

Appendix

Conclusions of the meeting of the IASC Foundation Trustees New Delhi, India 15 and 16 January 2009

The Trustees of the International Accounting Standards Committee Foundation (IASC Foundation), the governing body of the International Accounting Standards Board (IASB), today announced the conclusions reached during their meeting held in New Delhi, India, on 15 and 16 January 2009.

Review of the IASC Foundation's Constitution

Completion of the first part of the Review

In July 2008 the Trustees published for public comment a discussion document, *Review of the Constitution: Public Accountability and the Composition of the IASB*, that set out proposals forming the first part of the constitutional review including enhancements to the governance and public accountability of the IASC Foundation, as well as the composition, geographic diversity and size of the IASB.

Using the conclusions of their strategic review in 2007, the Trustees completed a consultation process in 2008 that included round-table discussions in London and a public comment period, and led to more than 70 responses from individuals and organisations. A report detailing the Trustees' conclusions will be published shortly. Under the new constitutional arrangements, the Trustees will establish a link to a Monitoring Board comprising public authorities in order to replicate the relationship that has generally existed in national identities between accounting standard-setters and capital market authorities.

The responsibilities of the Monitoring Board will be:

- (a) to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines set out in the IASC Foundation's Constitution.

- (b) to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in IASC Foundation's Constitution. The Trustees will make an annual written report to the Monitoring Board.
- (c) to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Board will 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.

The formation of the Monitoring Board is intended to enhance public accountability of the IASC Foundation whilst not impairing the independence of the standard-setting process.

The initial composition of the Monitoring Board will be the relevant leaders of the IOSCO Technical Committee, the IOSCO Emerging Markets Committee, the Japanese Financial Services Agency and the US Securities and Exchange Commission, and the responsible member of the European Commission. The Chairman of the Basel Committee on Banking Supervision will attend as an observer.

The relationship between the Trustees and the Monitoring Board is described by a Memorandum of Understanding (MoU), which is attached to this document. The constitutional change will become effective from 1 February 2009.

The Trustees have concluded that the maximum number of members of the IASB should be increased from 14 to 16 by July 2012, with up to three positions being permitted for part-time members. The Trustees concluded that the expansion of the IASB to 16 would enable the IASB to discharge its increasing liaison functions in an improved manner, while not negatively affecting the efficiency of the IASB's deliberative processes.

Whilst professional competence and practical experience will remain the primary considerations for membership of the IASB, the Trustees have added to this

additional guidelines regarding geographical diversity to help ensure that membership of the IASB broadly reflects worldwide capital allocation. Thus, membership of the IASB will be four members drawn from each of the Asia/Oceania region, Europe and North America respectively, one member from South America, one member from Africa and two members from any area, subject to overall geographical balance.

Second part of the Review

In December 2008 the Trustees published for public comment a discussion document, *Review of the Constitution; Identifying Issues for Part 2 of the Review*, that seeks views on the full range of constitutional issues that were not addressed in the first part of the review, such as the need for emergency due process procedures. Comments on the discussion paper should be submitted by 31 March 2009. Round tables on the Trustees' preliminary conclusions will be held internationally during the third and fourth quarters of 2009.

Review of the IASB's response to the financial crisis

Much of the meeting was given to a review of the IASB's response to the global financial crisis, and in particular the actions and ongoing work by the IASB and the IASC Foundation in response to the conclusions reached by G20 leaders at their meeting in Washington, DC, USA, in November 2008.

The formation of the Monitoring Board and changes to the composition, geographic diversity and size of the IASB are consistent with the G20 recommendations, and the Trustees expressed their support for the steps being taken by the IASB in responding to the crisis. A comprehensive summary of the IASB's and the IASC Foundation's response to the G20 conclusions is available on the IASB website.

Review of IASB working groups

The Due Process Oversight Committee reviewed the preliminary findings on the effectiveness of IASB working groups. The Due Process Oversight Committee agreed to meet the IASB to discuss possible action to address the findings.

