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International
Accounting Standards
Committee Foundation

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

IASCF Trustees Meeting
1-2 April 2009

Agenda Paper 4

Memorandum

To: IASC Foundation Trustees

From: Due Process Oversight Committee

Date: March 23, 2009

Re: Report of the Due Process Oversight Committee

The Due Process Oversight Committee met on March 20, 2009. This memorandum summarises the Committee's conclusions.

The Due Process Oversight Committee discussed the following issues:

1.   Review of 2008 Activities and 2009 priorities (See Appendix A)
2.   Document for Annual Report (See Appendix B)
3.   Topics for discussion with the IASB in April (See Appendix C)
4.   XBRL effectiveness and review of due process for XBRL taxonomies (See Appendix D)
5.   First impressions on the first meeting of the new SAC

1.   Review of 2008 Activities and 2009 priorities

The Due Process Committee is tasked with preparing a narrative describing its activities for the annual report and a more detailed matrix of the Trustees' oversight activities, based upon the agreed effectiveness measurements, to be posted on the IASB's website. The draft matrix is attached as Appendix A for Trustee approval.

2. Document for Annual Report

The Committee reviewed the draft 2008 Trustees Oversight Activities Report (the narrative document) that is to be included in the published 2008 Annual Report.

The committee approved the proposed Report, subject to some editorial comments.

The section of the draft narrative document, under the heading "*Monitoring and Responding to the Financial Crisis*", that dealt with the reasons for agreeing to suspend due process in October 2008, was discussed in detail. The Committee redrafted the paragraph regarding the October decision to suspend due process from that in the Monitoring Board's papers to the following:

> "… . Subsequently, the IASB introduced an amendment permitting reclassification of some financial assets to move to a more level playing field between IFRSs and US GAAP. The IASB recognised that differences between IFRSs and US GAAP did exist, which unless rectified by the IASB, could have led to others introducing changes to the standards. The IASB approach, unlike other proposals, provided clear disclosures for investors and avoided derailing momentum towards a single set of standards."

The Committee recommended that Trustees approve the amended document (see Appendix B) its publication in the 2008 Annual Report. The Committee seeks Trustee approval and confirmation.

3. Topics for discussion with the IASB in April

The Committee discussed and approved the proposed draft agenda for their joint meeting with the IASB. (See Appendix C) The meeting is scheduled for the 21 April 2009. The outcome of this meeting will be reported to the Trustees at their meeting in July 2009.

4. XBRL effectiveness and review of due process for XBRL taxonomies

At the meeting in New Delhi in January 2009, the Trustees agreed that the Due Process Handbook for XBRL Activities should be referred to the Due Process Oversight Committee meeting for review and consideration. This was to account for requests received confirming quality assurance and to aid global acceptance of the XBRL taxonomies. Olivier Servais and Mohandas Pai attended the meeting to present this topic.

The Committee agreed to recommend publication of the document as an exposure draft, with 90 days for public comment. In the meanwhile, however, the organisation will operate as though the Handbook has been approved and is in place. (See Appendix D)

5. First impressions on the first meeting of the new Standards Advisory Council (SAC)

The Committee noted that they have received positive feedback following the first meeting of the newly constituted SAC. Reports received indicate that the meeting was well chaired and that the members were engaged. The Trustees also received positive comments on the balance of the membership.

Bob Glauber, who attended the meeting, will be asked to provide his impressions of the new SAC from a Trustee perspective, at the meeting in April.

APPENDIX A

Paper 1B

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**Full draft report on effectiveness in oversight for 2008
and recommended priorities for 2009**

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The first four columns are those approved by the Trustees. The right-hand column describes progress or further action steps needed. In considering how the Trustees demonstrate the organization's accountability, pay particular attention should be given to how the Trustees provide evidence these activities are occurring.

The Trustees now have a commitment to report on their oversight activities as part of this framework in the Annual Report. Based upon the conclusions reached at this meeting,

PART A: CONSTITUTIONAL REQUIREMENTS				
CONSTITUTIONAL REQUIREMENT	CONST. PARA.	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2008 PROGRESS, CURRENT STATUS, AND PRIORITIES
Assume responsibility for establishing and maintaining appropriate financing arrangements	13a	Having an assured and sustainable source of funding that preserves the IASB's independence and provides necessary resources for the organisation	-Provide the Trustees with a package of materials that enables them to engage in fund-raising efforts. -Ensure that this material is regularly updated as required. -Ensure prospects/donors contacted to provide funding -Agree to and maintain a funding system for 2008 and beyond	**2008:** -Trustees continued to expand long term funding regimes for the organisation. -Whilst an EU-wide fee-based system for 2010 and beyond was not put in place, significant progress was made to secure long-term funding arrangements with major European countries and EU-wide payments is being proposed. - The possibility of introducing a levy system in the US is being explored. **2009** - Continue to create and develop a world wide secure and broad based funding mechanism for the long-term. - Consider, and where possible, implement requirements in order to secure possible long-term, broad based funding from the US. - Build in appropriate inflationary mechanism increases in the existing funding. - Adopt appropriate hedging policies to guard against foreign exchange risks. - Develop a five-year financial plan and build in appropriate contingency arrangements.

				- Discuss with the Monitoring Board the best possible ways of introducing secured long-term funding.
Establish or amend operating procedures for the Trustees	13b	Regular review of the Constitution and by-laws to conform to organizational needs	-Tabulate comments from constituents on procedures and constitution on an ongoing basis. -Every 5 years, initiate a review of the Constitution	**2008:** - Initiated a full constitutional review by carrying out necessary consultation to ensure that the Trustees remain publically accountable, transparent and comply with agreed due process. The review was carried out in two parts: the first dealt with governance and was fast tracked. The Trustees have now approved the changes which included: • The creation of a Monitoring Board to oversee the appointments and due process of the Trustees, and • Increasing the size of the IASB to 16 members, composed of 4 representatives each from Europe, US/Americas, Asia-Oceania and 4 from any other area or region of the world. **2009** - Progress the second part of the Constitution Review to conclusion in December 2009. For implementation in 2010. - Ensure extensive consultation of stakeholders by holding round-table meetings in the second half of the year in

				Europe, Asia, Latin America and the United States to ensure stakeholders provide feedback, in accordance with due process. - Specifically consider developing and implementing emergency IASB due process procedures to cover exceptional circumstances. - Develop in conjunction with the Monitoring Board appropriate reporting and operating procedures.
Determine the legal entity	13c	N/A	Review as necessary, depending upon changing regulatory requirements and strategic needs of the organisation	Update Bylaws to reflect Constitutional changes.
Location of IASC Foundation	13d	Review and sign leases where appropriate	N/A	**2008** - No changes following the occupation of the offices in the west wing of the ground floor at 30 Cannon Street in 2007. **2009** - To consider in more detail the financial feasibility and possibility of opening satellite offices in Asia and North America.
Charitable status	13e	N/A	Prepare filings	**2008** Filings completed as required
Public meetings	13f	Preparation of topics and supporting papers of sufficiently high quality well in advance to ensure Trustees	-Have a reporting mechanism to ensure information is provided to the Trustees in an efficient manner to make	Continue holding public meetings, including with the Monitoring Board.

		are able to make sound decisions and demonstrate that they are acting in the public interest	assessment regarding Trustee effectiveness -Develop agendas for Trustee meetings in an appropriate manner, determining whether items are discussed in public or private	
Publish an annual report	13g	Communicating key messages, including an evaluation of how successful the IASB has been in achieving its stated goals, the role of Trustees oversight and how the Trustees are fulfilling its duties	Preparation of report, including a specific section in the Annual Report discussing the achievements of the IASB, Trustees' oversight and how the Trustees fulfill this responsibility.	**2008** - The Annual Report included a separate section detailing the work of the Due Process Oversight Committee and its commitment to ensure Trustee oversight and public accountability. - The Annual Report included greater disclosure of financing. **2009** - To continue transparent and accountable reporting as adopted in 2008 so as to ensure that all stakeholders are better informed. - To provide this report to the Monitoring Board on an annual basis to ensure transparent and open reporting.
Appoint the members of the IASB and establish their contracts of service and performance criteria	15a	-Maintain high standards of recruiting -Ensure an appropriate mix of backgrounds and perspectives. -Ensure that appropriate and regular review performances of board members are made	-Regular evaluation of different mechanisms for recruitment (eg use of external agencies or other outreach) -Develop a list of possible board candidates. -Undertake long-term planning on composition of	**2008** -Appointed external consultant advisors to assist with performance assessments. Commenced their implementation towards the end of the year. -Began to address longer-term succession planning by appointing appropriate consultant advisors, consulted outside

