



**International
Accounting Standards
Committee Foundation**

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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
Rio de Janeiro 26 January 2010**

Agenda Paper 2B

Annotated Constitution showing proposed changes

International ~~Accounting~~ Financial Reporting Standards Committee Foundation
Revised Constitution February 2009

Original Proposals set out in the September 2009 Consultation	Section of the Constitution reflecting the proposed changes	Comment
Part A Name and Objectives	Part A Name and objectives	
<p>1. The name of the organisation shall be the International Accounting <u>Financial Reporting</u> Standards Committee Foundation (abbreviated as <u>IFRS Foundation</u>, formerly known as the 'IASC Foundation'). The International Accounting <u>Financial Reporting</u> Standards Board (abbreviated as the <u>IFRS Board</u>, formerly known as the <u>International Accounting Standards Board</u> or 'IASB'), whose structure and functions are laid out in Sections 24–38, shall be the standard-setting body of the IASC <u>IFRS</u> Foundation.</p>	<p>1. The name of the organisation shall be the International Accounting <u>Financial Reporting</u> Standards Committee Foundation (abbreviated as <u>IFRS Foundation</u>, formerly known as the 'IASC Foundation'). The International <u>Accounting</u> Standards Board (abbreviated as 'IASB'), whose structure and functions are laid out in Sections 24–38, shall be the standard-setting body of the IASC <u>IFRS</u> Foundation.</p>	<p>The name of the organisation is to be changed to the International Financial Reporting Standards Foundation, abbreviated to 'IFRS Foundation'.</p> <p>The name of the IASB standard-setting body is not to be changed, as originally suggested, because a large majority of commentators made a strong case against such a change. They cite the IASB as a strong brand already and argue against eliminating or diluting it. Furthermore, this change would cost a great deal and cause considerable disruption in having to change national legislation, contracts and other legal documents. Many argued that the costs and inconvenience would far outweigh any benefits.</p>
<p>2. The objectives of the IASC <u>IFRS</u> Foundation are:</p> <p>(a) to develop, in the public interest, a single set of high quality, understandable, and enforceable <u>and globally accepted</u></p>	<p>2. The objectives of the IASC <u>IFRS</u> Foundation are:</p> <p>(a) to develop, in the public interest, a single set of high quality, understandable, and enforceable <u>and globally accepted</u></p>	<p>Amendments to reflect that:</p> <ul style="list-style-type: none"> the objective is to have the standards globally accepted and used. the language regarding emerging

<p>accounting <u>financial reporting</u> standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions;</p> <p>(b) to promote the use and rigorous application of those standards;</p> <p>(c) in fulfilling the objectives associated with (a) and (b), to take account of <u>emerging economies and</u>, as appropriate, the special needs of small and medium sized entities and emerging economies; and to bring about convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards (IFRSs, being the standards and interpretations issued by the IFRS Board) to high quality solutions.</p> <p>(d) to bring about convergence of national accounting standards and International Financial Reporting Standards (IFRSs, being the standards and interpretations issued by the IFRS Board) to high quality solutions.</p>	<p>accounting <u>financial reporting</u> standards <u>based upon clearly articulated principles. These standards should</u> that require high quality, transparent and comparable information in financial statements and other financial reporting to help <u>investors, other</u> participants in the world's capital markets, and other users <u>of financial information</u> make economic decisions;</p> <p>(b) to promote the use and rigorous application of those standards;</p> <p>(c) in fulfilling the objectives associated with (a) and (b), to take account of, <u>as appropriate, the needs of a range of sizes and types of entities in diverse economic settings;</u> as appropriate, the special needs of small and medium-sized entities and emerging economies; and</p> <p>(d) to <u>promote and facilitate adoption of</u> International Financial Reporting Standards <u>(IFRSs, being the standards and interpretations issued by the IASB) through the</u> bring about convergence of national accounting standards and <u>IFRSs. International Accounting Standards and to high quality solutions.</u></p>	<p>economies and small and medium-sized companies may be too limited, and that improved language was suggested.</p> <ul style="list-style-type: none"> the desire to add more specificity regarding the target audience for financial reporting standards, including the role that investors play. The addition in language does not minimise the importance of other users of financial information. all references to “accounting standards” have been replaced with “financial reporting standards” in the Constitution. This would accord with the name change of the Foundation and the formal standards developed by the IASB-International Financial Reporting Standards (IFRSs). the objective of promoting and facilitating adoption of IFRSs is more important than the objective of convergence. This is to take account of many European comments regarding the ongoing value of the convergence objective.
Governance of the IASC <u>IFRS</u> Foundation	Governance of the IASC <u>IFRS</u> Foundation	
3. The governance of the IASC <u>IFRS</u> Foundation shall <u>primarily</u> rest with the Trustees and such other governing organs as may be appointed by the Trustees in accordance with the provisions of this	3. The governance of the IASC <u>IFRS</u> Foundation shall <u>primarily</u> rest with the Trustees and such other governing organs as may be appointed by the Trustees in accordance with the provisions of this	Change to make take into account the role that the Monitoring Board, as provided for in sections 18–23, plays in the selection of Trustees. Failure to qualify the language would mean that section 3 would be