Whilst the concept of using working groups remains well supported, the findings identified areas for possible improvement of the process. The Trustees also agreed to

keep working group members informed of these findings and resulting recommendations.

IFRSs and the IFRS for Non-publicly Accountable Entities to be available without charge from the IASB website

IFRSs are not currently available free of charge, although the IASC Foundation waives its copyright in jurisdictions adopting IFRSs into law. To facilitate dissemination of and access to IFRSs, the Trustees have concluded that IFRSs and the future IFRS for Non-publicly Accountable Entities (formerly called the IFRSs for SMEs), excluding the accompanying documents such as the basis for conclusions or implementation guidance, should become available free of charge in .pdf format from the IASB website as soon as possible. A further announcement will be made once the IFRSs are available for download.

Board appointments

The Trustees approved the change in status of Stephen Cooper from part-time to full-time member of the IASB.

The Trustees also confirmed the reappointment of Jan Engström to serve a second five-year term as a member of the IASB from May 2009.

Five-year review of the funding and resources of the organisation

The Trustees initiated an exercise to assess the needs of the organisation as it becomes the global standard-setter. The Trustees are examining the financial needs over the next five years and will receive a second report at their meeting in London in April 2009.

The Trustees reviewed progress made towards long-term funding goals based on four principles, namely:

- **Broad-based:** A sustainable long-term financing system must expand the base of support to include major participants in the world's capital markets, including official institutions, in order to ensure diversification of sources.

- **Compelling:** A system must carry with it enough pressure to make free riding very difficult. This could be accomplished through a variety of means, including official support from the relevant regulatory authorities and formal approval by the collecting organisations.
- **Open-ended:** The financial commitments should be open-ended and not contingent on any particular action that would infringe on the independence of the IASC Foundation and the IASB. This should include sustained support from official international organisations, central banks and the major accounting firms.
- **Country-specific:** The funding burden should be shared by the major economies of the world on a proportionate basis, using GDP as the key determining factor of measurement. Each country should meet its designated target in a manner consistent with the principles above. Trustees should be assigned to specific countries to assist in the development of the funding scheme.

It was noted that in 2008 significant progress was made in advancing the funding initiative and helping to ensure the great majority of major economies of the world contributed a proportionate amount to the organisation. Contributions in 2008 are expected to reach nearly £14 million, up from £10.5 million in 2007. This growth is explained by the following:

- In Europe, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden and the United Kingdom have established or are establishing levy or national payment systems. The European Commission is also proposing an EU-wide payment for 2010 and beyond.
- In the Asia-Oceania region, the Japanese contribution grew from US\$2 million to US\$2.8 million, a 40 per cent increase. China, Hong Kong SAR, and India introduced funding systems and grew their respective contributions as well. Australia, Korea and New Zealand maintained their level of financial support.

- In North America, funding in the United States continued to advance. The organisation housing the Canadian standard-setting authority has agreed to facilitate a broad Canadian contribution in 2009.

Similar systems are also being considered by other countries, and the Trustees remain committed to assisting in this process.

Quality assurance process for XBRL taxonomy and role in the development of IFRS-related extensions to be considered

The IASC Foundation develops the official IFRS XBRL taxonomy. To help ensure the quality and integrity of the taxonomy, the IASC Foundation established the XBRL Advisory Council and the XBRL Quality Review Team—a group of external experts who provide input to and review the taxonomy. As more countries adopt the IFRS taxonomy for official purposes, the Trustees agreed that it would be useful to assess the effectiveness of the quality assurance process again. The Due Process Oversight Committee will lead this effort.

Proper use of the IFRS Taxonomy for financial reporting generally requires extensions. However, widespread use of extensions that are developed independently would lead to a decrease in comparability between similar entities.

The mandate of the IASC Foundation XBRL team currently does not include the development of extensions to the core IFRS Taxonomy. Advice on the possible development of standardised extensions to the IFRS Taxonomy has been sought from the XBRL Advisory Council as well as the IASB. The Trustees will give further consideration to this issue through the Due Process Oversight Committee.

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