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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 Meeting with Monitoring Board 1 April 2009

Agenda Paper MB 6A

The IASC Foundation/IASB's response to the financial crisis

1. The financial crisis has raised issues related to both the IASC Foundation's governance and International Financial Reporting Standards (IFRSs), established by the IASB. This paper and Agenda Paper MB 6B summarizes the organization's responses to the financial crisis.

Enhancing the governance structure and ensuring diversity on the IASB

2. The G20 conclusions at the Washington meeting highlighted the relevance of enhanced governance arrangements of the IASC Foundation in establishing a standard-setter ready and able to serve the increasingly integrated global economy. At the Trustees' meeting in New Delhi in January 2009, the Trustees completed the first part of the IASC Foundation's Constitution Review, which addressed the issue of public accountability (the link to the Monitoring Board) and the composition, geographical diversity, and the size of the International Accounting Standards Board (IASB).

3. The establishment of the Monitoring Board is a significant enhancement of the organization's governance arrangements and directly addresses the G20 recommendation. Now, underpinning the organisation's structure is the internationally-accepted principle that global accounting standards should be developed by an independent IASB. The IASB reaches conclusions following a transparent and open due process that considers the views of all stakeholders. An independent and geographically diverse body of Trustees oversees the IASB. Under the Constitutional changes, the Trustees themselves are publicly accountable to a Monitoring Board of public authorities. This relationship between the Trustees and the Monitoring Board replicates, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters.

4. It is also important to note that the establishment of the Monitoring Board does not alter the IASC Foundation's (and the IASB's) commitment to engage all interested parties concerned with standard-setting. Indeed, the Trustees and the IASB are actively seeking new ways to enhance their outreach and the consultation process. First, a new Standards Advisory Council (SAC) has been established that includes representatives of a range of organizations with an interest in standard-setting. Second, through a subgroup of the SAC, the IASC Foundation has established a direct relationship with investor organisations on governance and related matters and will do so with similar preparer and regulatory groupings, if requested. Third, the Trustees have launched the second part of the Constitution Review that will examine other issues related to governance, the effectiveness of the Standards Advisory Council, and the IASB's agenda-setting process.

5. An attachment that describes the IASC Foundation's and the IASB's response to the G20 recommendations is included as Agenda Paper MB 6B.

IASB's response to the financial crisis

6. The standard-setting response to the financial crisis is described in the IASB's Chairman annual report document (Agenda Paper MB 2D) and the summary table described above (Agenda Paper MB 6B). At the meeting, the Trustees also note that the work of the Financial Crisis Advisory Group is ongoing, and that the co-chairman of the Financial Crisis Advisory Group is attending the Monitoring Board meeting on behalf of the IOSCO Technical Committee. A summary of the Financial Crisis Advisory Group's activities would be useful as further background to the discussion.

7. A timeline of IASB responses to the financial crisis follows (see <http://www.iasb.org/About+Us/About+the+IASB/Timeline+of+key+announcements+and+measures+taken+by+the+IASB+in+response+to+the+financial+crisis.htm> for documentation associated with the actions described below):

March 2009

- IASB seeks views of interested parties regarding FASB proposals on fair value measurement and impairment
- IASB enhances financial instruments disclosures IFRS 7
- IASB clarifies the accounting treatment for embedded derivatives when reclassifying financial instruments
- Financial Crisis Advisory Group 3rd meeting

February 2009

- Financial Crisis Advisory Group 2nd meeting

January 2009

- IASB proposes additional disclosures for investments in debt instruments
- IASB proposes amendments to clarify the accounting for embedded derivatives
- IASB publishes proposed new Consolidation standard as part of comprehensive review of off balance sheet risk
- First meeting of the Financial Crisis Advisory Group to take place in London

December 2008

- IASB and FASB announce membership of Financial Crisis Advisory Group
- IASB provides update on steps taken in response to the global financial crisis
- Staff of IASB and IASCF publish update on responses to G20 conclusions

November 2008

- Hans Hoogervorst and Harvey Goldschmid agree to co-chair advisory group considering financial reporting issues arising from global economic crisis
- Trustees issue letter to G20 participants
- IASB and FASB announce dates for US and Asian round-tables on global financial crisis
- IASB and FASB to hold first round table on global financial crisis in London on 14 November 2008

October 2008

- IASB publishes educational guidance on the application of fair value measurement when markets become inactive
- IASB and FASB commit to a global approach to enhance market confidence, rapid appointment of members of the advisory group and the organisation of three round tables
- IASB and FASB to create an advisory group to review reporting issues related to credit crisis
- IASB proposes improvements to financial instruments disclosures
- IASB provides update on applying fair value in inactive markets
- IASB issues amendments to permit the reclassification of certain financial instruments
- Trustees express their support of IASB's accelerated steps on the credit crisis
- IASB announces next steps in response to credit crisis
- IASB staff confirm clarification by the SEC staff and the FASB staff is consistent with IAS 39 Financial Instruments: Recognition and Measurement
- Additional Board meeting takes place to discuss amendments to IFRS 7 and Disclosures

September 2008

- IASB organises round-table discussion of the revised staff proposal of an exposure draft on Consolidation
- IASB discusses a comprehensive package of proposed amendments to IFRS 7 Financial Instruments: Disclosures
- Following six panel meetings the IASB issues draft report from expert advisory panel and provides an update on response to the credit crisis

August 2008

- Expert Advisory Panel on fair value in illiquid markets discusses a draft document summarising disclosure issues raised at previous meetings
- Expert Advisory Panel on fair value in illiquid markets discusses disclosure requirements regarding the measurement of financial instruments in illiquid markets

July 2008

- Staff presents a first staff draft of an exposure draft of a standard on consolidation to the Board in its July meeting
- SAC meets to discuss the IASB's responses to the crisis

June 2008

- Expert Advisory Panel on fair value in illiquid markets meets for the first time
- IASB forms an Expert Advisory Panel to identify valuation and disclosure issues in illiquid markets

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8. The Trustees would welcome the views of Monitoring Board members on the organization's response to the financial crisis. The Trustees are also looking forward to receiving an update from Monitoring Board participants on the regulatory response and developments to the financial crisis.