			Board -Review procedures for annual board performance assessments - Review and discuss as required performance evaluations/ write-ups on all board members, including the IASB Chairman	parties and world wide standard-setters. **2009** - Account for report of external consultants. - Continue to consult with outside parties to identify suitable candidates for the IASB in 2011. - Interview and appoint more IASB members to account for turnover and the increased size following the constitutional changes that come into effect on 1 February 2009. - Ensure appropriate geographic diversity of the IASB given the newly introduced constitutional requirements.
		according to procedures		
Appoint the members of the IFRIC and the SAC	15b	-Maintain high standards of recruiting -Ensure an appropriate mix of backgrounds and perspectives.	-Regular evaluation of different mechanisms for recruitment (e.g. use of external agencies) -Develop a list of possible candidates. -Review whether the composition of both IFRIC and the SAC is such that these committees are benefiting from the appropriate range of views, considering the purposes for which these committees are established.	**2008** - Filled the vacancies arising on the IFRIC in February and in July as the vacancies arose during the year. - Refined the working methods, size, composition and terms of reference of the SAC before its term expired at the end of 2008. -Appointed a new Chairman and introduced two Vice Chairmen for the SAC to ensure geographic diversity and active leadership. Chair to be rotated every three years. - Agreed the composition of the SAC to be primarily on the basis of representatives of organisations. However, there still remains

				scope for individual appointments. **2009** - Fill the vacancies arising on the IFRIC in July as the vacancies arise during the year. - The SAC chairman to arrange additional meetings beyond the plenary meeting held in London. Extend participation beyond the SAC members to provide opportunity for multiple contributions and enhanced due process.
Review annually the strategy of the IASC Foundation and the IASB and its effectiveness, including consideration, but not determination, of the IASB's agenda	15c	-Ensure the successful fulfillment of the strategy as laid out in the MOU with FASB and other convergence initiatives, and -Raise questions as to whether proposed IASB projects are consistent with fulfilling the organization's objectives -Consider and question if necessary, whether proposed IASB projects can be successfully concluded in the light of available and expected resources -Communicate with external parties the rationale behind IASB and IASC Foundation efforts and how they fit into the organization's objectives	-Regular review of the IASB's work program -Review and discuss existing and potential convergence opportunities with the IASB -Open discussions with the IASB on proposed new agenda items and discussion with interested parties to learn their views -Establish a coherent communications strategy in conjunction with the IASB -Regular meeting with public and private officials in home jurisdictions to share common messages	**2008 and Priority issues:** - Refined the annual review of the IASC Foundation and the IASB to emphasise the organisation's commitment to public accountability and due process. - Initiated the first part of the Constitution Review. - Commenced the Brand Refresh project and introduced it internally within the organisation. - Made greater use of technology and on-line communication tools, to assists in engagement, transparency and to supports due process obligations. - Utilised Brunswick Group LLP to continue to progress the communication plan for the IASC Foundation and build good relations with key journalists and publications. - Continued to focus enhanced communications with interested parties

				and created good relations with journalists and key stakeholders
				- Created a database of key stakeholders, a single slide deck for presentations, and information pack.
				- Ensured consistent communication by utilising the newly formed Communications Tool Kit.
				- Appointed a new Director of Finance and Resources to aid strategic development.
				- Develop timely responses to the G20 recommendations and keep the G20 appropriately informed.
				2009 and Priority issues. **-** Work with the formed Monitoring Board and ensure reporting and communication between the Monitoring Board and the Trustees.
				- Arrange early meeting with the Monitoring Board and the Trustees to progress consideration on funding requirements, trustee appointment procedures and reactions to the global financial crisis.
				- Progress the examination of the IFRS brand to conclusion.
				- Increase the diversity, age, gender and profession of Trustees and IASB members.
				- Continue to ensure that the Annual Report is an effective communication tool

				and demonstrates transparently the organisation's commitment to enhanced due process. - Continue with the second part of the Constitution Review as commenced in December 2008. To be concluded at the end of 2009 for implementation in January 2010. - Make greater use of video conferencing and other technology to improve communication and outreach. - Develop an enhanced five-year plan to be measured against funding requirements and future long-term objectives. - Continue to monitor the G20 communiqués and respond appropriately and timeously.
Approve budget annually	15d	Develop and approve annual budgets that provide sufficient resources within the framework of available funding to achieve the IASC Foundation's objectives within appropriate parameters for a not-for-profit organization	Create a budget in a timely fashion, following a strategic review of priorities	**2008** - Budget reviewed, accounts and audit produced in consultation with auditors and printed in Annual Report. - Updated budget document to ensure greater transparency and conformity to IFRSs. - Introduced a five-year budget plan. **2009** - Continue to ensure accurate and transparent budget and audit. - Continue to ensure budget confirms to IFRSs. - Introduce inflationary provisions in the

				funding regime. - Assess funding levels for all major countries. - Monitor hedging policies on foreign currencies and investments. - Introduce a risk register and keep it updated. - Improve access to financial data.
Review broad strategic issues affecting accounting standards, promote the IASC Foundation and its work and promote the objective of rigorous application of IFRSs, provided that the Trustees shall be excluded from involvement in technical matters relating to accounting standards	15e	-Maintain a high degree of awareness on issues related to accounting matters -Undertake steps to preserve the consistency and quality of the application of IFRSs -Encourage and promote recognition of and convergence to IFRS by national accounting standard setters	-Identify opinion formers in international and national organizations and develop program of contact. -Regular meeting with public and private officials in home jurisdictions to share common messages -Develop policies and programs (such as the education initiative) that are consistent with the Constitutional Requirement	See points two rows above.
Establish and amend operating procedures, consultative arrangements and due process for the IASB, IFRIC, and the SAC	15f	-Critically review the operating procedures of the IASB on a regular basis and provide an avenue for suggestions -Ensure that dialogue with interested parties extends beyond formal due process -Require SAC and IFRIC to set forth clear and measurable operational objectives that are	-Trustees to communicate as necessary comments from constituents on due process to the Procedures Committee on an ongoing basis -Trustees Procedures Committee to review Due Process Handbook for amendment on annual basis -Trustees should host at least one meeting annually between	**2008** - Updated Due Process Handbook to reflect changes agreed through 2007 and 2008. - Focused on improving communication between IASB and Trustees. - Monitored the effectiveness of the Working Groups. - Created an improved SAC made up of representative organisations rather than solely individual members.

		subject to review by the Trustees	an IASB group and relevant parties within their home or another jurisdiction as required. -Trustees Procedures Committee to review the SAC's and IFRIC's objectives on an annual basis and determine whether expectations are being met. Would require meetings with SAC and IFRIC and the Trustees	- Monitored the suspension of due process procedures in the face of the global financial crisis in the Autumn of 2008. **2009** - Possibly introduce emergency due process procedures after appropriate consultation during the Constitution Review. - Agree with the Monitoring Board appropriate operating procedures and Trustee appointment procedures. -Update the IASB's Due Process Handbook to reflect the changes agreed from the second part of the Constitution Review. - Maintaining the organization's focus on achieving the G20 milestones - Reviewing the IASB's progress relative to the timeframe set out in the Memorandum of Understanding - Liaising with the Monitoring Board, as appropriate on issues of due process oversight - Monitor the newly formed SAC and determining whether any enhancements may be necessary. - Introduce an XBRL due process handbook
Review compliance with the operating procedures,	15g	-Develop a culture whereby effective consultation is viewed as extending beyond	-Trustees to review and assist, where appropriate, in the implementation of the IASB's	See constitutional point 15c.

		formal due process -Establish where necessary, formal procedures to review compliance with due process, both in the formulation of IASB project plans and in response to complaints	communications plan (including providing necessary resources) -Procedures Committee to undertake review of complaints and respond in an appropriate manner	
Approve amendments to this Constitution after following a due process, including consultation with the Standards Advisory Council and publication of an Exposure Draft for public comment	15h	-Determine the necessity of Constitutional amendments after consultation with the SAC and other stakeholders	-Review comments received from various consultations on a on a regular basis.	**2008 and 2009 Priorities** - See points four rows above at point 15c.
Exercise all powers of the IASC Foundation except for those expressly reserved to the IASB, the International Financial Reporting Interpretations Committee and the Standards Advisory Council	15i	N/A	N/A	
Foster and review the development of educational programmes and materials that are consistent with the IASC Foundation's	15j	Ensure that the IASC Foundation maintains high standards of quality in its educational materials Ensure that educational materials are subject to	-Review the education program plan and ensure that the plans are consistent with the organization's objectives and operates within its financial resources	**2008** - XBRL team provided a high quality IFRS Taxonomy to the market, at the same standard as the IFRS bound volume. **2009**

		periodic review by the IASB or someone designated by the IASB to ensure that the material is current and reflects consistency with applicable standards and interpretations.		- Continue to progress the work of the XBRL team to provide high quality IFRS Taxonomy to the market. - Review existing contractual relationships to ensure best practice and value.

