as follows to include one Trustee from each of Africa and South America:

All Trustees shall be required to show a firm commitment to the IFRS ~~IASC~~ Foundation and the IFRS Board ~~IASB~~ as a high quality global standard-setter, to be financially knowledgeable, and to have an ability to meet the time commitment. Each Trustee shall have an understanding of, and be sensitive to, the challenges associated with the adoption and application of high quality global ~~accounting financial reporting~~ standards developed for use in the world's capital markets and by other users. The mix of Trustees shall broadly reflect the world's capital markets and diversity of geographical and professional backgrounds. The Trustees shall be required to commit themselves formally to acting in the public interest in all matters. In order to ensure a board international basis, there shall be:

*Six Trustees appointed from the Asia/Oceania region;
Six Trustees appointed from Europe;
Six Trustees appointed from North America; ~~and~~
One Trustee appointed from Africa;
One Trustee appointed from South America; and
Two ~~four~~ Trustees appointed from any area, subject to maintaining ~~establishing~~
overall geographical balance.
Do you support the proposal to include one Trustee from each of South America and Africa?*

The G100 supports the specific recognition of South America and Africa. However, as indicated in our previous submission we believe that this should be achieved by reducing the number of trustees from Europe and North America and not by reducing the number of trustees drawn from any area.

- Q6** *The Trustees seek views on the proposal to amend section 10 of the Constitution as follows to allow up to two Trustees to be appointed as vice-chairmen of the Trustees.
The Chairman of the Trustees, and up to two Vice-Chairmen, shall be appointed by the Trustees from among their own number, subject to the approval of the Monitoring Board. With the agreement of the Trustees, regardless of prior service as a Trustee, the appointee may serve as the Chairman or a Vice-Chairman for a term of three years, renewable once, from the date of appointment as Chairman or Vice-Chairman.
Do you support the constitutional language providing for up to two Vice-Chairmen?*

The G100 supports the proposed amendments.

- Q7** *The Trustees seek views on the proposal to make no specific amendments to sections 13 and 15, but to address the valid and important concerns raised by commentators by way of enhanced accountability, consultation, reporting and ongoing internal due process improvements.*

The G100 supports the proposed amendments.

- Q8** *Section 28 would be amended as follows:
The ~~IASB~~ IFRS Board will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters and other official bodies ~~concerned~~ with an interest in standard-setting in order to assist in the development of IFRSs and to promote the convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards IFRSs.
Do you support the changes aimed at encouraging liaison with a broad range of official organizations with an interest in accounting standard-setting?*

The G100 supports the proposed amendments. However, we consider that a range of other bodies, including those represented on the SAC, may be useful in assisting the promotion of convergence and acceptance of IFRSs.

Q9 *Do you agree with the proposals to amend section 30 of the Constitution as follows to permit the appointment of up to two Board members to act as vice chairmen of the IASB?*

Yes, as a means of facilitating the performance of its functions.

Q10 *Do you agree with the proposals to amend section 31 to allow for altered terms of appointment for IASB members appointed after 2 July 2009?*

Yes. However, it is unclear whether the Chairman and Vice Chairmen cannot serve for more than ten consecutive years or whether they cannot have a total length of service of ten years exceeding 10 years. The proposed amendment to Section 31 can be interpreted differently than the explanation in Q10.

Q11 *Do you agree with proposals to insert in section 37 (to become section 38) of the Constitution an additional subsection as follows to allow the Trustees, in exceptional circumstances, to authorize a shorter due process period?*

The G100 supports the proposed amendment that the due process can be accelerated in rare and exceptional circumstances. To do otherwise is likely to erode the status and acceptability of IFRSs. However, irrespective of the circumstances the G100 believes that the accelerated due process should be not less than 30 days from the issue of the exposure document.

Q12 *Do you agree with the proposal to amend section 37(d) to become section 38) of the Constitution as follows to expressly provide that the IASB must consult the Trustees and the SAC when developing its technical agenda?*

The G100 believes that the IASB should consult widely in developing and pursuing its technical agenda. Accordingly, it is essential that the IASB actively seek the input of the SAC and other constituents. In addition, we believe that broad public consultation on the IASB's technical agenda and priorities will enhance the transparency and inclusiveness of the process. However, the G100 would be concerned if the technical agenda is subject to the formal involvement of bodies involved in the governance of the IASB.

Q13 *Trustees seek views on the proposal to make no amendment to sections 44 and 45 (renumbered as 45 and 46), which are the provisions relating to the SAC, at this time.*

The G100 agrees with the proposed approach. It is perhaps too early in the life of the restructured SAC to be making judgments about the need for changes.

Q14 The Trustees seek views on the proposal to amend section 48 by removing specific staff titles and replacing it with the term 'senior staff management team'. Accordingly section 49 should be deleted.

The Trustees also seek comment on the proposal to update the Constitution by removing all historical references that relate to when the organization was established in 2001.

The G100 supports the proposed amendments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Reeves'.

Tony Reeves
National President