Constitution. <u>A Monitoring Board (described further in sections 18–23) shall provide a formal link between the Trustees and public authorities.</u> The Trustees shall use their best endeavours to ensure that the requirements of this Constitution are observed; however, they are empowered to <u>may</u> make minor variations in the interest of feasibility of operation if such variations are agreed by 75 per cent of all the Trustees.	Constitution. <u>A Monitoring Board (described further in sections 18–23) shall provide a formal link between the Trustees and public authorities.</u> The Trustees shall use their best endeavours to ensure that the requirements of this Constitution are observed; however, they are empowered to <u>may</u> make minor variations in the interest of feasibility of operation if such variations are agreed by 75 per cent of all the Trustees.	inconsistent with the language of sections 18-23.
Trustees	Trustees	
4. The Trustees shall comprise twenty-two individuals.	4. The Trustees shall comprise twenty-two individuals.	No change recommended.
5. The Monitoring Board (described further in S sections 18–23) shall be responsible for the approval of all Trustee appointments and reappointments. In approving such selection, the Monitoring Board shall be bound by the criteria set out in S sections 6 and 7. The Trustees and the Monitoring Board shall agree a nomination process that will entitle the Monitoring Board to recommend candidates and provide other <u>help input</u> . In administering the nomination process and putting forward nominations to the Monitoring Board for approval, the Trustees shall consult the international organisations as set out in S section 7.	5. The Monitoring Board (described further in S sections 18–23) shall be responsible for the approval of all Trustee appointments and reappointments. In approving such selection, the Monitoring Board shall be bound by the criteria set out in S sections 6 and 7. The Trustees and the Monitoring Board shall agree a nomination process that will entitle the Monitoring Board to recommend candidates and provide other <u>help input</u> . In administering the nomination process and putting forward nominations to the Monitoring Board for approval, the Trustees shall consult the international organisations as set out in S section 7.	No substantive change recommended.
6. All Trustees shall be required to show a firm commitment to the <u>IFRS IASB</u> Foundation and the <u>IFRS Board IASB</u> as a high quality global standard-setter, to be financially	6. All Trustees shall be required to show a firm commitment to the <u>IFRS IASB</u> Foundation and the <u>IASB</u> as a high quality global standard-setter, to be financially	Change to reflect that one Trustee each from Africa and South America is to be appointed. This is similar to the changes made to the IASB in the first part of the

<p>knowledgeable, and to have an ability to meet the time commitment. Each Trustee shall have an understanding of, and be sensitive to, the challenges associated with the adoption and application of high quality global accounting standards developed for use in the world's capital markets and by other users. The mix of Trustees shall broadly reflect the world's capital markets and diversity of geographical and professional backgrounds. The Trustees shall be required to commit themselves formally to acting in the public interest in all matters. In order to ensure a broad international basis, there shall be:</p> <p>(a) six Trustees appointed from the Asia/Oceania region;</p> <p>(b) six Trustees appointed from Europe;</p> <p>(c) six Trustees appointed from North America; and</p> <p>(d) <u>one Trustee appointed from Africa;</u></p> <p>(e) <u>one Trustee appointed from South America; and</u></p> <p>(f)(d) <u>two</u> four Trustees appointed from any area, subject to <u>maintaining</u> establishing overall geographical balance.</p>	<p>knowledgeable, and to have an ability to meet the time commitment. Each Trustee shall have an understanding of, and be sensitive to, the challenges associated with the adoption and application of high quality global accounting standards developed for use in the world's capital markets and by other users. The mix of Trustees shall broadly reflect the world's capital markets and diversity of geographical and professional backgrounds. The Trustees shall be required to commit themselves formally to acting in the public interest in all matters. In order to ensure a broad international basis, there shall be:</p> <p>(a) six Trustees appointed from the Asia/Oceania region;</p> <p>(b) six Trustees appointed from Europe;</p> <p>(c) six Trustees appointed from North America; and</p> <p>(d) <u>one Trustee appointed from Africa;</u></p> <p>(e) <u>one Trustee appointed from South America; and</u></p> <p>(f)(d) <u>two</u> four Trustees appointed from any area, subject to <u>maintaining</u> establishing overall geographical balance.</p>	<p>review.</p> <p>A number of commentators noted that there should be rotation amongst regions to ensure that individuals from many countries within a region have an opportunity to be represented on the Trustees. Whilst no Constitutional change is being recommended, the Trustees should agree to adopt a policy to have some rotation in the Trustee composition to reflect the broad interest in financial reporting standards.</p>
<p>7. The Trustees shall comprise individuals that as a group provide an appropriate balance of professional backgrounds, including auditors, preparers, users, academics, and other officials serving the public interest. Normally, two of the Trustees shall be</p>	<p>7. The Trustees shall comprise individuals that as a group provide an appropriate balance of professional backgrounds, including auditors, preparers, users, academics, and other officials serving the public interest. Normally, two of the Trustees shall be</p>	<p>No substantive change recommended.</p>