PART B – OTHER OPERATIONAL RESPONSIBILITIES ASSOCIATED WITH TRUSTEE DUTIES

RESPONSIBILITIES	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2008 PROGRESS, CURRENT STATUS, AND PRIORITIES
Appointment of Trustees	Identify and recruit motivated and well-respected candidates for the Trustees	-Evaluate different ways of recruiting (eg use of external agency) - Advertise for vacant positions -Contact relevant organizations and stakeholders -Consult with the Trustees Appointments Advisory Group	**2008** **-** Approved the creation of a link to a Monitoring Board following extensive consultation and implementation of constitutional amendments. - Replaced retiring Trustees. **2009 and Priorities** - To advertise and replace retiring Trustees. - To create a Trustee appointment procedure for presentation to the Monitoring Board for approval and implementation. - To ensure greater diversity by age, gender, career and background when seeking to appoint new Trustees.
Assign Trustees to Committees	Identify Trustee area of interest and expertise and assign Trustees accordingly	-Document the specific skill sets/knowledge needed on each committee. -Ensure Committees have a full complement of members	Members assigned to committees.
Orientation of new Trustees	Ensure Trustees have necessary information to perform duties as soon as possible following appointment	-Meet with new Trustees in a timely fashion -Emphasize independence requirements and the separation of roles between the IASCF Trustees and the	-New Director of Finance and Resources has introduced enhanced orientation and induction materials for all staff which can be extended to Trustees. Chief Operating Officer meets with new Trustees and provides relevant materials. Chief

		IASB	Operating Officer raises issues raised in the oversight framework.
		-Provide materials related to the organisation's operating procedures and guidelines.	
A clear understanding of Committee roles and responsibilities	Charters or Terms of reference for Trustee Committees, if appropriate	Determine whether Charters or Terms of Reference to be developed where these do not exist and/or updated for each standing Trustee committee, and approved by the Trustees	-Committee Charters approved and updated. Committee membership and roles are posted on the Website.
Establish personnel and hiring policies	Establish rules that help to attract and retain staff, comply with the latest regulations, and are consistent with the organization status as a charity	-Review employee handbook and terms and conditions on a regular basis	-New Director of Finance and Resources appointed. She has introduced competency based interviews, appropriate induction policies, updated the Staff Handbook and reviewed all other HR policies as appropriate.
Review compensation of management, IASB, and staff	Have a process for an annual review of compensation following performance reviews and benchmarking	Decision by Trustees in March/April for IASB (now annually) and staff (annually)	-Remuneration Subcommittee met to review compensation matters. The Trustees implemented agreed policies regarding annual reviews and per diems. Compensation is benchmarked against appropriate external organizations.
Appointment of external auditors	Reputable audit firm	- Discussion with auditors regarding the quality of accounting policies and internal financial controls at least once a year -Review and pre-approve on type and nature of services to be provided by auditors -Review auditors	-Audit Committee carries out all tasks in accordance with the Audit Committee Charter and works closely with the Director of Finance and Resources and appointed Auditor, BDO Stoy Hayward.

		independence - Review quality of service provided by auditors. -Audit opinion	
Management accounts	Timely and accurate financial information to manage the organization	Preparation of monthly management accounts and quarterly accounts. Review critically the quarterly accounts together with the Audit Committee prior to presentation to the Trustees	-Tasks accomplished and evidenced by signatures on accounts and Trustee minutes.
Establishment of a disaster recovery policy	A disaster recovery plan that would minimize the disruption to the organization's work	Creation and updating of a disaster recovery plan	**2008** -Director of Finance and Resources introduced a renewed and robust Policy which has been successfully tested and reviewed and approved by the Audit Committee. **2009** - Continue to test the Disaster Recovery system. - Ensure constant updating of key materials. - Appropriate briefings for Gold Team and support teams.
Filing of statutory accounts and tax information	-Compliance with US and UK requirements in order to maintain good standing -Awareness that IASB's reputation & public profile means the IFRS accounts should display 'best in class'	-US 990 and relevant state tax forms -UK Companies House filing -UK HM Revenues and Customs taxes -VAT requirements -Appropriate and correct use	-All activities accomplished, evidenced by compliance checklist.

	attributes in terms of application of IFRS, as well as in presentation and disclosure.	of IFRS	
An active communications and public affairs program	A communications program that conveys key messages to the relevant parties, fosters support for and provides thought leadership of the IASC Foundation's objectives, and enables the IASB to hear the views of affected parties	-Identification and development of key messages -Identification of key parties and administration of program that reaches these groups -Effective utilization of Trustees and IASB members	**2008 and 2009** - Communications program consolidated and augmented. - see points at constitution point 15c above. established - The Trustees must consider the appropriate amount of time that they as individuals are able to devote to communications activities. - Ensure consistent messaging and feedback provided to central HQ. - Extend communication around the globe whilst still concentrating on key geographic regions.

PART C – 2008 TRUSTEE SCHEDULE

Duty	January	March/April	June/July	October/ November
Maintain adequate financing arrangements	X	X	X	X
Discuss and approve an annual report		X		
Report regularly to the Monitoring Board and receive adequate feedback.	X	X	X	X
Appoint the members of the IASB	X (or previous mtg)			X (or 1st meeting of next year)
Review of IASB's agenda and strategy	X	X	X	X
Approval of annual budget				X
Review progress related to the adoption, application, and interpretation of IFRSs – Reports of the Chairman of the IASB, IFRIC, and/or SAC	X	X	X	X
Review of education and publications programs	X	X	X	X
Appointment of Trustees in consultation and conjunction with the Monitoring Board.				X
Trustee committee assignments	X			
Introduction for new Trustees	X			
Compensation review		X		
Appointment of external auditors		X		
Review of accounts		X	X	X
Review of Communications Program	X	X	X	X
Review of financial situation and quarterly financial information	X	X	X	X

APPENDIX B

Meeting the Public Accountability Challenge: 2008 Trustees Oversight Activities Report

At the conclusion of the organisation's first five-yearly Constitution Review completed in 2005 the Trustees recognised then, as they continue to recognise, the need to demonstrate the organisation's public accountability. The Trustees placed particular emphasis on their oversight and engagement with the International Accounting Standards Board (IASB). Accordingly, they created the Due Process Oversight Committee as a standing committee of the Trustees.

The Due Process Oversight Committee is the Trustee committee responsible for both overseeing the IASB's adherence to due process and working with the IASB to enhance that due process and its consultation activities and feedback/report back on an ongoing basis. To fulfill its responsibilities, the Committee carries out its oversight functions by developing proposals and measurement targets regarding oversight responsibilities for consideration by Trustees. The Committee monitors the achievements of these targets and suggests amendments to these targets when appropriate. The Committee also listens to and consults with external stakeholders and takes that input into account in its work.

The Committee also leads the Trustees annual review of their assessment of effectiveness in oversight and priorities in the forthcoming year. This report represents that annual review. In assessing the achievement of these targets, the Committee uses a framework for evaluating the Trustees' effectiveness in carrying out their constitutional responsibilities. This framework document was originally approved in November 2006 and has monitored targets since then. The Trustees report annually on their oversight activities as part of this framework and it is augmented by detailed information on the IASC Foundation Website. In considering how the Trustees demonstrate the organisation's accountability, the Committee pays particular attention to how the Trustees provide evidence of these activities occurring.

