

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made on 6 December 2018

BETWEEN

THE IFRS FOUNDATION AND THE UNDERSIGNED

NATIONAL STANDARD-SETTERS AND REGIONAL BODIES

1. PREAMBLE

The G20 has consistently emphasised the importance of working towards a single set of high quality global accounting standards, and called accounting standards setters to continue their efforts to achieve this goal¹. The IFRS Foundation (the ‘Foundation’) has set as its objectives the aim to develop in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles; to promote, and facilitate the adoption of International Financial Reporting Standards (‘IFRSs’) around the globe and to promote the consistent application of IFRSs around the globe. These standards should serve investors and other market participants in making informed resource allocation and other economic decisions. The International Accounting Standards Board (‘IASB’) is the standard-setting body of the Foundation.

The Accounting Standards Advisory Forum (‘ASAF’) is established to support the Foundation in achieving its objectives.

ASAF is a group of nominated members from both National Standard-Setters (‘NSS’) and regional bodies involved with accounting standard-setting (regional bodies).

The Foundation recognises that NSS and regional bodies have expertise in standard-setting and valuable local jurisdictional experience and knowledge, which should be taken into account by the IASB in setting global financial and reporting standards. The ASAF will provide the opportunity for greater valuable discourse, complement the existing IASB’s outreach activities and enhance the quality of the final standard.

¹ **2008 (Washington)**: The key global accounting standards bodies should work intensively toward the objective of creating a single high-quality global standard. Source: <http://www.g20.utoronto.ca/summits/2008washington.html>
Action Plan: <http://www.g20vs.org/docs/Washington%202.pdf>.

2009 (Pittsburgh): We call on our international accounting bodies to redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process, and complete their convergence project by June 2011. Source: <http://www.g20.org/images/stories/docs/eng/pittsburgh.pdf>.

2009 (London): Accounting standard setters should take action by the end of 2009 to make significant progress towards a single set of high quality global accounting standards. Source: <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

2010 (Toronto): We re-emphasized the importance of achieving a single set of high quality improved global accounting standards. Source: <http://www.g20.utoronto.ca/2010/to-communicate.html>.

2011 (Cannes): We reaffirm our objective to achieve a single set of high quality global accounting standards. Source: <http://www.g20.utoronto.ca/summits/2011cannes.html>.

2012 (Los Cabos): We support continuing work to achieve convergence to a single set of high-quality accounting standards. Source: <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>.

The objective of the ASAF is to provide an advisory forum where members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. More particularly ASAF is established to:

- support the Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality understandable, enforceable and globally accepted financial reporting standards to serve investors and other market participants in making informed resource allocations and other economic decisions;
- formalise and streamline the IASB's collective engagement with the global community of NSS and regional bodies in its standard setting process to ensure that a broad range of national and regional input on major technical issues related to the IASB's standard setting activities are discussed and considered; and
- facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan, but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

The parties of this MOU respect each other's role and the establishment of ASAF does not in any way undermine their respective formal mandates: The IFRS Foundation recognises the independent roles that NSS and regional bodies have within their own national and regional context, and the members of ASAF recognise that the IASB operates within the framework of the Foundation's constitution which sets the principle of the IASB's independence in developing IFRSs.

The parties of this MOU may maintain open relationships with other stakeholders, and the establishment of ASAF does not preclude the IASB or the members of ASAF from having individual relationships with stakeholders and there should be no restriction on the ability of the parties to develop and maintain their own relationships.

2. COMMITMENTS OF ASAF MEMBERS

The ASAF members formally commit to:

- 2.1 Supporting and contributing to the IFRS Foundation in its mission to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards;
- 2.2 Encouraging input from constituents within their jurisdiction/regions on the technical standard-setting activities of the IASB;
- 2.3 Providing the technical resources including the appointment of representatives with standard setting experience and expertise, allocating technical resources in preparation for ASAF meetings and participating actively in substantive technical discussions;
- 2.4 Providing the necessary resources to act as an active member of ASAF, including time and travel costs;

- 2.5 Respecting the IASB's independence, by ensuring that ASAF's discourse does not compromise or challenge the independence and integrity of the IASB and its duty to be the final arbiter of IFRSs.

3. COMMITMENTS OF THE FOUNDATION

The Foundation formally commits to:

- 3.1 Actively engaging with the ASAF and ensuring that its views and feedback are faithfully and fully presented to the IASB as a substantive part of stakeholder outreach.
- 3.2 Providing technical resources to contribute to ASAF's effective work and discussions, including the participation of IASB representatives (the Chair and other IASB members), and experienced staff with technical expertise.
- 3.3 Providing the necessary liaison, communication and support between the ASAF and the IASB.
- 3.4 Preparing the agenda and ensuring the timely circulation of the agenda and supporting papers (prepared by IASB staff or ASAF members), in order to ensure that ASAF members have the opportunity to be fully prepared and capable of actively and constructively participating in all ASAF discussions and work.
- 3.5 Providing the necessary resources and secretariat to host the ASAF meetings.
- 3.6 Ensuring full transparency of ASAF discussions, including that all meeting agendas, supporting papers and meeting summaries are placed in the public domain, meetings are webcast, and preparing and publishing appropriate press releases and communication following ASAF meetings for the benefit of stakeholders and observers around the globe.
- 3.7 Respecting the independence of ASAF members and recognising that ASAF's members operate under their own specific national mandates, and undertakes not to undermine or compromise the existing legal rights and obligations of the ASAF members within their respective jurisdictions.

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For the IFRS Foundation

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For the Financial Accounting Standards
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For the Group of Latin American Standard
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