senior partners of prominent international accounting firms. To achieve such a balance, Trustees should be selected after consultation with national and international organisations of auditors (including the International Federation of Accountants), preparers, users and academics. The Trustees shall establish procedures for inviting suggestions for appointments from these relevant organisations and for allowing individuals to put forward their own names, including advertising vacant positions.	senior partners of prominent international accounting firms. To achieve such a balance, Trustees should be selected after consultation with national and international organisations of auditors (including the International Federation of Accountants), preparers, users and academics. The Trustees shall establish procedures for inviting suggestions for appointments from these relevant organisations and for allowing individuals to put forward their own names, including advertising vacant positions.	
8. Trustees shall normally be appointed for a term of three years, renewable once.; in order to provide continuity, some of the initial Trustees will serve staggered terms so as to retire after four or five years.	8. Trustees shall normally be appointed for a term of three years, renewable once, in order to provide continuity, some of the initial Trustees will serve staggered terms so as to retire after four or five years.	Amendment to remove sections that were applicable when the Foundation was established, but are no longer relevant
9. Subject to the voting requirements in Section 14, the Trustees may terminate the appointment of an individual as a Trustee on grounds of poor performance, misbehaviour or incapacity.	9. Subject to the voting requirements in Section 14, the Trustees may terminate the appointment of an individual as a Trustee on grounds of poor performance, misbehaviour or incapacity.	No substantive change recommended.
10. The Chairman of the Trustees, <u>and up to two Vice-Chairmen</u> , shall be appointed by the Trustees from among their own number, subject to the approval of the Monitoring Board. With the agreement of the Trustees, regardless of prior service as a Trustee, the appointee may serve as the Chairman <u>or a Vice-Chairman</u> for a term of three years, renewable once, from the date of appointment as Chairman <u>or Vice Chairman</u> .	10. The Chairman of the Trustees, <u>and up to two Vice-Chairmen</u> , shall be appointed by the Trustees from among their own number, subject to the approval of the Monitoring Board. With the agreement of the Trustees, regardless of prior service as a Trustee, the appointee may serve as the Chairman <u>or a Vice-Chairman</u> for a term of three years, renewable once, from the date of appointment as Chairman <u>or Vice Chairman</u> . <u>The appointment of</u>	<p>Proposed amendment to allow for flexibility to appoint up to two vice chairmen to the Board of Trustees. The purpose is to assist the chairman in his functions and duties.</p> <p>Staff is recommending language be added to ensure geographical balance in order to eliminate the possibility that the Chairman and the Vice-Chairmen could also come from the same region.</p>

	<u>Chairman and Vice Chairman should be made with regard to maintaining a geographical balance.</u>	
11. The Trustees shall meet at least twice each year and shall be remunerated by the IASC <u>IFRS</u> Foundation with an annual fee and a per-meeting fee, commensurate with the responsibilities assumed, such fees to be determined by the Trustees. Expenses of travel on IASC <u>IFRS</u> Foundation business shall be met by the IASC <u>IFRS</u> Foundation.	12. The Trustees shall meet at least twice each year and shall be remunerated by the IASC <u>IFRS</u> Foundation with an annual fee and a per-meeting fee, commensurate with the responsibilities assumed, such fees to be determined by the Trustees. Expenses of travel on IASC <u>IFRS</u> Foundation business shall be met by the IASC <u>IFRS</u> Foundation.	No substantive change recommended.
12. In addition to the powers and duties set out in Section 13, the Trustees may make such operational commitments and other arrangements as they deem necessary to achieve the organisation's objectives, including, but without limitation, leasing premises and agreeing contracts of employment with IASB <u>IFRS Board</u> members.	12. In addition to the powers and duties set out in Section 13, the Trustees may make such operational commitments and other arrangements as they deem necessary to achieve the organisation's objectives, including, but without limitation, leasing premises and agreeing contracts of employment with IASB <u>IFRS</u> members.	No substantive change recommended.
13. The Trustees shall: (a) assume responsibility for establishing and maintaining appropriate financing arrangements; (b) establish or amend operating procedures for the Trustees; (c) determine the legal entity under which the IASC <u>IFRS</u> Foundation shall operate, provided always that such legal entity shall be a Foundation or other body corporate conferring limited liability on its members and that the legal documents establishing such legal entity shall	13. The Trustees shall: (a) assume responsibility for establishing and maintaining appropriate financing arrangements; (b) establish or amend operating procedures for the Trustees; (c) determine the legal entity under which the IASC <u>IFRS</u> Foundation shall operate, provided always that such legal entity shall be a Foundation or other body corporate conferring limited liability on its members and that the legal documents establishing such legal entity shall	No substantive change recommended.