Monitoring and Responding to the Financial Crisis

The IASC Foundation and the IASB remained committed to responding in an urgent manner to the ongoing financial crisis. Throughout 2008, policymakers and other interested parties highlighted the part that enhancements in accounting standards could play to ensure an effective response to the crisis. The IASC Foundation and the IASB acted on a number of fronts in response to this crisis – including in areas under the purview of the Due Process Oversight Committee and the Trustees at large.

Throughout the crisis, the Trustees have supported the IASB's efforts to respond in an urgent manner to the unprecedented economic situation. Consistent with the recommendations of the Financial Stability Forum, the IASB decided to forego discussion papers for its projects on consolidation and derecognition to address off-balance sheet items. The IASB also established an Expert Advisory Panel to address valuation techniques in illiquid markets. The trustees have supported these steps and will continue to monitor the IASB's actions in response to the financial crisis.

The Trustees also welcome the commitment of the IASB to work jointly with the US FASB to achieve, through convergence, one globally accepted set of standards. We have

seen that the continuing existence of differences – no matter how small or arcane – offers the possibility for regulatory arbitrage. This was highlighted by the issue of the reclassification of certain financial assets in IAS 39, referred to below. This case also highlights the need to reach a single set of high-quality accounting standards.

At the October 2008 Beijing Trustees' meeting, the Trustees took an unprecedented step by allowing the IASB to waive its normally established due process. This came about because the financial crisis drew attention to the differences between IFRSs and US GAAP in a particular area which meant the playing field was perceived not to be sufficiently level. Subsequently, the IASB introduced an amendment permitting reclassification of some financial assets to move to a more level playing field between IFRSs and US GAAP. The IASB recognised that differences between IFRSs and US GAAP did exist, which unless rectified by the IASB, could have led to others introducing changes to the standards. The IASB approach, unlike other proposals, provided clear disclosures for investors and avoided derailing momentum towards a single set of standards.

Whilst unprecedented situations require unprecedented actions, the Trustees remain committed to due process.

The Trustees' role in reviewing the IASB's agenda and discussions related to the update of the Memorandum of Understanding with the Financial Accounting Standards Board

Throughout the year, the Trustees reviewed and updated the IASB's commitment in terms of the Memorandum of Understanding (MoU) with FASB. The MoU sets out the work programme that will be required in order to achieve IFRS adoption in many jurisdictions in 2011 and later.

For example, Mexico, India, Korea, Japan and Canada are all expected to change to IFRSs in 2011-2012. Consequently, the IASB is anxious to minimise the changes to IFRSs as much as possible.

The Trustees recognise that the IASB has some ambitious targets under the MoU work plan. Therefore, greater technical resources have been committed to support the IASB's work in 2009 onwards.

The organisation's work to enhance the role and composition of the Standards Advisory Council

Since the mandate of the Standards Advisory Council (SAC) was due to conclude at the end of 2008, the IASC Foundation considered the SAC composition in the first part of the year. The aim of the review was to consider ways in which the effectiveness of the SAC could be improved.

The Trustees concluded that the mandate of the SAC is still sound. The Trustees, however, proposed changes to the membership of the SAC, such that it was composed primarily of representatives of organisations. This change is designed to provide a broader basis for the input to the SAC deliberations than could come from a Council composed purely of individuals. At the same time, there still remains scope for individual appointments. The chairman is to be rotated every three years to provide regional diversity and to keep the leadership invigorated. Given the complexity of seeking global input and the need for

regional feedback, two vice chairmen have also been appointed from different regional backgrounds, thereby creating a combined leadership representing diverse regional interests and backgrounds.

It is also recommended that the SAC chairman should consider arranging additional meetings in addition to the plenary sessions held in London. These meetings could extend beyond the SAC members and provide opportunity for multiple contributions, thereby providing enhanced due process.

The Trustees believe that this adaptation of the SAC will enable the IASB to receive views reflecting a wider range of interested parties and would give greater authority to views received and will ultimately enhance due process. The SAC has an important part to play in the effectiveness of the whole organisation.

Liaison with the IASB during 2008

The first joint meeting of the IASB and Due Process Oversight Committee was held in September 2007. It was decided that such joint meetings would be held twice a year thereafter.

The purpose of these meetings is to enhance the oversight review process by direct contact with the IASB. This enables due process issues and improvements to be discussed, and for matters of mutual concern and interest in the standard-setting due process to be aired. The Trustees believe that these meetings additionally provide a useful opportunity for the Trustees and the IASB to co-ordinate their outreach efforts and exchange information to ensure that the Trustees and the IASB are aware of each other's activities. The Committee reports regularly on its work to the Trustees at public meetings.

Review of the IASB Working Groups

The Due Process Oversight Committee initiated a review of the working groups in the third quarter of 2008. In undertaking the review of working group arrangements, the Trustees and the IASB recognised their importance.

The review was undertaken in two parts – a questionnaire survey of all working group members and detailed interviews with the working group chairmen and technical support staff.

The great majority of the working group members responded, which was helpful and insightful. While the concept of using working groups remains well supported, the findings identified a few areas for possible improvement of the process.

The results of the review will be jointly considered with the IASB so as to develop improvements, which will serve to enhance the IASB's due process procedures.

The Trustees greatly appreciate the efforts that the working group members make in assisting the IASB in developing new standards. The Trustees recognise that the working group members are volunteers with busy schedules and as a consequence they want to make the most effective use of their time.

Enhanced performance review of the IASB

In 2008 the Trustees put into place an enhanced performance review procedure for the IASB. This was seen as an important step in the Trustee oversight function. The IASB members have always been subject to individual and peer appraisal. The results of the appraisal are discussed with each IASB member with a view to improve performance. However, in 2008/2009, a further element to performance evaluation has been added. External third parties have been interviewed in order to give greater insight into the perceived effectiveness and performance of the IASB as a body.

The Trustees have been using an external agency with appropriate expertise, Spencer Stuart, to help conduct part of the appraisal process for the IASB.

The Trustees will continue to monitor the effectiveness of the IASB appraisal and review process so as to ensure that it remains relevant and beneficial to both the IASB members and the IASC Foundation.

An assessment of the role of feedback statements and effect analyses

Feedback statements were used for the first time by the IASB in January 2008, with the publication of the revised version of IFRS 3 on *Business Combinations* and the amended version of IAS 27.

A separate document entitled *Project summary, feedback and effect analysis* was prepared to support and aid regulators around the world, following requests for further clarification.

Following the success of the introduction of feedback statements and effect analyses, the IASB amended the Due Process Handbook to make provision for this additional due process step. The purpose of the feedback statement is to explain better to stakeholders and regulators how the IASB developed during due process its thinking, and why it took the decisions it did, including explaining the reasoning on the acceptance or rejection of representations made to it.

The purpose of effect analyses is to ensure that all stakeholders can see transparently the effect of proposals for standards. Stakeholders and commentators had called for both these additions to due process.

Conclusion

The year 2008 has brought increased scrutiny of accounting-standard setters and the standards themselves. The Trustees have responded to input from stakeholders by making constitutional changes and enhancing their oversight activities. The objective is to produce global high quality international accounting standards through enhanced transparency, greater dialogue with stakeholders and enhanced public accountability for the benefit of investors and other market participants.

APPENDIX C

JOINT IASB AND DUE PROCESS OVERSIGHT COMMITTEE MEETING

AGENDA

21 April 2009

2 o'clock
(London time)

IASB
30 Cannon Street
London
EC4M 6XH

Attendance in person and by telephone conference call

Agenda number	Agenda Item	Agenda Paper	Presenter
1	Reviewing the IASB's response to the financial crisis.		David Tweedie.
2	Reviewing the IASB's progress relative to the timeframe set out in the Memorandum of Understanding.		David Tweedie.
3	Issues arising from the Trustees' and Monitoring Board's meetings.		Antonio Vegezzi and Tom Seidenstein.
4	Review of the IASB Working Groups.		Antonio Vegezzi and Tom Seidenstein
5.	Discussion of the Due Process Oversight Committee 2009 priorities.		Antonio Vegezzi
6.	Areas of Concern.		

