

Warren McGregor  
30 Cannon street  
London  
EC4M 6XH  
United Kingdom

Paris July 29<sup>th</sup>, 2005.

Dear Sir,

The French Society of Financial Analysts, SFAF (Société Française des Analystes Financiers), is pleased to submit its contribution as part of the consultation undertaken by the International Accounting Standards Board (IASB) on its draft Memorandum of Understanding (MoU) on the role of National Standard Setters (NSS) and their relationships to IASB.

As we represent 1,600 members in France and as a member of the European Federation of Financial Analysts Societies (EFFAS), we would like to bring our contribution and outlook to the role of accounting standards-setters and their relationships with the IASB.

We believe the proposed document, which is intended to set out a shared vision of the respective roles of national and regional standard-setters and of the IASB in working towards a single set of high quality, understandable and enforceable global accounting standards, would be helpful in Europe. However we feel that the European situation is not really dealt with in this document as IFRS are the "standards" to be applied by European listed companies.

Considering that situation and the role of EFRAG, which is not a standard-setter, we understand that the proposed MoU does not address the relationship of the IASB and EFRAG or European Union. However, it would be a more comprehensive document if such relationship and role of EFRAG was expressed.

For European users, it is crucial to be active through EFRAG which should be able to be a working party to the IASB.

Although the draft MoU has a lot on the relationships between the staff of the IASB and the NSS, nothing is said about Board-to-Board relationships (for example paragraph 4.7). To reach the goal explained above, Board-to-Board discussion can be very useful between EFRAG and the IASB. The proposed MoU is a good opportunity to take such discussions and their usefulness should be reflected in the MoU.

Concerning the interpretation process, section 7 discusses the role of the NSS. It proposed that NSS or groupings of NSS could develop interpretations of IFRS to publish interpretation that arise only in their jurisdiction. This deal between expectations concerning emergence of a high quality standards and limited resources is probably a good one if it's limited to an only jurisdiction. However there is a risk that it could be many sources of interpretations with all the complexities and problems that creates. If an issue arises in more than one jurisdiction, the only body that could prepare an interpretation on the issue is IFRIC. Obviously, EFRAG input should be more than welcome as far as European companies are concerned.

We thank you for the opportunity given to us to stress the importance of a good relationship process in our particular jurisdiction. We hope you find the above comments helpful. We remain available for any further information.

Yours faithfully,



Franck CEDDAHA,  
Chairman of the Accounting  
and Financial Analysis commission



Alain CAZALE,  
Chairman of SFAF