<p>incorporate provisions to achieve the same requirements as the provisions contained in this Constitution;</p> <p>(d) review in due course the location of the IASC <u>IFRS</u> Foundation, both as regards its legal base and its operating location;</p> <p>(e) investigate the possibility of seeking charitable or similar status for the IASC <u>IFRS</u> Foundation in those countries where such status would assist fundraising;</p> <p>(f) open their meetings to the public but may, at their discretion, hold certain discussions (normally only about selection, appointment and other personnel issues, and funding) in private; and</p> <p>(g) publish an annual report on the IASC <u>IFRS</u> Foundation's activities, including audited financial statements and priorities for the coming year.</p>	<p>incorporate provisions to achieve the same requirements as the provisions contained in this Constitution;</p> <p>(d) review in due course the location of the IASC <u>IFRS</u> Foundation, both as regards its legal base and its operating location;</p> <p>(e) investigate the possibility of seeking charitable or similar status for the IASC <u>IFRS</u> Foundation in those countries where such status would assist fundraising;</p> <p>(f) open their meetings to the public but may, at their discretion, hold certain discussions (normally only about selection, appointment and other personnel issues, and funding) in private; and</p> <p>(g) publish an annual report on the IASC <u>IFRS</u> Foundation's activities, including audited financial statements and priorities for the coming year.</p>	
<p>14. There shall be a quorum for meetings of the Trustees if 60 per cent of the Trustees are present in person or by telecommunications: Trustees shall not be represented by alternates. Each Trustee shall have one vote, and a simple majority of those voting shall be required to take decisions on matters other than termination of the appointment of a Trustee, amendments to the Constitution, or minor variations made in the interest of feasibility of operations, in which cases a 75 per cent</p>	<p>14. There shall be a quorum for meetings of the Trustees if 60 per cent of the Trustees are present in person or by telecommunications: Trustees shall not be represented by alternates. Each Trustee shall have one vote, and a simple majority of those voting shall be required to take decisions on matters other than termination of the appointment of a Trustee, amendments to the Constitution, or minor variations made in the interest of feasibility of operations, in which cases a</p>	<p>No substantive change recommended.</p>

majority of all Trustees shall be required. ; V oting by proxy shall not be permitted on any issue. In the event of a tied vote, the Chairman shall have an additional casting vote.	75 per cent majority of all Trustees shall be required. ; V oting by proxy shall not be permitted on any issue. In the event of a tied vote, the Chairman shall have an additional casting vote.	
Part B Trustees	Part B Trustees	
<p>15. In addition to the duties set out in Part A, the Trustees shall:</p> <p>(a) appoint the members of the IASB <u>IFRS Board</u> and establish their contracts of service and performance criteria;</p> <p>(b) appoint the members of the International Financial Reporting Interpretations Committee (<u>IFRIC</u>) and the Standards Advisory Council (<u>SAC</u>);</p> <p>(c) review annually the strategy of the IASC <u>IFRS</u> Foundation and the IASB <u>IFRS Board</u> and its effectiveness, including consideration, but not determination, of the IASB's <u>IFRS Board's</u> agenda;</p> <p>(d) approve annually the budget of the IASC <u>IFRS</u> Foundation and determine the basis for funding;</p> <p>(e) review broad strategic issues affecting accounting financial reporting standards, promote the IASC <u>IFRS</u> Foundation and its work and promote the objective of rigorous application of International Accounting Standards and International Financial Reporting Standards <u>IFRSs</u>, provided that the Trustees shall be excluded from involvement in technical</p>	<p>15. In addition to the duties set out in Part A, the Trustees shall:</p> <p>(a) appoint the members of the <u>IASB</u> and establish their contracts of service and performance criteria;</p> <p>(b) appoint the members of the International Financial Reporting Interpretations Committee (<u>IFRIC</u>) and the Standards Advisory Council (<u>SAC</u>);</p> <p>(c) review annually the strategy of the IASC <u>IFRS</u> Foundation and the <u>IASB</u> and its effectiveness, including consideration, but not determination, of the <u>IASB's</u> agenda;</p> <p>(d) approve annually the budget of the IASC <u>IFRS</u> Foundation and determine the basis for funding;</p> <p>(e) review broad strategic issues affecting accounting financial reporting standards, promote the IASC <u>IFRS</u> Foundation and its work and promote the objective of rigorous application of International Accounting Standards and International Financial Reporting Standards <u>IFRSs</u>, provided that the Trustees shall be excluded from involvement in technical</p>	<p>No substantive change recommended.</p> <p>A number of commentators were of the view that the Constitution should expressly refer to the Trustees obligation to protect the independence of the IASB as the standard-setting body. This came up during discussion of the proposed public consultation of the IASB's agenda and its public accountability to stakeholders in providing feedback, reasons and possibly re-exposing highly contentious matters. The Trustees are asked to consider whether such a change would be deemed appropriate.</p>

