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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, 15-16 January 2009

Agenda Paper 2

IASC Foundation Constitution Review

1. The Trustees should take a number of decisions related to the Constitution Review at the New Delhi meeting. This paper constitutes staff's recommendations to the Trustees on a proposed course of action. Staff has set the following objectives for the session on the Constitution Review:

- **Conclusion of the first part of the Constitution Review:** The Trustees should be in a position to make final decisions related to the issues of public accountability (and a Monitoring Board) and the composition and size of the IASB.
- **Discussion of initial interface with a Monitoring Board:** If the creation of the Monitoring Board is approved, the Trustees should discuss initial items to raise with the Monitoring Board in preparation of a first meeting.
- **The process for the second part of the Constitution Review:** The Trustees should agree the next steps in the process for consultation on the second phase of the Constitution Review.

A. First part of the Constitution Review

2. The Trustee will remember that at the last meeting in Beijing, the Trustees deferred completion of the first part of the Constitution Review to permit further consideration of the issue of public accountability.

3. Staff has now worked with staff at the various public authorities proposing the creation of the Monitoring Group and has developed a draft Memorandum of Understanding that is consistent with the views of the participating organizations. This draft Memorandum of Understanding is attached and is consistent with the proposals laid

in the Trustees' discussion document. It infers suggested amendments related to the Monitoring Group's membership and the name of the group (using the terminology "Monitoring Board" rather than "Monitoring Group"). The draft Memorandum of Understanding does not address the question of IASB composition, but the public authorities were supportive of the general thrust of the Trustees' proposals when they appeared at the public round table last year.

4. The Trustees should consider these comments in the context of other comments received throughout the process. Staff provided an analysis of the comment letters received at the Beijing meeting and that analysis is included as an attachment to provide full consideration of views.

5. Based upon the comments received throughout the process, staff is recommending the following decisions:

In the Constitution

- **The establishment of a Monitoring Board:** The approval of the proposals to create a Monitoring Board to provide a formal link between the Trustees and public authorities.
- **Adopting the name Monitoring Board, rather than the Monitoring Group:** It was noted that the name "Monitoring Group" was already in use for IFAC, and a change in the name would be useful to distinguish the two bodies.
- **Clarification of the criteria for membership and purpose of the Monitoring Board:** Many stakeholders commented that there was a need to clarify the membership criteria for the Monitoring Board, because the original proposal seemed to include organizations with differing interests in accounting standard-setting. The intention of the link to a Monitoring Board is to replicate the link to those public authorities that have generally overseen accounting standard setters. In this manner, those authorities could fulfill their public mission to help ensure the accuracy, transparency, comparability and effectiveness of financial reporting and the protection of investor interests.

This would mean that bodies that are not public authorities or those with no formal authority for financial reporting would not serve on the Monitoring Board.

- **Amending the proposed membership to be consistent with the criteria for membership:** In order to replicate the historic relationship between accounting standard-setters and capital market authorities, the proposed membership should be adjusted. It is proposed that the Trustees recognize the link to the following bodies (which themselves will create the Monitoring Board):
 - the European Commission,
 - the Emerging Markets Committee and the Technical Committee of the International Organization of Securities Commissions ("IOSCO");
 - the Financial Services Agency of Japan; and
 - the US Securities and Exchange Commission.

- **Accounting for the recommendations of the G20 by including the Basel Committee on Banking Supervision as an observer on the Monitoring Board:** The November 2008 G20 statement said, “With a view toward promoting financial stability, the governance of the international accounting standard setting body should be further enhanced.” Having the Basel Committee on Banking Supervision as an observer on the Monitoring Board would be consistent with that recommendation.
- **Approve the proposals regarding IASB composition, size and voting:** While views among stakeholders were mixed on the proposals, there was general understanding behind the rationale for the proposals. It is important to note that the proposed changes still emphasizes that ‘professional competence and practical experience’ should remain paramount. Furthermore, the Trustees reaffirm the relevance of the eight criteria for IASB members in the Annex of the Constitution. Any change is subject to review during the next Constitution Review to determine whether the changes have produced the desired effect.