APPENDIX D

Paper 3

February 2009

<u>International Accounting Standards Committee Foundation</u>

PRELIMINARY VIEWS ON DUE PROCESS HANDBOOK FOR THE XBRL ACTIVITIES

Contents

Due Process Handbook for the XBRL Activities

INTRODUCTION AND INVITATION TO COMMENT

Subject to Trustees' decision to go for public exposure

Questions for internal consideration

1   Stages 2a (technology evaluation) and 2b (alignment of underlying IFRSs) consider conceptual activities in the areas of expertise of the XBRL team (technology and financial reporting). Does the emphasis on 'evaluation' and 'alignment' accurately reflect the XBRL activities conducted during these stages?

2   The due process on XBRL activities is continuous and recurrent in character. This conflicts with the emphasis on the 'final' release of the Taxonomy. Should the emphasis be changed to reflect the annual character of the final Taxonomy?

3   Paragraph 39 outlines the 'underlying considerations' for the application for the due process. The XBRL team also considered using the term 'principles' or 'requirements'. Is the term 'considerations' correct?

4   The XBRL team is part of the Interoperable Taxonomy Architecture project (ITA). This joint initiative between the European Commission, the IASC Foundation XBRL team, the Japan FSA and the US SEC aims to converge the XBRL architectures of three taxonomies: US Generally Accepted Accounting Principles (GAAP), Electronic Disclosure for Investors' NETwork (EDINET) and IFRS. Should the cooperation within the ITA be addressed in the due process handbook?

5   The XBRL team cooperates with the IASC Foundation Translations team for the translations of the Taxonomy. How should such cross-departmental cooperation be referred to in the due process handbook?

Questions for external consideration

6   The IASB and the IFRIC are mainly involved in the XBRL activities due process in the alignment with underlying IFRSs (2b) stage, when the XBRL team consults technical staff on the IFRSs. Should the IASB and the IFRIC have more involvement in the XBRL activities due process?

7   The underlying considerations state that 'usability' is important for the due process. This aims to make the Taxonomy more widely adoptable to stakeholders. There is a degree of conflict with this and the view expressed in paragraph 40 where the principal stakeholders of the Taxonomy are stated as being investors. Should investors remain primary stakeholders of the Taxonomy?

8   The Taxonomy alignment stage (2b) is guided by the standard approach, to ensure that the Taxonomy is aligned with the IFRSs. The approach involves the scrutiny of each standard in turn, and considers new standards published in the Volume of IFRSs at the beginning of a calendar year, and also new sets of standards. Do you agree that the Taxonomy development should be driven by underlying IFRSs?

9   Currently the XBRL team only develops the Taxonomy for final IFRSs. Should the XBRL team consider exposure drafts and discussion papers of the IFRSs, and respectively develop draft taxonomies for these?

10   XBRL based reporting may require additional components to be developed in addition to the Taxonomy (such as identification of filer, identification of submitted report, or additional information for automatic transmission). The due process does not address such additional components. Should such exclusion be maintained, with the scope of the Taxonomy kept to only the disclosure requirements covered by the IFRSs?

Preliminary Views on
Due Process Handbook for the XBRL Activities

INTRODUCTION

1   This document summarises the International Accounting Standards Committee (IASC) Foundation's considerations in formalising the Due Process Handbook for the XBRL Activities.

In order to achieve the necessary level of quality, a substantial effort has been devoted to reviewing and defining a proper due process. The due process of the International Accounting Standards Board (IASB) for setting the International Financial Reporting Standards (IFRSs) has been considered as a reference. This new process has been constituted and utilised for the building of the IFRS Taxonomy 2008 but it has yet to be formalised. Review of the Taxonomy development due process has also led to the review of the processes entailed in other XBRL team activities, such as translations or preparation of support materials.

2   eXtensible Business Reporting Language (XBRL) is a language that is used to communicate information between businesses and other users of financial information. The IASC Foundation XBRL team is the unit responsible for the development of a high quality Taxonomy for IFRSs. The mission statement of the XBRL team is: to create and provide a framework for consistent adoption and implementation of IFRS with a high quality IASCF-developed IFRS Taxonomy in the same languages and at the same time as the Volume of IFRSs as at the beginning of a calendar year. The mission of the XBRL team is part of the adoption and implementation strategy of the IASC Foundation and is integrated with the IFRSs' development.

3   The Taxonomy developed by the XBRL team is the XBRL representation of the IFRSs, International Accounting Standards (IASs) and Interpretations published by the IASB and the International Financial Reporting Interpretations Committee (IFRIC). The Taxonomy is developed by the XBRL team according to the IFRSs approved each year by the IASB in the form of the Volume of IFRSs as at the beginning of a calendar year. Physically, the Taxonomy consists of a set of XBRL files. This document, when referring to the Taxonomy, refers to any taxonomy developed by the IASC Foundation XBRL team.

Scope of the activities of the XBRL team

4   The XBRL team covers two areas of expertise - technology and financial reporting. In the area of technology the XBRL team is responsible for providing XBRL expertise and developing XBRL tools. In the area of financial reporting the XBRL team provides expert guidance on the XBRL modelling of the IFRSs.

5   Generally, the XBRL activities include:

(a)   Development of any taxonomy supporting the IFRSs issued by the IASB and IFRIC;

(b)   Development of support materials for the Taxonomy;

(c)   Outreach activities to propagate the use of XBRL in conjunction with the IFRSs.

6   The XBRL team is supported by two external committees: the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT). The XAC provides strategic advice on the XBRL team's activities. The XQRT reviews the quality of the Taxonomy.

DUE PROCESS

7   The due process comprises of the following stages: planning and analysis, technology evaluation, alignment with underlying IFRSs, taxonomy building, review of taxonomy drafts, and taxonomy publication and maintenance. The technology evaluation (2a) stage and the alignment with underlying IFRSs (2b) stage occur in parallel to each other, after the planning and analysis stage.

8   The due process for the development of the Taxonomy is a cyclical process that starts from the planning and analysis stage and is repeated after the Taxonomy publication and maintenance stage. Reiterations of sequential stages are possible and in particular feedback may be considered between the taxonomy building (3) and the review of taxonomy drafts (4) stages.

9   The Taxonomy development cycle is generally one year, and is aligned with the publication cycle of the Volume of IFRSs as at the beginning of a calendar year.

10   Throughout the process there are opportunities for public review and comment in order to ensure compliance with best practices.

11   XBRL based reporting may require additional taxonomy components which are not considered by the IFRSs (such as filer or report identification). This is beyond the scope of the XBRL team activities and is not part of the due process.

Stage 1: Planning and analysis

12   The planning and analysis stage is a mandatory stage in the due process. For existing and new taxonomies the result of the planning and analysis stage is a time line for all deliverables related to the due process.

13   Generally, during the planning and analysis stage the XBRL team outlines milestones for the development or update of the Taxonomy.

14   The planning and analysis stage may be triggered as a result of one of the following:

(a)   Update of the IFRSs (either the development of a new standard or the amendment of an existing standard);

(b)   Feedback received following the publication of the Taxonomy;

(c)   Release of a new set of standards or other developments from the IASB;

(d)   Introduction of new XBRL technology;

(e)   Other developments which require the attention of the XBRL team.

Stage 2a: Technology evaluation

15   The technology evaluation stage is a mandatory stage in the due process. The result of the technology evaluation stage is the Taxonomy architecture in accordance with current best practice and technologies. The Taxonomy architecture explains the design rationale, and describes the use of XBRL specifications, dimensions, versioning, taxonomy modularisation, taxonomy framework, extensions framework and instantiation. It also addresses the relationship with new XBRL technologies such as rendering and formulas.

16   Generally, changes in the Taxonomy architecture require consultation with a number of parties, and analysis of the impact of the Taxonomy on stakeholders. Such parties may include:

(a)   the XQRT;

(b)   other groups developing taxonomies;

(c)   XBRL International working groups (in particular the Specification Working Group, or another relevant working group);

(d)   software vendors.

17   Changes to the Taxonomy architecture require consideration of existing best practices.

18   The introduction of new technology to the XBRL activities requires the consideration of available software tools and support for each given technology.

Stage 2b: Taxonomy alignment with underlying IFRSs

19   The Taxonomy alignment with underlying IFRSs is a mandatory stage in the due process. The result of this stage is that changes in the disclosure and presentation requirements of the underlying IFRSs published by the IASB and IFRIC are reflected in a new taxonomy or changes to the conceptual structure of an existing taxonomy.

20   In addition this stage evaluates other necessary processes and the implementation of other IFRS related information within the Taxonomy. This includes the alignment of wording (terminology) and XBRL references to the corresponding IFRSs.

