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**International  
Accounting Standards  
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*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 6A**

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## **M E M O R A N D U M**

**To:** The Trustees  
**From:** The Due Process Oversight Committee  
**Date:** 19 June 2009

### **SUMMARY OF THE JOINT MEETING WITH THE DUE PROCESS OVERSIGHT COMMITTEE AND THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)**

The Committee met with the IASB on the 21 April 2009 at 2 pm. Antonio Vegezzi, the Chairman, invited Luigi Spaventa to attend as well. The following is a synopsis of key issues discussed and points raised:

#### **1. Reviewing the IASB's response to the financial crisis – IAS 39**

Sir David said that the IASB is under pressure to redraft IAS 39 within six months. It was noted that it is highly unlikely that everyone will be satisfied with the final IAS 39 standard, but the IASB must be proactive in its outreach and complete the redrafting process for exposure within the allocated time. The Trustees' will liaise with the Monitoring Board to secure their support for the work of the IASB.

#### **2. Reviewing the IASB's progress relative to the timeframe set out in the Memorandum of Understanding with the FASB**

Sir David said that the IASB is on schedule to complete the work set out in the Memorandum of Understanding (MoU) by June 2011, but that the biggest risk is if FASB disagrees with an

approach taken by the IASB on any project. There are concerns that the mood in the United States has changed and the level of support for convergence with IFRSs as a precursor to full adoption has diminished. It was agreed that the IASB must continue to lead the convergence programme within the times allocated under the MoU.

### **3. Issues arising from the Trustees' and Monitoring Board's meetings**

Tom Seidenstein noted that the Monitoring Board (MB) had held its first meeting with the Trustees on 1 April. The meeting had been positive and the members of the MB were supportive. It is hoped that the MB will play an important role in supporting the IASC Foundation in its work and raising long term funding.

#### **4. Review of the IASB's Working Groups**

Peter Clark said that the review and feedback had been valuable. It was noted that the members of the Working Groups had indicated the need for more constant communication, preferably utilising electronic media such as email. Mr. Clark said that bulletin boards will be considered so that there is greater outreach. The Chairman has written to all the members of the Working Groups that responded to the questionnaire thanking them for their responses and giving them feedback on the recommendations made by the Committee and the changes that will be implemented by the IASB.

#### **5. Discussion of the Due Process Oversight Committee 2009 priorities**

Concern was expressed that there is a misconception of what is expected of the IASB when carrying out its due process procedure of effect analysis. This is essentially a cost/benefit analysis. However, some believe that this should be a broader micro and macro-economic investigation of various industries, which is simply not possible. The IASB members say this is an unrealistic expectation which requires careful management.

#### **6. Emergency due process procedures – proposed draft for discussion**

The main questions raised under this topic were whether the IASB required a fast track procedure, and if so, the necessary criteria and circumstances that would include.

There were mixed views.

- Some said that 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.
- Most noted that 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.

A memorandum has been referred to the Constitution Committee for consideration.

#### **7. Voting arrangements and procedures for departing IASB members**

Sir David said that some Board members who have deliberated on projects and voted during the course of the project's life are about to retire and are likely to depart just before being able to cast a final vote on the project. This will result in a negative vote on the IASB.

There was mixed views on the issue, but some recognition that some flexibility may be required. A distinction will have to be drawn between the mere administrative elements of

balloting, versus the decision-making processes, which clearly would have to occur during the terms of retiring members.

There was a desire to investigate this further. The corporate bylaws will be considered and legal counsel will have to advise on the matter.

It was agreed that an appropriate paper would be put to the Trustees at their meeting in July.