On that basis, staff is recommending the amendments to the proposals, which are shown in Appendix B to this paper.

Related issues outside of the Constitution

- **Publish the Memorandum of Understanding with members of the Monitoring Board:** With Trustee input, staff has worked with the staff of the proposed members of the Monitoring Board to develop a Memorandum of Understanding (MoU) to govern the relationship and responsibilities of the arrangement. The draft MoU is provided as Agenda Paper 2C.

Staff recommends approving the document for publication, assuming the agreement of all of the Monitoring Board members. It is expected that they would be willing to approve without amendment.

The MoU reflects the proposals recommended for the Constitution and is similar to MoU arrangements reached among public authorities (or public authorities and private sector bodies) in other areas. The MoU with the Monitoring Board, like other arrangements, is operational in character, reflects the conclusions of a document that has received public review, and therefore should not require additional consultation.

- **Review Monitoring Board composition in light of G20 recommendations on participation in international organizations and bodies:** In its November 2008 communiqué, the G20 noted that international bodies should reflect concerns of emerging economies. The Monitoring Board seeks to do so by having direct participation by the Chairman of the IOSCO Emerging Markets Committee. However, as a topic to address in the near future, the Monitoring Board and Trustees should consider whether the current composition take sufficient account of the perspectives of emerging markets.
- **Establish a formal liaison with investors and other users by creating a subgroup of the Standards Advisory Council (SAC):** Investors called for a

greater voice in the IASC Foundation's activities. In addition to identifying more users for the Trustees and the IASB, the Trustees are appointing a new SAC that will include enhanced investor participation. The new SAC include a minimum of eight national or international investment organizations. The Trustees should meet and consult regularly on governance matters with this body as a subgroup of the SAC.

- **Disband the Trustee Appointments Advisory Group, but still seek recommendations from former members, as appropriate:** Most commentators, including the members of the Trustee Appointments Advisory Group, believed that their continued existence was unnecessary under the new Monitoring Board arrangements. At the same time, it would be useful to continue to notify former members when there is an appointment to be made and to get suggestions.

Next steps

If the Trustees were to approve the above according to staff's recommendations, staff recommends the following steps to conclude the first part of the Constitution Review:

- The Trustees publish the revised Constitution with an effective date of 1 February 2009.
- The Trustees publish the MoU as agreed when approved by all parties.
- The Trustees publish a report explaining the changes in the Constitution and describing how the various views were taken into account.

B. Discussion of initial interface with a Monitoring Board

The Trustee should consider when the first meeting with the Monitoring Board could occur. One possibility would be in conjunction with the April 2009 Trustees' meeting in London. This would also provide an opportunity to review the organization's progress against the G20 recommendations—many of which have a March 30, 2009, deadline.

Possible issues to raise at the meeting include:

1. Trustees' 2008 Annual Report
2. Response to the financial crisis
3. The status and requirements for funding
4. Trustee selection for 2010

C. Second Part of the Constitution Review

The opening discussion document for the second part of the Constitution is published, and comments are due by March 30. During the consultation process, the Trustees should continue their regular meetings with stakeholders in their home countries and areas, getting views on possible topics and encouraging stakeholders to submit comments.

Because the comments should arrive by the end of March, staff should be in position to analyze the letters and submit possible issues for Constitution Committee and Trustee consideration by the end of April. The Trustees supported the concept of holding public roundtables at that stage, and it would be useful to confirm that intention at the New Delhi meeting.

If so, staff recommends holding those meetings in the months of June and July, possibly in Europe, the United States, Japan, and Latin America.