<p>matters relating to accounting <u>financial reporting</u> standards;</p> <p>(f) establish and amend operating procedures, consultative arrangements and due process for the IASB IFRS Board, the International Financial Reporting Interpretations Committee IFRIC and the Standards Advisory Council SAC;</p> <p>(g) review compliance with the operating procedures, consultative arrangements and due process as described in (f);</p> <p>(h) approve amendments to this Constitution after following a due process, including consultation with the Standards Advisory Council SAC and publication of an exposure draft for public comment and subject to the voting requirements given in Section 14;</p> <p>(i) exercise all powers of the IASB IFRS Foundation except for those expressly reserved to the IASB IFRS Board, the International Financial Reporting Interpretations Committee IFRIC and the Standards Advisory Council SAC; and</p> <p>(j) foster and review the development of educational programmes and materials that are consistent with the IASB IFRS Foundation's objectives.</p>	<p>matters relating to accounting <u>financial reporting</u> standards;</p> <p>(f) establish and amend operating procedures, consultative arrangements and due process for the <u>IASB</u> , the International Financial Reporting Interpretations Committee IFRIC and the Standards Advisory Council SAC;</p> <p>(g) review compliance with the operating procedures, consultative arrangements and due process as described in (f);</p> <p>(h) approve amendments to this Constitution after following a due process, including consultation with the Standards Advisory Council SAC and publication of an exposure draft for public comment and subject to the voting requirements given in Section 14;</p> <p>(i) exercise all powers of the IASB IFRS Foundation except for those expressly reserved to the <u>IASB</u> , the International Financial Reporting Interpretations Committee IFRIC and the Standards Advisory Council SAC; and</p> <p>(j) foster and review the development of educational programmes and materials that are consistent with the IASB IFRS Foundation's objectives.</p>	
<p>16. The Trustees may terminate the appointment of a member of the IASB IFRS Board, the International Financial Reporting Interpretations Committee</p>	<p>16. The Trustees may terminate the appointment of a member of the <u>IASB</u> , the International Financial Reporting Interpretations Committee IFRIC or the</p>	<p>No substantive change recommended.</p>

IFRIC or the Standards Advisory Council <u>SAC</u> , on grounds of poor performance, misbehaviour, incapacity or other failure to comply with contractual requirements, and the Trustees shall develop procedures for such termination.	Standards Advisory Council <u>SAC</u> , on grounds of poor performance, misbehaviour, incapacity or other failure to comply with contractual requirements, and the Trustees shall develop procedures for such termination.	
17. The accountability of the Trustees shall be ensured <i>inter alia</i> through: (a) commitment made by each Trustee to act in the public interest; (b) their commitment to report to and engage with the Monitoring Board according to the terms described in Sections <u>Sections</u> 18–23; (c) their undertaking a review of the entire structure of the IASC <u>IFRS</u> Foundation and its effectiveness, such review to include consideration of changing the geographical distribution of Trustees in response to changing global economic conditions, and publishing the proposals of that review for public comment, the review commencing three years after the coming into force of this Constitution, with the objective of implementing any agreed changes five years after the coming into force of this Constitution (6 February 2006, five years after the date of the incorporation of the IASC Foundation); and (d) their undertaking a similar review subsequently every five years.	17. The accountability of the Trustees shall be ensured <i>inter alia</i> through: (a) commitment made by each Trustee to act in the public interest; (b) their commitment to report to and engage with the Monitoring Board according to the terms described in Sections <u>Sections</u> 18–23; (c) their undertaking a review of the entire structure of the IASC <u>IFRS</u> Foundation and its effectiveness, such review to include consideration of changing the geographical distribution of Trustees in response to changing global economic conditions, and publishing the proposals of that review for public comment, the review commencing three years after the coming into force of this Constitution, with the objective of implementing any agreed changes five years after the coming into force of this Constitution (6 February 2006, five years after the date of the incorporation of the IASC Foundation); and (d) their undertaking a similar review subsequently every five years.	Removed outdated information applicable to when the organisation was formed in 2001.
Monitoring Board	Monitoring Board	
18. A Monitoring Board will provide a formal	18. A Monitoring Board will provide a formal	No substantive change recommended.