21   The Taxonomy alignment with underlying IFRSs stage requires consultation with the IASB technical and educational staff. For upcoming IASB projects the XBRL team should work closely with the technical staff to evaluate at an early stage the impact of changes in the disclosure and presentation requirements and changes in the terminology of the IFRSs and interpretations.

22   The XBRL team may also consult the XQRT, accounting firms and other parties for advice. For major changes or new developments of the Taxonomy the XBRL team will evaluate the impact in co-operation with the affected parties.

Stage 3: Taxonomy building

23   The Taxonomy building stage is a mandatory stage in the due process. The result of the Taxonomy building stage is a set of XBRL files that constitute the Taxonomy.

24   The Taxonomy building stage combines the architecture resulting from the technology evaluation stage, with the financial reporting content resulting from the Taxonomy alignment with underlying IFRSs stage.

25   Generally, the Taxonomy building stage starts from the final version of the previously released taxonomy, unless the cycle requires the development of a new taxonomy.

26   Generally, the Taxonomy building stage is an iterative process where small cycles of restricted testing are conducted for each internal taxonomy draft. These tests include:

   (a)   Validation of conformance with XML and XBRL specifications and existing best practices.

   (b)   Validation of conformance with internal tests.

   (c)   Testing XBRL based financial reports with artificial and/or real financial information.

27   The Taxonomy building stage is repeated for each taxonomy release, namely each draft and the final Taxonomy.

Stage 4: Review of taxonomy drafts

28   The review of taxonomy drafts is a mandatory stage in the due process.

29   Generally, the XBRL team delivers a taxonomy draft to the XQRT for review. The XQRT have a 30 day comment period in which to review the developed taxonomy and provide comments on both financial reporting (content) and technology (architecture).

30   The XQRT review is part of the internal development of the Taxonomy, and should occur before soliciting comments from the public.

31   The XBRL team also delivers a taxonomy draft with an invitation to the public to comment. This is the XBRL team's primary means of consulting the public. The public have a 60 day comment period in which to review the Taxonomy draft and provide comments. The draft may be accompanied by support materials or questions to facilitate the public review.

32   The public review of a taxonomy draft may occur irrespective of whether or not the XQRT has reviewed a taxonomy draft.

33   If a significant number of changes are required as result of the comments submitted, the XBRL team may deliver a new taxonomy draft with an invitation to the public to comment

Stage 5: Taxonomy publication and maintenance

34   The Taxonomy publication and maintenance stage is the last stage in the due process, and may be followed by a new due process cycle starting with the planning and analysis stage.

35   Once comments on the draft of the Taxonomy have been considered, the final version of the Taxonomy is published by the XBRL team. Generally, the final version of the Taxonomy is accompanied by support materials.

36   Once the final version of the Taxonomy is published the XBRL team may convene regular meetings with stakeholders of the Taxonomy to discuss issues arising from the practical implementation of the Taxonomy, and also the potential impact of its proposals. The XBRL team may also conduct educational activities to ensure consistency in the implementation of the Taxonomy.

37   The XBRL team may allow public comment on the final version of the Taxonomy, to be considered for the next Taxonomy release.

38   The XBRL team shall monitor developments in financial reporting and in XBRL technology which may trigger a new due process cycle.

HOW THE DUE PROCESS IS APPLIED

Underlying considerations

39   By developing a high quality taxonomy the XBRL team seeks to address the demand for an electronic standard, based on the IFRSs, to transmit financial information. Stakeholders of the Taxonomy include investors, analysts, preparers of financial information, regulators, aggregators and intermediaries, bodies extending the Taxonomy such as national jurisdictions or industry groups, as well as software vendors.

40   Although the Taxonomy cannot meet the individual needs of all of these stakeholders, there are common needs shared by these stakeholders that the Taxonomy can meet. As investors provide capital to entities, the provision of XBRL based financial reports that meets the investors' needs will also meet most of the needs of other stakeholders. The XBRL team therefore evaluates the merits of decisions concerning the Taxonomy mainly by referring to the needs of investors.

41   When making a decision concerning the development of the Taxonomy the XBRL team is guided by business, functional and technology considerations.

42   In accordance with the Constitution of the IASC Foundation, the XBRL activities are guided by general business considerations:

      (a)   Timeline: the development of the Taxonomy is aligned with the IASB and IFRIC delivery timetable as closely as possible. This requirement is largely addressed by aligning the Taxonomy development cycle with the publication cycle of the Volume of IFRSs as at the beginning of a calendar year.

      (b)   Consistency with IFRSs: the Taxonomy shall reflect and remain consistent with the IFRSs at all times.

43   The due process is guided by functional considerations derived from the Taxonomy stakeholders' needs:

      (a)   Interoperability: the Taxonomy should enable interoperability between different software systems. XBRL specifications are flexible by their nature, and therefore interoperability should be assured by the Taxonomy architecture.

      (b)   Usability: the Taxonomy should be usable in various scenarios in the areas of financial reporting where IFRSs are implemented, as well as across different geographic regions, in order to improve market transparency, support better analysis, and reduce the reporting burden.

      (c)   Extensibility: users of the Taxonomy are permitted to extend it for their specific needs.

      (d)   Stability and comparability: the Taxonomy is intended for use by a large number of participants in the financial reporting supply chain. Therefore the technology evaluation and alignment with underlying IFRSs must ensure the stability, comparability and sustainability of the Taxonomy. This should not be confused with the continuous alignment of the Taxonomy with the IFRSs, which will necessitate adjustments to the Taxonomy from a financial reporting perspective.

44   The Taxonomy development activities are guided by technology considerations derived from XBRL International policies:

      (a)   Compliance with XBRL specifications: the Taxonomy shall be compliant with any specification recommended by XBRL International.

      (b)   Consideration of new XBRL technologies: The XBRL activities shall consider the impact of new technologies (specifications) developed by XBRL International on the Taxonomy.

Consultation with the XAC

45   The XAC provides strategic advice on the XBRL team's activities. In accordance with the XAC Charter (Appendix I) the XBRL team shall consult the XAC on its agenda, project priorities, project issues related to the application and implementation of the Taxonomy, and the possible benefits and costs of particular proposals. The XAC also serves as a sounding board for the XBRL team and may be used as a forum to gather views, supplementary to the normal consultative process.

46   The XAC shall meet in person two times a year for a period of one day, and four times a year by the means of conference call. The XBRL team leader and staff who are responsible for items on the XAC meeting agenda are required to attend these meetings.

47   The XBRL team staff shall provide an update to the XAC and invite questions and comments from XAC members. Where appropriate, the Chairman of the XAC may call for a formal poll to demonstrate the scale of support for a particular viewpoint within the XAC. If the XBRL team's decision is contrary to the viewpoint expressed by the XAC, the XBRL team shall provide the XAC with its reason/s for reaching this decision.

48   In addition to receiving advice from the XAC, the XBRL team shall also consider comments from the XAC subcommittee/s.

Consultation with the XQRT

49   The XQRT reviews the quality of the Taxonomy and provides advice to the XBRL team. In accordance with the XQRT Charter (Appendix II), the XBRL team shall consult the XQRT on taxonomy reviews and arising technology and financial reporting issues during the development of the Taxonomy. The XQRT also serves as a sounding board for the XBRL team, and may be used as a forum to gather views, supplementary to the normal consultative process.

50   The XQRT shall meet in person two times a year for a period of one day, and every month by means of a conference call (except for the months when a meeting in person takes place). The XBRL Team Leader and staff who are responsible for items on the XQRT meeting agenda are required to attend these meetings.

51   The XBRL team shall provide an update to the XQRT, and invite questions and comments from XQRT members.

Liaison activities

52   Liaison activities take place throughout the due process. The purpose of these activities is to promote co-operation and communication between the XBRL team and those parties affected by the use of the Taxonomy. Liaison is conducted at many levels within the XBRL team's structure and activities.

53   Co-ordination with other taxonomy developers: co-ordination between the XBRL team's due process and the due process of other taxonomy developers is important to the success of the XBRL team. The XBRL team has established relationships with stakeholders in Europe, Canada, Australia and the United States.

54   The XBRL team interacts with a wide range of interested parties throughout the Taxonomy development process, and encourages these parties to share their views and comments. To facilitate this communication the XBRL team regularly holds educational sessions, attends the meetings and conferences of other interested parties, and also publishes news updates and event on the IASB website.