Appendix A—Draft Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING TO STRENGTHEN THE INSTITUTIONAL FRAMEWORK OF THE INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE FOUNDATION

PREAMBLE

The European Commission, the Emerging Markets and Technical Committees of the International Organization of Securities Commissions, the Financial Services Agency of Japan, and United States Securities and Exchange Commission (collectively referred to as “capital markets authorities” for the purposes of this Memorandum of Understanding), which together represent authorities responsible for setting the form and content of financial reporting in the majority of the world’s capital markets, and the Trustees of the International Accounting Standards Committee Foundation (“IASCF”):

Considering that capital markets authorities are generally charged with the development and administration of accounting standards;

Considering that capital markets authorities historically have looked to private or stand-alone bodies to assist in establishing accounting standards;

Considering that capital markets authorities generally oversee national accounting standard setters to ensure that they are capable of improving the accuracy, transparency, comparability and effectiveness of financial reporting and the protection of investor interests;

Considering that accounting standard-setters should strive to keep their standards current to reflect changes in the business environment, as well as consider promptly emerging accounting issues and changing business practices;

Recognizing that the International Accounting Standards Board (“IASB”) is a stand-alone international accounting standard-setter committed to developing, in the public interest, a single set of high quality, understandable and enforceable global standards, also known as International Financial Reporting Standards (“IFRS”);

Recognizing that the IASB develops accounting standards for use by companies from developed and developing economies;

Recognizing that IFRS are increasingly used around the world, yet the IASCF has no formal relationship to capital markets authorities;

Asserting that establishing a formal relationship between capital markets authorities and the IASCF will facilitate the ability of these authorities to effectively discharge their mandates relating to investor protection, market integrity and capital formation;

Recognizing that the IASB is overseen by an independent body, the IASCF, which is charged with serving the public interest;

Desiring to further enhance the public accountability of the IASCF to support the increasing use of IFRS around the world;

Recognizing that the IASCF has changed its constitution to recognize the role of the IASCF Monitoring Board in reinforcing the public accountability of the IASCF Trustees;

Affirming and supporting the independence of the IASCF in setting high-quality accounting standards, through the IASB, for use around the world, and

Desiring to help strengthen this independence by supporting the establishment of a non-voluntary, transparent and stable funding platform for the IASCF;

Have reached the following understanding:

ARTICLE I: DEFINITIONS

For purposes of this Memorandum of Understanding (“MOU”),

1. “IASCF Monitoring Board” or “Monitoring Board” means a body established by agreement among its members, the mission and operation of which are described in its charter. Its relationship to the IASCF is described in this MOU. Its initial members are:

- The European Commission;
- The Emerging Markets Committee and the Technical Committee of the International Organization of Securities Commissions (“IOSCO”);
- The Financial Services Agency of Japan; and
- The US Securities and Exchange Commission.

The Basel Committee on Banking Supervision shall participate in the IASCF Monitoring Board as an observer with voice but no vote.

2. “IASCF Constitution” means the _____ 2008 Constitution of the IASCF, as amended from time to time.¹

3. “Trustees” means the Trustees of the IASCF, whose roles are described in the IASCF Constitution.

¹ Located at www.iasb.gov.

ARTICLE II: GENERAL PROVISIONS

4. The IASCF Monitoring Board and the Trustees agree to collaborate in the manner specified in this MOU.
5. This MOU does not alter the terms of the relationship between the Trustees and the IASB. This MOU also does not alter the Trustees' responsibilities as described in the IASCF Constitution.

ARTICLE III: PURPOSE AND DUTIES OF THE IASCF MONITORING BOARD

6. Purpose of the IASCF Monitoring Board

The primary purpose of the IASCF Monitoring Board is to serve as a mechanism for formal interaction between capital markets authorities and the IASCF, thereby facilitating the ability of capital market authorities that allow or require the use of IFRS in their jurisdictions to effectively discharge their mandates relating to investor protection, market integrity and capital formation. The IASCF Monitoring Board will help ensure the public accountability of the IASCF by monitoring and reinforcing the public interest oversight function of the IASCF, as well as to promote the continued development of IFRS as a high-quality set of global accounting standards.