link between the Trustees and public authorities. This relationship seeks to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters. A Memorandum of Understanding will be agreed between the Monitoring Board and the Trustees describing the interaction of the Monitoring Board with the Trustees. This Memorandum of Understanding will be made available to the public.	link between the Trustees and public authorities. This relationship seeks to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters. A Memorandum of Understanding will be agreed between the Monitoring Board and the Trustees describing the interaction of the Monitoring Board with the Trustees. This Memorandum of Understanding will be made available to the public.	New section. Changes recently been made following the first part of the Constitution Review.
<p>19. The responsibilities of the Monitoring Board shall be:</p> <p>(a) to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in Ssections 5–8.</p> <p>(b) to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in Ssections 13 and 15. The Trustees shall make an annual written report to the Monitoring Board.</p> <p>(c) to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Board shall have the authority to request meetings with the Trustees or separately with the Chairman of the Trustees (with the Chairman of the IASB IFRS Board as appropriate) about any area of work of either the Trustees or the IASB IFRS Board. These meetings</p>	<p>19. The responsibilities of the Monitoring Board shall be:</p> <p>(a) to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in Ssections 5–8.</p> <p>(b) to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in Ssections 13 and 15. The Trustees shall make an annual written report to the Monitoring Board.</p> <p>(c) to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Board shall have the authority to request meetings with the Trustees or separately with the Chairman of the Trustees (with the Chairman of the <u>IASB</u> as appropriate) about any area of work of either the Trustees or the <u>IASB</u>. These meetings may include discussion</p>	<p>No substantive change recommended.</p> <p>New section. Changes recently been made following the first part of the Constitution Review.</p>

may include discussion of, and <u>any proposed resolution by the IASC IFRS Foundation or the IASB IFRS Board</u> , proposed resolution of, issues that the Monitoring Board has referred for timely consideration by the <u>IASC IFRS Foundation or the IASB IFRS Board</u> .	of, and <u>any proposed resolution by the IASC IFRS Foundation or the IASB</u> , proposed resolution of, issues that the Monitoring Board has referred for timely consideration by the <u>IASC IFRS Foundation or the IASB</u> .	
20. The Monitoring Board shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public.	20. The Monitoring Board shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public.	No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.
21. Initially, the Monitoring Board shall comprise: (a) the responsible member of the European Commission; (b) the chair of the IOSCO Emerging Markets Committee; (c) the chair of the IOSCO Technical Committee (or vice-chair or designated securities commission chair in cases where either the chairman of an EU securities regulator, commissioner of the Japan Financial Services Agency or chairman of the US Securities and Exchange Commission is the chair of the IOSCO Technical Committee); (d) the commissioner of the Japan Financial Services Agency; (e) the chairman of the US Securities and Exchange Commission; and (f) as an observer, the chairman of the Basel Committee on Banking Supervision.	21. Initially, the Monitoring Board shall comprise: (a) the responsible member of the European Commission; (b) the chair of the IOSCO Emerging Markets Committee; (c) the chair of the IOSCO Technical Committee (or vice-chair or designated securities commission chair in cases where either the chairman of an EU securities regulator, commissioner of the Japan Financial Services Agency or chairman of the US Securities and Exchange Commission is the chair of the IOSCO Technical Committee); (d) the commissioner of the Japan Financial Services Agency; (e) the chairman of the US Securities and Exchange Commission; and (f) as an observer, the chairman of the Basel Committee on Banking Supervision.	No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.

22. The Monitoring Board shall reconsider its composition from time to time relative to its objectives.	22. The Monitoring Board shall reconsider its composition from time to time relative to its objectives.	No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.
23. The Monitoring Board shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.	23. The Monitoring Board shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.	No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.
<u>IASB IFRS Board</u>	<u>IASB</u>	
24. The <u>IASB IFRS Board</u> shall comprise fourteen members, increasing to sixteen members at a date no later than 1 July 2012. The members of the <u>IASB IFRS Board</u> are appointed by the Trustees under § section 15(a). Up to three members may be part-time members (the expression ‘part-time’ meaning that the members concerned commit most of their time in paid employment to the IASC <u>IFRS</u> Foundation) and shall meet appropriate guidelines of independence established by the Trustees. The remaining members shall be full-time members (the expression ‘full-time’ meaning that the members concerned commit all of their time in paid employment to the IASC <u>IFRS</u> Foundation). The work of the <u>IASB IFRS Board</u> shall not be invalidated by its failure at any time to have a full complement of members, although the Trustees shall use their best endeavours to achieve a full complement.	24. The <u>IASB</u> shall comprise fourteen members, increasing to sixteen members at a date no later than 1 July 2012. The members of the <u>IASB</u> are appointed by the Trustees under § section 15(a). Up to three members may be part-time members (the expression ‘part-time’ meaning that the members concerned commit most of their time in paid employment to the IASC <u>IFRS</u> Foundation) and shall meet appropriate guidelines of independence established by the Trustees. The remaining members shall be full-time members (the expression ‘full-time’ meaning that the members concerned commit all of their time in paid employment to the IASC <u>IFRS</u> Foundation). The work of the <u>IASB</u> shall not be invalidated by its failure at any time to have a full complement of members, although the Trustees shall use their best endeavours to achieve a full complement.	No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.
25. The main qualifications for membership of	25. The main qualifications for membership of	No substantive change recommended.

