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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 Trustees Meeting  
Amsterdam 7 July 2009**

### **Agenda Paper 1**

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**To:** IASC Foundation Trustees  
**From:** Tom Seidenstein  
**Date:** June 29, 2009  
**Re:** Constitution Review documents

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At the Amsterdam meeting, the Trustees should:

- Review the comments received in response to the consultation document consultation document, *Review of the Constitution: Identifying Issues for Part 2 of the Review*
- Agree possible approaches to resolve issues raised in the consultation

To prepare for the Trustees' discussions, staff has prepared the following:

- An analysis of the 68 comment letters received to date (Agenda Paper 1A)
- A worksheet with a suggested approach to all of the issues raised in the (Agenda Paper 1B)
- A memorandum on key issues for discussion with the Monitoring Board (Agenda Paper MB 2)

Attached to this memorandum is a note from the Due Process Oversight Committee with recommendations on the issue of a "fast track" due process.

Staff is proposing the following time line for the completion of the Constitution Review:

- **July Amsterdam meeting:** Proposed approach for the second part of the Constitution Review agreed.
- **Late July-early August:** Publication of a discussion document with proposed Constitutional revisions with 90-comment period.
- **September-October:** Constitution Committee round tables in London, New York, and Tokyo.
- **December:** Constitution Committee develops final proposals for Trustee approval.
- **January:** The Trustees agree final changes at their January 2010 meeting.

## APPENDIX

### MEMORANDUM

**To:** Constitution Committee

**From:** Due Process Oversight Committee

**Date:** 16 June 2009

**Re:** Proposed fast track due process procedures

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At the last joint meeting between the IASB and the Due Process Oversight Committee, the proposed fast track due process procedures to account for emergency situations were discussed. The comments that were received by the IASB members were debated further at the Due Process Oversight Committee meeting on 11 June 2009. It was agreed that the comments would be forwarded to the Constitution Committee for consideration.

The views expressed at the joint IASB and Due Process Oversight Committee meeting were mixed, but included the following:

- The IASB needs a fast track procedure to avoid being caught in a difficult position in the future. However, they questioned whether it was wise to specify the circumstances when it might be invoked, given that every eventuality could not possibly be foreseeable.
- The IASB already has an adequate fast track due process procedure which allows for 30 days' consultation. If nothing is added, the IASB is left with the discretion of applying this foreshortened due process procedure as and where need arises. This alleviates the need to make provision for circumstances which may be limitless and unpredictable.

It was noted that the provisional review of the responses received following the second part of the Constitutional Review indicate that respondents are not in favour of a fast track procedure, but recognise that one may be required for pragmatic reasons. Commentators say that if a fast track procedure is introduced, it would only be acceptable provided a minimum of 30 days' consultation is compulsory and the specific circumstances that will trigger the fast track procedures are clarified and understood by all.

The Committee, having debated the subject further, wish to recommend that the present provisions of the Constitution be left as they are.

The benefits of this proposal are the following:

- The current due process procedures allow for a truncated due process procedure of only 30 days' consultation, which in an international environment is considered to be the minimum requirement.
- Most respondents to the second part of the Constitution Review said that 30 days' consultation should be a minimum and consultation should never be dispensed with

- In the event of emergency procedures being required which would demand less than 30 days' consultation, the current due process procedures are sufficiently flexible to allow the Trustees to authorise alternative due process procedures in exceptional circumstances, without being limited by specific circumstances when such procedures may be invoked in the future. Such events, by their very nature, are unforeseeable and it will not always be possible to account for every eventuality in the future.

The IASB's procedures in the Constitution are flexibly drawn, leaving a lot of discretion to the IASB to determine their best operating procedures.

The following provisions in the Constitution support this view:

### **Part A**

#### **“Section 3 - Governance of the IASC Foundation**

*The governance of the IASC Foundation shall rest with the Trustees and such other governing organs as may be appointed by the Trustees in accordance with the provisions of this Constitution. The Trustees shall use their best endeavours to ensure that the requirements of this Constitution are observed; however, they are empowered to make minor variations in the interest of feasibility of operation if such variations are agreed by 75 per cent of all the Trustees.”*

### **Part B**

#### **“Trustees**

**Section 15, sub-paragraphs (f), (g) and (i) which provides:**

*“In addition to the duties set out in Part A, the Trustees shall:*

*(f) establish and amend operating procedures, consultative arrangements and due process for the IASB, the International Financial Reporting Interpretations Committee and the Standards Advisory Council;”*

*(g) review compliance with the operating procedures, consultative arrangements and due process as described in (f);*

*(i) exercise all powers of the IASC Foundation except those expressly reserved to the IASB, the International Financial Reporting Interpretations Committee and the Standards Advisory Council;...”*

The Due Process Oversight Committee would welcome discussing any elements of this proposal with the Constitution Committee, should it be deemed necessary.