



**International  
Accounting Standards  
Board**

**30 Cannon Street, London EC4M 6XH, United Kingdom  
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411  
E-mail: [iasb@iasb.org](mailto:iasb@iasb.org) Website: [www.iasb.org](http://www.iasb.org)**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:** March 2009, London

**Project:** Conceptual Framework

**Subject:** Objective and Qualitative Characteristics (Phase A):  
Drafting the Chapters (Agenda paper 3C)

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1. We think the all the major issues raised have been redeliberated and addressed by the boards in response to the Objective and Qualitative Characteristics ED. Therefore, we recommend proceeding drafting the final Chapters. However, if during the drafting process we find issues that require the boards' attention, we will bring them back as a sweep issue.
2. Attachments 1 and 2 review whether this part of the project has complied with due process steps as required in the (a) IASB Due Process Handbook based on the steps listed in paragraphs 110-111 ('Comply or explain' approach) of that Handbook and (b) FASB Handbook. In summary, we think that the boards have complied with the due process.

Question:

3. Do you agree that we commence drafting the final Chapters?

## **ATTACHMENT 1: IASB - GENERAL REVIEW OF COMPLIANCE WITH DUE PROCESS**

1. This attachment reviews whether the Objective and Qualitative Characteristics phase of the conceptual framework project has complied with the due process steps as required in IASB Due Process Handbook. We have assumed that the Framework project complies with the same requirements as other IFRSs.

### **‘Comply or explain’ approach**

2. Paragraphs 110-112 of IASB Due Process Handbook provides ‘Comply or explain’ approach and they are reproduced below:

‘Comply or explain’ approach

110 The following due process steps are mandatory:

- developing and pursuing the IASB’s technical agenda
- preparing and issuing standards and exposure drafts, each of which is to include any dissenting opinions
- establishing procedures for reviewing comments made within a reasonable period on documents published for comment
- consulting the SAC on major projects, agenda decisions and work priorities
- publishing bases for conclusions with standards and exposure drafts.

111 Other steps specified in the Constitution are not mandatory. They include:

- publishing a discussion document (eg a discussion paper)
- establishing working groups or other types of specialist advisory groups
- holding public hearings
- undertaking field tests (both in developed countries and in emerging markets).

112 If the IASB decides not to undertake those non-mandatory steps defined by the Constitution, it will, as required by the Constitution, state its reasons. Explanations are normally made at IASB meetings, and are published in the decision summaries and in the basis for conclusions with the exposure draft or standard in question.

### **General Review of Compliance with Due Process**

3. This phase has complied with all mandatory steps as listed in paragraph 110 of the Handbook subject to completion of the final Chapters.
4. In regards to paragraph 111, the IASB has published a discussion paper. In developing this phase, the Board also used the Standards Advisory Council as its working group. In view of the nature of the project – as the Framework is primarily for the use of the Board to develop standards, the Board has not conducted any public hearings (roundtables) and field tests. Furthermore, as

the response received from comment letters was sufficiently straight forward and understandable, the boards were able to make informed decisions during redeliberations. The Basis for Conclusions will note this.

## **ATTACHMENT 2: FASB - GENERAL REVIEW OF COMPLIANCE WITH DUE PROCESS**

5. This attachment reviews whether this project has complied with due process steps as required in FASB Rules of Procedure, and is organized as follows:
  - (a) 'Due Process Steps' required by FASB Rules of Procedure
  - (b) General review of this project's compliance with due process

### **Due Process Steps**

6. The FASB has established the following procedures for developing accounting standards. These procedures are used for major agenda projects. Not all of the steps may be necessary for application and implementation projects. There may be other steps that are followed during the course of the project that are not specifically required by the Board's Rules of Procedures.
  - (a) The Board receives requests/recommendations for possible projects and reconsideration of existing standards from various sources.
  - (b) The staff summarizes the information it receives and discusses its findings at a public Board meeting as part of the agenda decision-making process.
  - (c) The Board votes on whether to add the project to its agenda. A simple majority vote is needed.
  - (d) The Board deliberates the various issues identified and analyzed by the staff at a series of public Board meetings.
  - (e) The Board issues the Exposure Draft. (In some projects, the staff may prepare and issue an Invitation to Comment or Preliminary Views prior to the Board issuing an Exposure Draft.)
  - (f) The Board holds a public roundtable meeting on the Exposure Draft, if necessary.
  - (g) The staff analyzes comment letters, public roundtable discussion, and any other information and the Board redeliberates the proposed provisions at public meetings.
  - (h) The Board issues a Statement or Interpretation by simple majority vote.

### **General Review of Compliance with Due Process**

7. This project has complied with all mandatory steps as listed in the FASB Rules of Procedure subject to completion of a final Standard.
8. Based on the analysis of the comment letters received, the staff and the Board do not think that it is necessary to schedule a roundtable or other formal public information-gathering meeting. The comments received were sufficiently straight-forward and understandable, and the FASB were able to make informed decisions during redeliberations. The Basis for Conclusions will note this.