7. Duties of the IASCF Monitoring Board

The principal responsibilities of the IASCF Monitoring Board are to:

- i) Participate in the Trustee nominations process;
- ii) Approve Trustee nominees;
- iii) Review the adequacy and appropriateness of Trustee arrangements for financing the IASB;
- iv) Review the Trustees' oversight of the IASB's standard setting process, in particular with respect to its due process arrangements;
- v) Confer with the Trustees regarding their responsibilities, in particular in relation to the regulatory, legal and policy developments that are pertinent to the IASCF's oversight of the IASB; and
- vi) Refer matters of broad public interest related to financial reporting for consideration by the IASB through the IASCF.

8. Trustee Selection

- A. Criteria for the selection or reappointment of a Trustee are those contained in the IASCF Constitution.
- B. 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.
- C. The Trustees will propose a candidate for each open Trustee position. The Trustees shall provide the reasoning behind their choice of candidate. The IASCF Monitoring Board may submit names for the Trustees' consideration.
- D. Each Trustee candidate must be approved by the IASCF Monitoring Board.
- E. The Trustees will nominate a Chair from among their members, subject to the approval of the IASCF Monitoring Board.

9. IASB Oversight, Due Process and Funding

- A. The IASCF Monitoring Board will confer with the Trustees regarding their oversight responsibilities in the following principal areas:
 - i. procedures relating to the due process and general oversight of the IASB;
 - ii. the IASB's agenda-setting process and work program, including the adequacy of the IASB's resources in the light of its work program;
 - iii. the adequacy of the IASB's procedures to ensure prompt and fair consideration of changes to IFRS accounting principles and standards so as to take into account emerging accounting issues and changing business practices;
 - iv. the IASB's due process, including the process for carrying out impact assessments and cost-benefit analyses;
 - v. the IASB's efforts to improve the accuracy and effectiveness of financial reporting and to protect investors; and
 - vi. the adequacy and appropriateness of the sources of funding and any other revenue arrangements of the IASCF, as well as the annual budget of the IASCF.
- B. The IASCF Monitoring Board may refer accounting issues to, and will confer regarding these issues with, the Trustees and the IASB Chair.
 - i. The Trustees will work with IASB to ensure these issues are addressed in a timely manner.

- ii If the IASB determines that consideration of the issue(s) identified by the IASCF Monitoring Board is not advisable or that the issue(s) cannot be resolved within the time frame suggested by the Monitoring Board, the Trustees should:
 1. call on the IASB to undertake all reasonable efforts to consider issue(s) in a manner that is consistent with the public interest, taking into account the protection of investors.
 2. call on the IASB to explain its position through the Trustees regarding the IASB's position on the issue(s); and
 3. promptly notify the IASCF Monitoring Board of the IASB's position.

ARTICLE IV: COMMUNICATION BETWEEN THE IASCF MONITORING BOARD AND THE TRUSTEES

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;
 - B. The Trustees shall meet regularly with the IASCF Monitoring Board to discuss its work. By common agreement of the two Chairpersons, other organizations with public policy responsibilities related to financial reporting may be invited to participate in these meetings on an *ad hoc* basis;
 - C. Upon request of the IASCF Monitoring Board, the Trustees, the Chairman of the Trustees, or the Chairpersons of the Trustees and the IASB shall meet with the IASCF Monitoring Board regarding any area of work of either the IASCF or the IASB. Without limitation, these discussions may cover the status of any matter that the IASCF Monitoring Board has referred for timely consideration by the IASCF and/or the IASB.
 - D. The IASCF Monitoring Board members shall update the IASCF and/or its staff on significant events in the regulatory environment (including those that relate to audit requirements and practices), or other areas to assist the IASCF in carrying out its responsibilities.
 - E. From time to time, the IASCF Monitoring Board and the Trustees shall discuss the functioning of this MOU and discuss whether changes are appropriate. Changes must be approved by a consensus among all signatories to this MOU.