<p>the IASB IFRS Board shall be professional competence and practical experience. The Trustees shall select members of the IASB IFRS Board, consistently with the Criteria for IASB IFRS Board Mmembers set out in the Annex to the Constitution, so that it will comprise a group of people representing, within that group, the best available combination of technical expertise and diversity of international business and market experience in order to contribute to the development of high quality, global accounting <u>financial reporting</u> standards. The members of the IASB IFRS Board shall be required to commit themselves formally to acting in the public interest in all matters. No individual shall be both a Trustee and an IASB IFRS Board member at the same time.</p>	<p>the <u>IASB</u> shall be professional competence and practical experience. The Trustees shall select members of the <u>IASB</u>, consistently with the Criteria for <u>IASB</u> Mmembers set out in the Annex to the Constitution, so that it will comprise a group of people representing, within that group, the best available combination of technical expertise and diversity of international business and market experience in order to contribute to the development of high quality, global accounting <u>financial reporting</u> standards. The members of the <u>IASB</u> shall be required to commit themselves formally to acting in the public interest in all matters. No individual shall be both a Trustee and an <u>IASB</u> member at the same time.</p>	
<p>26. In a manner consistent with the Criteria for IASB IFRS Board Mmembers as set out in the Annex to the Constitution and in order to ensure a broad international basis, there shall normally be, by 1 July 2012:</p> <ul style="list-style-type: none"> (a) four members from the Asia/Oceania region; (b) four members from Europe; (c) four members from North America; (d) one member from Africa; (e) one member from South America; and (f) two members appointed from any area, subject to maintaining overall 	<p>26. In a manner consistent with the Criteria for <u>IASB</u> Mmembers as set out in the Annex to the Constitution and in order to ensure a broad international basis, there shall normally be, by 1 July 2012:</p> <ul style="list-style-type: none"> (a) four members from the Asia/Oceania region; (b) four members from Europe; (c) four members from North America; (d) one member from Africa; (e) one member from South America; and (f) two members appointed from any area, subject to maintaining overall 	<p>No substantive change recommended. Changes recently been made following the first part of the Constitution Review.</p>

<p>geographical balance.</p> <p>The work of the IASB IFRS Board shall not be invalidated by its failure at any time to have a full complement of members according to the above geographical allocation, although the Trustees shall use their best endeavours to achieve the geographical allocation.</p>	<p>geographical balance.</p> <p>The work of the <u>IASB</u> shall not be invalidated by its failure at any time to have a full complement of members according to the above geographical allocation, although the Trustees shall use their best endeavours to achieve the geographical allocation.</p>	
<p>27. The Trustees shall select IASB IFRS Board members so that the IASB IFRS Board as a group provides an appropriate mix of recent practical experience among auditors, preparers, users and academics.</p>	<p>27. The Trustees shall select <u>IASB</u> members so that the <u>IASB</u> as a group provides an appropriate mix of recent practical experience among auditors, preparers, users and academics.</p>	<p>No substantive change recommended.</p>
<p>28. The IASB IFRS Board will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters and other official bodies concerned with an interest in standard-setting in order to assist in the development of IFRSs and to promote the convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards IFRSs.</p>	<p>28. The <u>IASB</u> will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters, <u>other standard-setters (including the International Public Sector Accounting Standards Board (IPSASB), the International Auditing and Assurance Standards Board (IAASB)) and the International Valuations Standards Committee (IVSC)),</u> and other official bodies with <u>an interest in accounting</u> standard-setting <u>concerned in order to assist in the development of IFRSs and to</u> promote the convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards IFRSs.</p>	<p>Amended to reflect the IASB's desire to consult more widely.</p> <p>Staff is recommending a direct reference to the IPSASB, the IAASB and IVSC to take account of commentators numerous requests that these organisations be specifically mentioned in the Constitution. The inclusion of these specific organisations does not preclude the ongoing consultation with such bodies as the Basel Committee and IOSCO, which are covered by the language "other official bodies with an interest...."</p>
<p>29. Each full-time and part-time member of the IASB IFRS Board shall agree contractually to act in the public interest and to have</p>	<p>29. Each full-time and part-time member of the <u>IASB</u> shall agree contractually to act in the public interest and to have regard to the</p>	<p>No change recommended.</p>