55   The XBRL team interacts with XBRL International working groups and committees in order to assess the impact of changes in XBRL specifications and XBRL best practices.

Comments and comment period

56   Comments play a vital role in the XBRL team's formal deliberative process. The XBRL team invites public comment on all published taxonomies. All submitted comments are freely accessible to the public via the XBRL team's web-based review and comment platform.

57   The following taxonomies are published by the XBRL team to solicit public comment:

(a)   drafts of the Taxonomy,

(c)   final versions of the Taxonomy.

58   Generally, the XBRL team shall provide a comment period of 60 days for a released taxonomy. For drafts, if the matter is exceptionally urgent, the Taxonomy is insignificant, and the XBRL team believes that there is likely to be a broad consensus on the topic, the XBRL team may consider a minimum comment period of 30 days. Generally, for major projects, the XBRL team shall provide a minimum comment period of 120 days.

59   Generally, comments on final versions of a taxonomy shall be considered first for the next taxonomy release (in the following annual development cycle).

60   Taxonomy drafts are provided to the XQRT for a 30 day comment period and are not subject to public comment.

61   If deemed necessary the XBRL team may release a taxonomy draft for discussion. Drafts for discussion may be used specifically when the Taxonomy entails major changes to the architecture, or to solicit public comment on a new taxonomy.

62   The XBRL team shall review all comments received within the comment period. The XBRL shall then provide the public with a summary and analysis of these comments by posting this summary and analysis on the web-based review and comment platform.

63   The XBRL team shall respond to comments received during the comment period. The XBRL shall then provide a summary of its position on the major points raised in these comments by posting this summary on the IASB website.

Field visits and tests

64   The XBRL team may conduct field visits to gain a better understanding of XBRL practices and how a proposed taxonomy may affect stakeholders. Generally conducted at the later stage of the due process, field visits enable the XBRL team to assess the impact of possible changes in practice.

65   Generally, field visits are conducted after a draft taxonomy is published. Field visits may be continued after final version of the Taxonomy is published. The focus of field visits is principally on specific issues. Generally, participants in field visits include companies or other parties affected by a draft taxonomy.

66   Generally, field tests require collaboration with interested companies that are willing to be involved in testing a proposed taxonomy, sometimes over an extended period. During field tests the XBRL team shall work closely with participating companies to collect data, prepare financial reports in XBRL using the proposed taxonomy, and to evaluate the results of the tests.

67   The XBRL team recognises the cost involved in conducting field tests in terms of the financial and staff resource required from the IASC Foundation and the participating entities, and also the potential delay to the introduction of new standards. Due to the risk that this cost may exceed the benefits of conducting field tests, the XBRL team shall only conduct field tests when deemed necessary.

Cost benefit analysis

68   The XBRL team shall consider the costs and benefits of all activities and decisions as a part of its deliberation process. However a formal quantitative assessment of the costs and benefits may not be practicable in all instances and is therefore not mandatory. The XBRL team understands that there remains a lack of established and reliable techniques for analysing the quantitative costs and benefits of taxonomy development, and that more insight may be gained via its consultative publications and its communications and liaison activities with interested parties. The XBRL team's views on the costs and benefits of a particular taxonomy are reflected explicitly in the documentation published with the Taxonomy.

69   The XBRL team understands, as do other taxonomy developers, that the evaluation of costs and benefits is subjective. In making its judgement, the XBRL team considers:

- the cost to preparers of financial statements in XBRL in accordance with the Taxonomy;
- the cost to users of financial statements prepared in XBRL in accordance with the Taxonomy;
- the cost to receivers of financial statements prepared in XBRL in accordance with the Taxonomy;
- the benefit of better economic decision-making as a result of improved financial reporting.

Support materials

70   The XBRL team shall provide support materials to accompany the Taxonomy. Generally, such support materials shall include:

(a) Documentation: such as a taxonomy guide for users of the Taxonomy to promote consistent usage of the Taxonomy.

(b) Tools: web-based tools, to help users understand and use the Taxonomy.

(c) Presentations and webinars: educational presentations at conferences and meetings, and also by means of webinars and conference calls, to provide guidance on the technology and financial reporting aspects of the Taxonomy.

71   The XBRL team shall make the Taxonomy and information relating to the XBRL team's due process freely available on the IASB's website. These shall include the following:

- drafts and final versions of the Taxonomy;
- comments on the released taxonomies;
- support materials;
- taxonomy translations;
- press releases;
- other relevant information.

TRANSLATIONS

72   The IASC Foundation provides the Taxonomy in languages other than English. The XBRL team co-operates with the Translations team of the IASC Foundation to provide these translations of the Taxonomy.

73   Generally, the XBRL team contributes to the activities of the Translations team via the following activities:

(a)   Prioritisation and selection of the languages for taxonomy translation;

(b)   Contributing to the selection and contracting of translators and reviewers of the Taxonomy;

(c)   Providing assistance to translators and reviewers of the Taxonomy as required for performing translation (utilising Computer Assisted Translation Software);

(d)   Building and publishing the translation (Taxonomy labels) on the Website.

74   The quality review of the translations of the Taxonomy is conducted by the Translations team.

APPENDIX I

XBRL Advisory Council Terms of reference and operating procedures

I Objectives and scope of activities

1 The primary objective of the XBRL Advisory Council (XAC) of the International Accounting Standards Committee (IASC) Foundation is to provide strategic advice related to the Foundation's XBRL activities, including the development and adoption of XBRL taxonomies for International Financial Reporting Standards (IFRSs).

The XAC will provide a forum where the IASC Foundation's XBRL team is able to consult individuals, and representatives of organisations affected by its work, that are committed to the development of high quality IFRS taxonomies. As part of that consultative process the XAC gives advice to the IASC Foundation's XBRL team on a range of issues which includes, but is not limited to, the following:

- input on the Taxonomy architecture;
- input on the IASC Foundation XBRL team project timetable (work programme) including project priorities, and consultation on any changes in strategy plan and priorities; and
- advice on projects, with particular emphasis on practical application and implementation issues, including adoption and implementation by stakeholders, convergence with US-GAAP, Japan and the impact of XBRL taxonomies.

2 The secondary objective of the XAC is to support the XBRL team in the adoption and implementation of the Taxonomy throughout the world. This may include the publishing of articles supportive of XBRL with the IFRSs, and addressing public meetings on the same subject. Any such views expressed are accepted as personal and should not be regarded as the opinions of the XAC. This objective does not preclude XAC members from independent critical analysis of the work of the XBRL team to assist better understanding of issues and solutions.

II Composition and membership

3 The XAC is composed of individuals, or representatives of organisations, interested in the development of high quality IFRS taxonomies. The membership provides for a broad geographical spread and a range of functional backgrounds that include members drawn from preparers and issuers, financial analysts, software vendors, supervisors and regulators, academics, retail investors and professional accounting bodies. Official observer status may also be granted by the Trustees to other bodies and organisations that are influential in the global financial community.

4 A panel of the Trustees considers nominations and, where applicable, their origins and/or the organisations that may be represented, to determine whether nominee associations and individuals are suitable for membership and to ensure a broad geographical spread and a range of functional backgrounds.

5 Members are appointed for an initial term of three years and, depending upon the need to maintain a proper balance and for continuity, may be asked to remain for a further period of up to three years. A maximum period of service of six years is permitted. However the XAC is not expected to continue operating beyond 31 December 2010.

6 In the interests of retaining an active and engaged membership, individuals who do not attend in person three consecutive meetings will be asked to stand down from the XAC.

7 The Trustees appoint members to the XAC in an individual or representative capacity, and at XAC meetings members are expected to express their individual views unless it is expressly stated that they are the opinions of the organisations they represent. No sourcing record is made of organisational or individual views in the XAC minutes. In adopting this convention the XAC is mindful that discussion at a XAC meeting may often be free-ranging and an individual's contribution might be unduly hampered if reference had to be made back to an organisation before a view was expressed at the meeting. XAC members are free to table written materials for circulation, prior to the meeting, should they wish.

III Chairman

8 The Chairman of the XAC is appointed by the Trustees from nominations submitted by the XAC. The term of office of the Chairman is three years renewable for up to three years, subject to maximum term of six years.

