

**Memorandum**

**To:** Monitoring Board

**From:** Gerrit Zalm, Chairman, IASC Foundation Trustees  
Tom Seidenstein, Chief Operating Officer, IASC Foundation

**cc:** IASC Foundation Trustees

**Date:** March 16, 2009

**Re:** Materials for Meeting with IASC Foundation Trustees

---

The Trustees look forward to their first meeting with the Monitoring Board on April 1. The meeting will take place from 1-6 pm at the Crowne Plaza London – The City, 19 New Bridge Street, London EC4V 6DB. Dinner with the Trustees will begin at 7:00 pm for 7:30 pm at the hotel. Please let us know whether you need any assistance with your travel and accommodation arrangements.

The purpose of this memorandum is to provide the agreed agenda (attached), introduce the papers and topics on the agenda, and give some general organizational background.

**Meeting agenda and papers**

*Topic 1: Introduction and opening remarks*

Because it is the first meeting between the Monitoring Board and the Trustees, we have set aside time for introductions and remarks from Monitoring Board members and the Chairman of the Trustees to set out the meeting's objectives. The meeting with the Monitoring Board is occurring in conjunction with the regularly scheduled Trustees' meeting in London. The great majority of the Trustees will be in attendance.

For the information of Monitoring Board members, we are including a background guide to the IASC Foundation and IASB titled 'Who we are and what we do' for a quick overview of the organization. (Agenda Paper MB 1)

In addition to that background guide, here are some other brief facts regarding the IASC Foundation:

Legal Status

- Organization's structure agreed after a period of wide international consultation, including with the regulatory authorities, adapts predecessor IASC's Constitution in 2000
- Incorporated in the current form in February 2001 in the State of Delaware, USA
- Has US charitable status

- Same legal structure as the US Financial Accounting Foundation
- Main operations in London

#### Operating Documents

- IASC Foundation Constitution is the governing document. The Constitution is subject to a five-yearly public review.
- IASB follows an established Due Process, which is described in the IASB's *Due Process Handbook*.

#### IASC Foundation Facts and Figures

- Total expenditure for standard-setting activities in 2008: £16.1 million
- Employees in 2008 (including IASB members): 101
- Funding regimes and contributions in 2008: £12.7 million (the remainder financed through publications and related activities and interest earned on deposits and bond)
- Expected funding from contribution regimes in 2009: £17.6 million

#### *Topic 2: Review of the 2008 Annual Report*

The Memorandum of Understanding between the Trustees and the Monitoring Board states:

10. The Trustees shall communicate with the IASCF Monitoring Board regarding their work, including in the following ways:

A. The Trustees shall report on the work of the IASCF annually in writing;

The Trustees are in the process of preparing the public annual report, which should be approved at their meeting on April 2. The Trustees are providing the draft substantive sections of the annual report to the Monitoring Board. These include:

- The report of the Chairman of the Trustees (Agenda Paper MB 2A)
- The Trustees' report on their oversight activities (Agenda Paper MB 2B)
- The Trustees' report on progress on financing activities (Agenda Paper MB 2C)
- The report of the Chairman of the IASB on 2008 activities (Agenda Paper MB 2D)
- The draft (yet to be finalized) 2008 financials (Agenda Paper MB 2E)

Gerrit Zalm, Chairman of the Trustees, will provide an overview of the draft annual report to the Monitoring Board, and the Trustees and the management team of the IASC Foundation are available to answer questions raised by the Monitoring Board.

#### *Topic 3: Progress on the IASC Foundation's financing arrangements*

The Trustees have dedicated considerable energy to the development of a broad-based funding that shares the financing burden on an appropriate basis worldwide. In the view of many, having such a basis of funding is essential for safeguarding the sustainability and independence of the international standard-setting process. As the members of the Monitoring Board will see from the funding update in the draft Annual Report, considerable progress has been made in establishing a secure method of funding worldwide.

However, further work is required. Because the Trustees have no authority to impose funding mechanisms, the Trustees believe that discussing the status of funding regimes and requirements is a particularly relevant topic to raise with capital markets authorities, serving on the Monitoring Board. Indeed, the Memorandum of Understanding states that the Trustees and the Monitoring Board should discuss “the adequacy and appropriateness of the sources of funding and any other revenue arrangements of the IASCF.”

To prepare for this meeting, the Trustees have conducted a five-year resource planning exercise with the objective of identifying the resources required to make IFRSs the universally accepted set of accounting standards. The paper is provided as Agenda Paper MB3.

*Topic 4: Proposed Trustee nominations process for 2009*

The Memorandum of Understanding states:

In accordance with paragraph 7 of the IASCF Constitution, the Trustees shall establish procedures to invite applications for Trustee positions, including advertising vacant positions. These procedures shall be agreed by the IASCF Monitoring Board. The selection process will be administered by the Trustees in a transparent manner.

At the end of the year, six Trustees have terms expiring. Therefore, the Trustees are now proposing the process for appointments and reappointments for Monitoring Board consideration.

The Trustees’ proposal is provided as Agenda Paper MB 4.

*Topic 5: Report by the IOSCO Emerging Markets Committee Chairman on IFRS adoption in emerging markets*

The Chairman of the IOSCO Emerging Markets Committee requested an opportunity to provide a report on IFRS-related developments in emerging markets.

*Topic 6: Response to the financial crisis*

We have a dedicated time slot to discuss the IASC Foundation’s and the regulator’s response to the financial crisis. David Tweedie, Chairman of the IASB, will also be available to discuss the IASB’s work in response to the crisis. We have asked Hans Hoogervorst, who is jointly chairing the IASB-FASB Financial Crisis Advisory Group (FCAG) with Harvey Goldschmid, to provide a report on the FCAG’s progress and likely direction. Consistently with the Memorandum of Understanding, the Trustees would appreciate a report from other Monitoring Board members on regulatory activities underway that would affect the IASB as a standard-setter.

A summary of the IASC Foundation/IASB’s response is provided as Agenda Papers MB 6A and MB 6B. Members of the Monitoring Board should also refer to the papers related to the annual report as further guidance.

Additionally, the Monitoring Board and the Trustees should also jointly consider a mechanism to assess the impact of any G20 recommendation related to standard-setting that might emerge from the April 2 meeting in London.