ARTICLE V: TERMINATION

11. The IASCF Monitoring Board or the Trustees may terminate this MOU upon 60 days written notice.

Signed at _____, this ____ day of _____, 2008.

Charlie McCreevy, Commissioner
For the European Commission

Gerrit Zalm, Chairman of the Trustees
For the International Accounting Standards
Committee Foundation

_____, Chairperson
For the Emerging Markets Committee of
the International Organization of Securities
Commissions

_____, Chairperson
For the Technical Committee of the
International Organization of Securities
Commissions

Takafumi Sato, Commissioner
For the Financial Services Agency of Japan

Christopher Cox, Chairman
For the United States Securities and
Exchange Commission

Appendix A: Amendments to the Constitution—Part One of the Review

TOPIC	ORIGINAL PROPOSAL	FINAL RECOMMENDATION	RATIONALE FOR CHANGE
Revision to Section related to Trustee appointments	<p>5. The <u>Monitoring Group (described further in Sections 18-22)</u> Trustees shall be responsible for the <u>approval of all Trustee appointments and reappointments.</u> selection In <u>approving</u> making such selection, the <u>Monitoring Group</u> Trustees shall be bound by the criteria set out in Sections 6 and 7. <u>The Trustees and the Monitoring Group shall agree a nomination process that will entitle the Monitoring Group to recommend candidates and provide other input.</u> and in particular <u>In administering the nomination process and putting forward nominations to the Monitoring Group for approval, the Trustees</u> shall undertake mutual consultation with international organizations as set out in Section 7. for the purpose of selecting an individual with a similar background to that of the retiring Trustee, where the retiring Trustee was selected through a process of mutual consultation with one or more international organisations.</p>	<p>5. The <u>Monitoring Board</u> (described further in Sections 18-22) Trustees shall be responsible for the <u>approval of all Trustee appointments and reappointments.</u> selection In <u>approving</u> making such selection, the <u>Monitoring Board</u> Trustees shall be bound by the criteria set out in Sections 6 and 7. <u>The Trustees and the Monitoring Board shall agree a nomination process that will entitle the Monitoring Board to recommend candidates and provide other input.</u> and in particular <u>In administering the nomination process and putting forward nominations to the Monitoring Board for approval, the Trustees shall undertake mutual consultation with international organisations as set out in Section 7.</u> for the purpose of selecting an individual with a similar background to that of the retiring Trustee, where the retiring Trustee was selected through a process of mutual consultation with one or more international organisations.</p>	<p>Only change is the name of the term Monitoring Group to Monitoring Board to help eliminate confusion with existing IFAC Monitoring Group.</p>
Revised section related to	17 The accountability of the Trustees shall	Only change 17 (b):	Same change as above.

Trustee accountability	<p>be ensured <i>inter alia</i> through:</p> <p>(a) a commitment made by each Trustee to act in the public interest;</p> <p><u>(b) their commitment to report to and engage with the Monitoring Group according to the terms described in Sections 18-23.</u></p> <p>(cb) their undertaking a review of the entire structure of the IASC Foundation and its effectiveness, such review to include consideration of changing the geographical distribution of Trustees in response to changing global economic conditions, and publishing the proposals of that review for public comment, the review commencing three years after the coming into force of this Constitution, with the objective of implementing any agreed changes five years after the coming into force of this Constitution (6 February 2006, five years after the date of the incorporation of the IASC Foundation); and</p> <p>(de) their undertaking a similar review subsequently every five years.</p>	<p>(b) <u>their commitment to report to and engage with the Monitoring Board according to the terms described in Sections 18-23.</u></p>	
New Sections creating the	<u>18 A Monitoring Group will provide</u>	18 A Monitoring Board will	The change in the language

