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Organización Internacional de Comisiones de Valores
International Organisation of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaçao Internacional das Comissões de Valore

April 9, 2009

Ms. Tamara Oyre
Assistant Corporate Secretary
International Accounting Standards Committee Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Via email: constitutionreview@iasb.org

RE: Discussion document, Review of the Constitution, Identifying Issues for Part 2 of the Review – December 2008

Dear Ms. Oyre:

The International Organisation of Securities Commissions (IOSCO) Standing Committee No. 1 on Multinational Disclosure and Accounting (Standing Committee No. 1) thanks you for the opportunity to provide our comments regarding Part 2 of the Review of the IASC Foundation Constitution.

IOSCO is committed to promoting the integrity of international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of Standing Committee No. 1 seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect a general consensus among the members of Standing Committee No. 1 and are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

We commend the Trustees for completion of the first part of the five-yearly Constitution review in 2008. In particular, we are pleased with the link created between the IASC Foundation and the Monitoring Board and with the occurrence of the inaugural meeting of the Monitoring Board on 1 April 2009. Given the growing role of IFRS throughout the world's capital markets, we are encouraged by the Trustees attentiveness to the current cycle of the Constitutional review.

We have provided responses to selected topics raised by the IASC Foundation in its request for comments. The numbering of the paragraphs below corresponds with the related paragraph within the discussion document.

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1. *Does the emphasis on helping 'participants in the world's capital markets and other users make economic decisions', with consideration of 'the special needs of small and medium-sized entities and emerging economies', remain appropriate?*

The members of Standing Committee No. 1, as representatives of securities regulators of the more developing markets, are supportive of the continued emphasis on helping 'participants in the world's capital markets and other users make economic decisions'. This emphasis is consistent with the objectives of our members' respective regulatory bodies. Given the nature of our markets and our role in capital raising through public markets, we feel that other commenters are better placed to address 'the special needs of small and medium-sized entities and emerging economies'.

2. *Should the Constitution make specific reference to the emphasis on a principle-based approach?*

We observe that including reference to the IASB's approach to standard setting would be defining an attribute of the IASB's "product". The Constitution in paragraph 31 provides the IASB with complete responsibility for technical matters. We believe it reasonable to assume based on this provision of the Constitution that determination of the appropriate attributes of the standards are encompassed within the responsibilities of the IASB. We question whether the Constitution is the appropriate place to make such a statement. In that respect, would the Framework perhaps be a more suitable location?

Further, including reference to a "principles-based approach" would require definition of what that term means. If the Trustees proceed with a proposal, we would think it appropriate to explain the term as our experience indicates variability among different audiences' interpretation of the expression.

Finally, it is not clear to us what the implications are of making or not making such a statement. It would be helpful if, should the Trustees determine it appropriate to develop a proposed amendment to the Constitution in this respect, the proposal would address any existing practice, tendency or behaviour that the Trustees are seeking to address through any proposed changes.

3. *The Trustees and the IASB have limited their focus primarily to financial reporting by private sector companies, primarily because of the need to set clear priorities in the early years of the organisation. The Trustees would appreciate views on this point and indeed on whether the IASB should extend its remit beyond the current focus of the organisation .*

The work of IOSCO relates to financial reporting by publicly listed entities, which are clearly considered in the current focus of the IASB. We note that, with limitations to available resources and in light of its full agenda, the Board will continue to be faced with the need to establish and manage priorities. In particular, the Board has an ambitious agenda with respect to its MOU with the Financial Accounting Standards Board as well as numerous standard setting efforts arising from the financial crisis. Because of this, we question whether this is the appropriate time for the Trustees to consider expanding the focus of the IASB. In the future, should such expansion be proposed by the Trustees, we strongly recommend that any proposal be accompanied by a developed discussion of the costs and benefits of such an expansion at that point in time, the alternative, and why expanding the focus of the organisation is preferable to retaining its current focus.

4. *Should the Constitution be amended to allow for the possibility of closer collaboration with a wider range of organisations, whose objectives are compatible with the IASC Foundation's objectives? If so, should there be any defined limitations?*

We encourage continued outreach with interested parties. We observe that outreach functions create the need for IASB and staff resources to participate. We therefore encourage the Trustees, should they move forward with a proposal regarding collaboration with other organisations, to address the manner in which this would be accomplished effectively. One consideration may be coordination with certain organisations collectively, rather than one-on-one. Finally, we recommend that any proposal be accompanied with a discussion of the costs and benefits associated with closer collaboration with other organisations, and why the Trustees may believe that the current time is the appropriate one for making a change.

8. *The Trustees would welcome comments on the progress and future of the organisation's funding.*

We are encouraged by the Trustees continued efforts to secure financing that is in line with the objectives for the funding system. We believe that a stable and diversified source of funding will promote the independent functioning of the IASB's standard setting.

11. *Should a separate 'fast track' procedure be created for changes in IFRSs in cases of great urgency? What elements should be part of a 'fast track' procedure?*

We would anticipate that the frequency of circumstances in which a change to an accounting standard would be of sufficient urgency that it must be resolved without appropriate consideration and consultation with affected constituents as contemplated in the *Due Process Handbook* would be rare, if at all. However, we acknowledge the possibility that unforeseen circumstances may arise requiring emergency attention. In such exceptional cases, we believe that the independent functioning of the standard setter, with reasonable public consultation under the circumstances, would be critical components of any expedited due process. These elements are consistent with statements made by the IOSCO Technical Committee in its 21 October 2008 press release.

Should the Trustees proceed with a proposal to provide for 'fast track' procedures, it is advisable that the proposal address how an individual matter would be evaluated in determining whether it is of sufficient gravity to justify 'fast track' procedures. Absent clear articulation of parameters for eligibility, the Trustees and the Board may find themselves confronted with an unduly large number of items suggested by the IASB's many constituents as warranting 'fast track' attention. Finally, it is worth considering whether the decision to give a matter expedited attention should be subjected to greater oversight, for example through approval of the Board's Trustees.

12. *Are the current procedures and composition, in terms of numbers and professional backgrounds, of the Standards Advisory Council (SAC) satisfactory? Is the SAC able to accomplish its objectives as defined in Section 38?*

-and-

13. *Are there elements of the terms of reference [for the SAC] that should be changed?*

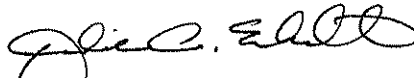
IOSCO has two members of the SAC and certain other securities regulators participate with the IASB in other capacities. An observation we would like to offer is with respect to feedback to the SAC on resolution of matters on which the SAC is consulted. We believe it would be useful if the SAC meeting agenda were to regularly include a report by the IASB or

its staff on the disposition of matters by the Board, such that the SAC is aware of how Board decisions compare to views expressed by members of the SAC.

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We appreciate your thoughtful consideration of the comments raised in this letter. If you have any questions or need additional information on the recommendations and comments that we have provided, please do not hesitate to contact me at +1 202 551 5300.

Sincerely,



Julie A. Erhardt
Chair
IOSCO Standing Committee No. 1