9   The Chairman provides leadership to the XAC in ensuring that the IASC Foundation and its XBRL team receive timely and effective input that contributes to the development of high quality taxonomy enjoying broad acceptance and support. To achieve this objective, the Chairman actively monitors the progress of the XBRL team work programme, projects and priorities and works closely with the XBRL team leader to identify, on a timely basis, matters on which the XAC's advice should be sought. Specifically, the duties of the Chairman include, but are not limited to, the following:

- working with the XBRL team leader and the Trustees of the IASC Foundation to ensure the preparation of timely and appropriate materials to facilitate the conduct of the XAC meetings;
- conducting meetings of the XAC;
- reviewing the draft minutes of XAC meetings before distribution to members;
- preparing the draft Agenda together with the XBRL team leader;
- acting as the liaison between the XAC, the IASB and the Trustees; [not in charter]
- keeping abreast of developments within the XBRL team and informing members of the XAC of these matters, if considered necessary, between meetings; [not in charter]
- assisting the Trustees in the identification of new members of the XAC;
- briefing new members of the XAC on its operations and their role and responsibilities;
- assisting the XBRL Team Leader in promoting the adoption of taxonomy throughout the world; and
- at the request of the Trustees, attending and participating in the Trustees' meetings.

IV   Operating procedures

10   In order to ensure that the XAC operates efficiently and effectively the following operating procedures are adopted.

Meeting details

11   XAC members are expected to attend two one-day meetings a year, usually in London, and to participate in four one-hour telephone discussion a year, but additional meetings may be convened at the request of the Chairman.

12   The IASC foundation XBRL team leader is required to attend XAC meetings.

13   Administrative support for the meetings, as well as the recording of the minutes, is the responsibility of a designated member of the XBRL team.

14   The meetings of the XAC are open to the public except for administrative items, which are dealt with in closed session.

Meeting agenda and papers

15   The XBRL team leader and Chairman are responsible for preparing the agenda for each meeting in consultation with the Chairman. All XAC members are encouraged to submit to the XBRL team leader items for consideration for inclusion in the agenda in advance of the meeting date and in accordance with the timing determined by the Chairman.

16   Written materials supporting XAC agenda items are provided before each meeting. A briefing paper highlighting those issues on which specific guidance is sought from the XAC is usually prepared for each item on the agenda. The extent of the supporting documentation is dependent on the complexity of the issues involved and the need for XAC members to be adequately briefed. The following should be the norms for distribution of material to XAC members:

- minutes of each meeting/discussion are distributed to XAC members within than thirty days following each XAC (or subcommittee of XAC) meeting;
- the agenda for each XAC meeting/discussion, including a brief description of each agenda item, is distributed to XAC members at thirty days before each XAC meeting /discussion; and
- all detailed agenda papers are distributed to XAC members at least ten days before each XAC meeting.

Conduct of meetings

17 The conduct of technology topics is generally prefaced by an introduction of the topic by the XBRL team leader or staff, and may include papers prepared and/or delivered by XAC members and/or XBRL team staff. The extent of these briefings is dependent on the complexity of the topic. At the

Subcommittees

18   In order to improve the quality of comment submitted to the XBRL team on a specialised topic, the XBRL team leader may call for the establishment of a subcommittee of knowledgeable XAC members to provide expert comment. This subcommittee shall report to the XAC, which in turn present its views to the XBRL team.

V   Travel and accommodation costs

19   Members of the XAC or the organisations they represent meet their own travel and accommodation costs.

VI   Approval and changes

20   The Trustees have approved the terms of reference and operating procedures and any changes thereto require their concurrence.

APPENDIX II
XBRL Quality Review Team: Terms of reference and operating procedures

I   Objectives and scope of activities

1   The primary objective of the XBRL Quality Review Team (XQRT) of the International Accounting Standards Committee Foundation is to review developed taxonomies and offer strategic advice and practical recommendations to the XBRL team on the quality of the Taxonomy.

2   The secondary objective of the XQRT is to support the XBRL team in the adoption and implementation of the Taxonomy throughout the world. This may include the publishing of articles supportive of XBRL and the IFRSs, and addressing public meetings on the same subject. Any such views expressed are personal, and should not create the impression that they the opinions of the XQRT. This objective does not preclude XQRT members from providing independent critical analysis of the work of the XBRL team to assist better understanding of issues and solutions.

II   Composition and membership

3   The XQRT is composed of individuals, or representatives of organisations, interested in the development of high quality taxonomy. The membership provides for a broad geographical spread and a range of functional backgrounds that includes members drawn from preparers and issuers, financial analysts, software vendors, supervisors and regulators, academics, retail investors and professional accounting bodies. Official observer status may also be granted by the IASC Foundation Trustees to other bodies and organisations that are influential in the global financial community.

4   A panel of the Trustees considers nominations and, where applicable, their origins and/or the organisations that may be represented, to determine whether nominee associations and individuals are suitable for membership and to ensure a broad geographical spread and a range of functional backgrounds.

5   Members are appointed for an initial term of three years, and depending upon the need to maintain a proper balance and for continuity, may be asked to remain for a further period of up to three years. A maximum period of service of six years is permitted. However the XQRT is not expected to continue operating beyond 31 December 2010.

6   In the interests of retaining an active and engaged membership, individuals do not attend in person three consecutive meetings will be asked to stand down from the XQRT.

7   The Trustees appoint members to the XQRT in an individual or representative capacity, and at XQRT meetings members are expected to express their individual views unless it is expressly stated that they are the opinions of the organisations they represent. No sourcing record is made of organisational or individual views in the XQRT minutes. In adopting this convention the XQRT is mindful that discussion at a XQRT meeting may often be free-ranging and an individual's contribution might be unduly hampered if reference had to be made back to an organisation before a view was expressed at the meeting. XQRT members are free to table written materials for circulation, prior to meetings, should they wish.

III   Operating procedures

8   In order to ensure that the XQRT operates efficiently and effectively the following operating procedures are adopted.

    Meeting details

9   XQRT members are expected to attend two one-day meeting a year, usually in London, and to participate in one-hour telephone discussions in each month when a meeting is not held, but additional meetings may be convened at the request of the XBRL team leader.

10   The IASC foundation XBRL team leader is required to attend XQRT meetings. The XBRL team staff who are responsible for items on the XQRT meeting agenda are also required to attend the meeting. XBRL team staff are also generally required to attend the meetings in order to directly receive, and respond to, the views of the XQRT.

11   Administrative support for the meetings, as well as the recording of the minutes, is the responsibility of a designated member of the XBRL team.

12   The meetings of the XQRT are open to the public except for administrative items which are dealt with in closed session.

Meeting agenda and papers

13   The XBRL team secretariat is responsible for preparing the agenda for each meeting in consultation with the XBRL team leader. All XQRT members are encouraged to submit to the XBRL team leader items for consideration for inclusion in the agenda in advance of the meeting date and in accordance with the timing determined by the XBRL team leader.

14   Written materials supporting XQRT agenda items are provided before each meeting. A briefing paper highlighting those issues on which specific guidance is sought from the XQRT is usually prepared for each item on the agenda. The extent of the supporting documentation is dependent on the complexity of the issues involved and the need for XQRT members to be adequately briefed. The following should be the norms for distribution of material to XQRT members:

- minutes of each meeting/discussion are distributed to XQRT members within thirty days following each XQRT meeting/discussion;

- the agenda for each XQRT meeting/discussion, including a brief description of each agenda item, is distributed to XQRT members at least thirty days before each XQRT meeting/discussion; and

- all detailed agenda papers are to be distributed to XQRT members at least ten days before each XQRT meeting/discussion.

Conduct of meetings

15   The conduct of technology topics is generally prefaced by an introduction of the topic by the XBRL team leader or staff, and may include papers prepared and/or delivered by XQRT members and/or XBRL team staff. The extent of these briefings is dependent on the complexity of the topic. At the meeting members are invited to comment on the questions raised by the XBRL team or any other related matters.

Subcommittees

16   In order to improve the quality of comment submitted to the XBRL team on a specialised topic, the XBRL team leader may call for the establishment of a subcommittee of knowledgeable XQRT members to provide expert comment. This subcommittee reports to the XQRT, which in turn present its views to the XBRL team.

IV   Travel and accommodation costs

17   Members of the XQRT or the organisations they represent meet their own travel and accommodation costs.

V   Approval and changes

18   The Trustees have approved the terms of reference and operating procedures and any changes thereto require their concurrence.