Monitoring Group	<p><u>a formal link between the Trustees and public authorities. A Memorandum of Understanding will be agreed between the Monitoring Group and the Trustees describing the interaction of the Monitoring Group with the Trustees. This Memorandum of Understanding will be made available to the public.</u></p>	<p><u>provide a formal link between the Trustees and public authorities. This relationship seeks to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard setters. A Memorandum of Understanding will be agreed between the Monitoring Board and the Trustees describing the interaction of the Monitoring Group with the Trustees. This Memorandum of Understanding will be made available to the public.</u></p>	<p>emphasizes the rationale for such a link and the criteria for membership.</p>
	<p><u>19 The responsibilities of the Monitoring Group shall be:</u></p> <p>(a) <u>to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in Sections 5-8.</u></p> <p>(b) <u>to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in</u></p>	<p><u>19 The responsibilities of the Monitoring Board shall be:</u></p> <p>(a) <u>to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in Sections 5-8.</u></p> <p>(b) <u>to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in Sections 13</u></p>	<p>No change with the exception of the name.</p>

	<p><u>Sections 13 and 15. The Trustees shall make an annual written report to the Monitoring Group.</u></p> <p>(c) <u>to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Group shall have the authority to request meetings with the Trustees or separately with the chairman of the Trustees (with the chairman of the IASB as appropriate) about any area of work of either the Trustees or the IASB. These meetings may include discussion of, and any IASC Foundation or IASB proposed resolution of, issues that the Monitoring Group has referred for timely consideration by the IASC Foundation or the IASB.</u></p>	<p>and 15. The Trustees shall make an annual written report to the Monitoring Group.</p> <p>(c) <u>to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Board shall have the authority to request meetings with the Trustees or separately with the chairman of the Trustees (with the chairman of the IASB as appropriate) about any area of work of either the Trustees or the IASB. These meetings may include discussion of, and any IASC Foundation or IASB proposed resolution of, issues that the Monitoring Board has referred for timely consideration by the IASC Foundation or the IASB.</u></p>	
	<p><u>20 The Monitoring Group shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public.</u></p>	<p>20 The Monitoring Board shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public.</p>	<p>Name change.</p>

	<p><u>21</u> <u>Initially, the Monitoring Group shall comprise:</u></p> <p><u>(a)</u> <u>the responsible member of the European Commission,</u></p> <p><u>(b)</u> <u>the managing director of the International Monetary Fund,</u></p> <p><u>(c)</u> <u>the chair of the IOSCO Emerging Markets Committee,</u></p> <p><u>(d)</u> <u>the chair of the IOSCO Technical Committee (or vice chair or designated securities commission chair in cases where either the Chairman of an EU securities regulator, Commissioner of the Japan Financial Services Agency or Chairman of the US Securities and Exchange Commission is the chair of the IOSCO Technical Committee),</u></p> <p><u>(e)</u> <u>the commissioner of the Japan Financial Services Agency,</u></p> <p><u>(f)</u> <u>the chairman of the US Securities and Exchange Commission, and</u></p> <p><u>(g)</u> <u>the president of the World Bank</u></p>	<p><u>21</u> <u>Initially, the Monitoring Board shall comprise:</u></p> <p><u>(a)</u> <u>the responsible member of the European Commission,</u></p> <p><u>(b)</u> <u>the chair of the IOSCO Emerging Markets Committee,</u></p> <p><u>(c)</u> <u>the chair of the IOSCO Technical Committee (or vice chair or designated securities commission chair in cases where either the Chairman of an EU securities regulator, Commissioner of the Japan Financial Services Agency or Chairman of the US Securities and Exchange Commission is the chair of the IOSCO Technical Committee),</u></p> <p><u>(d)</u> <u>the commissioner of the Japan Financial Services Agency,</u></p> <p><u>(e)</u> <u>the chairman of the US Securities and Exchange Commission, and</u></p> <p><u>(f)</u> <u>as an observer, the Chairman of the Basel Committee on Banking Supervision</u></p>	<p>Membership change to reflect the criteria described in the paper.</p>
	<p><u>22</u> <u>The Monitoring Group shall reconsider its composition from time to time relative to its objectives.</u></p>	<p><u>22</u> <u>The Monitoring Board shall reconsider its composition from time to time relative to its objectives.</u></p>	<p>Name change</p>

	<u>23</u> <u>The Monitoring Group shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.</u>	23 The Monitoring Board shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.	Name change
<i>IASB size and composition</i>	<u>24</u> 18 The IASB shall comprise fourteen members, <u>increasing to sixteen members at a date no later than 1 July 2012. The members of the IASB are</u> appointed by the Trustees under Section 15(a) ² . <u>Up to three members may be part-time members (the expression ‘part-time’ meaning that the members concerned commit most of their time in paid employment to the IASC Foundation) and shall meet appropriate guidelines of independence, established by the Trustees. The remaining members</u> of whom twelve shall be full-time members (the expression ‘full-time’ meaning that the members concerned commit all of their time in paid employment to the IASC Foundation). The remaining two members shall be part-time members (the expression ‘part-time’ meaning that the	Approve as proposed.	

² See footnote 3 above.

	<p>members concerned commit most of their time in paid employment to the IASC Foundation) and shall meet appropriate guidelines of independence, established by the Trustees. The work of the IASB shall not be invalidated by its failure at any time to have a full complement of members, although the Trustees shall use their best endeavours to achieve a full complement.</p> <p><u>2519</u> The main qualifications for membership of the IASB shall be professional competence and practical experience. The Trustees shall select members of the IASB, <u>consistently with the Criteria for IASB Members set out in the Annex to the Constitution,</u> so that it will comprise a group of people representing, within that group, the best available combination of technical expertise and diversity of international business and market experience in order to contribute to the development of high quality, global accounting standards. <u>The members of the IASB shall be required to commit themselves formally to acting in the public</u></p>		
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	<p><u>interest in all matters.</u> No individual shall be both a Trustee and an IASB member at the same time.</p> <p>2620 The selection of members of the IASB shall not be based on geographical criteria, but the Trustees shall ensure that the IASB is not dominated by any particular constituency or geographical interest. In particular, the Trustees shall observe the general parameters set out in the Criteria for IASB Members which are attached to this Constitution. — <u>In a manner consistent with the Criteria for IASB Members set out in the Annex to the Constitution and in order to ensure a broad international basis, there shall normally be, by 1 July 2012:</u></p> <p><u>(a) four members from the Asia/Oceania region;</u></p> <p><u>(b) four members from Europe;</u></p> <p><u>(c) four members from North America; and</u></p> <p><u>(d) one member from Africa;</u></p> <p><u>(e) one member from South</u></p>		
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	<p style="text-align: center;"><u>America; and</u></p> <p style="text-align: center;"><u>(f) two members appointed from any area, subject to maintaining overall geographical balance.</u></p> <p style="text-align: center;"><u>The work of the IASB shall not be invalidated by its failure at any time to have a full complement of members according to the above geographical allocation, although the Trustees shall use their best endeavours to achieve the geographical allocation.</u></p>		
IASB voting	<p>36³⁰ Publication of an exposure draft or an International Financial Reporting Standard (including an International Accounting Standard or an Interpretation of the International Financial Reporting Interpretations Committee) shall require approval by nine of the fourteen members of the IASB, <u>if there are fewer than 16 members, or by ten members if there are 16 members.</u> Other decisions of the IASB, including the publication of a discussion paper, shall require a simple majority of the members of the IASB present at a meeting that is attended by at least</p>	Approve as proposed.	

	60 per cent of the members of the IASB, in person or by telecommunications.		
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