regard to the <u>IASB IFRS Board's Framework</u> (as amended from time to time) in deciding on and revising standards.	<u>IASB's Framework</u> (as amended from time to time) in deciding on and revising standards.	
30. The Trustees shall appoint one of the full-time members as Chairman of the <u>IASB IFRS Board</u> , who shall also be the Chief Executive of the <u>IASB IFRS Foundation</u> . One <u>Up to two</u> of the fulltime members of the <u>IASB IFRS Board</u> shall <u>may</u> also be designated by the Trustees as <u>a Vice-Chairman</u> , whose role shall be to chair meetings of the <u>IASB IFRS Board</u> in the absence of the Chairman <u>or to represent the Chairman in external contacts in unusual circumstances (such as illness)</u> . The appointment of the Chairman and the designation as Vice Chairman shall be for such term as the Trustees decide. The title of Vice Chairman would not imply that the <u>individual member (or members)</u> concerned is <u>(or are)</u> the Chairman elect.	30. The Trustees shall appoint one of the full-time members as Chairman of the <u>IASB</u> , who shall also be the Chief Executive of the <u>IASB IFRS Foundation</u> . One <u>Up to two</u> of the fulltime members of the <u>IASB</u> shall <u>may</u> also be designated by the Trustees as <u>a Vice-Chairman</u> , whose role shall be to chair meetings of the <u>IASB</u> in the absence of the Chairman <u>or to represent the Chairman in external contacts in unusual circumstances (such as illness)</u> . The appointment of the Chairman and the designation as Vice Chairman shall be for such term as the Trustees decide. The title of Vice Chairman would not imply that the <u>individual member (or members)</u> concerned is <u>(or are)</u> the Chairman elect.	The section is being changed to provide for flexibility to appoint up to two Vice Chairmen to assist the Chairman in his functions.
31. Members of the <u>IASB IFRS Board</u> appointed before 2 July 2009 shall be appointed for a term of up to five years, renewable once for a further term of five years. Members of the IFRS Board appointed after 2 July 2009 shall be appointed initially for a term of up to five years. Terms are renewable once for a further term of three years, with the exception of the Chairman and a Vice-Chairman. The Chairman and a Vice-Chairman may serve a second term of five	31. Members of the <u>IASB</u> appointed before 2 July 2009 shall be appointed for a term of up to five years, renewable once for a further term of five years. Members of the IASB appointed after 2 July 2009 shall be appointed initially for a term of five years. Terms are renewable once for a further term of three years, with the exception of the Chairman and a Vice-Chairman. The Chairman and a Vice-Chairman may serve a second term of five years, but may not exceed ten years in total length of service	Change to reflect the new terms of appointment for IASB members. The change has been proposed to ensure that the IASB members remain current and up to date and bring practical experience and knowledge to the work of the IASB. Removed the words "up to" to remove any ambiguity and to clarify that IASB members are appointed for a first term of five years.

years, but may not exceed ten years in total length of service as a member of the IFRS Board.	as a member of the IASB.	
324 The Trustees shall develop rules and procedures to ensure that the IASB IFRS Board is, and is seen to be, independent, and, in particular, on appointment, full-time members of the IASB IFRS Board shall sever all employment relationships with current employers and shall not hold any position giving rise to economic incentives which might call into question their independence of judgement in setting accounting <u>financial reporting</u> standards. Secondments and any rights to return to an employer would therefore not be permitted. Part-time members of the IASB IFRS Board would not be expected to sever all other employment arrangements.	324 The Trustees shall develop rules and procedures to ensure that the <u>IASB</u> is, and is seen to be, independent, and, in particular, on appointment, full-time members of the <u>IASB</u> shall sever all employment relationships with current employers and shall not hold any position giving rise to economic incentives which might call into question their independence of judgement in setting accounting <u>financial reporting</u> standards. Secondments and any rights to return to an employer would therefore not be permitted. Part-time members of the <u>IASB</u> would not be expected to sever all other employment arrangements.	This was originally part of section 31, but because the new sections added to the original, it became necessary to divide the section into two. Notwithstanding that this is a new section; there is no substantive change that has been recommended.
332 The terms of appointment of members of the IASB IFRS Board shall be staggered so that not all members retire at once. To accomplish this, the Trustees shall consider initial terms of three years for some members, four years for others and a full five years for the remaining initial members.	332 The terms of appointment of members of the <u>IASB</u> shall be staggered so that not all members retire at once. To accomplish this, the Trustees shall consider initial terms of three years for some members, four years for others and a full five years for the remaining initial members.	Amended to remove procedures that are no longer relevant or appropriate.
343 Full-time and part-time members of the IASB IFRS Board shall be remunerated at rates commensurate with the respective responsibilities assumed: such rates shall be determined by the Trustees. Expenses of travel on IASB IFRS Board business shall be met by the IASC IFRS Foundation.	343 Full-time and part-time members of the <u>IASB</u> shall be remunerated at rates commensurate with the respective responsibilities assumed: such rates shall be determined by the Trustees. Expenses of travel on <u>IASB</u> business shall be met by the IASC IFRS Foundation.	No substantive change recommended.

<p>354 The IASB IFRS Board shall meet at such times and locations as it determines: meetings of the IASB IFRS Board shall be open to the public, but certain discussions (normally only about selection, appointment and other personnel issues) may be held in private at the discretion of the IASB IFRS Board.</p>	<p>354The <u>IASB</u> shall meet at such times and locations as it determines: meetings of the <u>IASB</u> shall be open to the public, but certain discussions (normally only about selection, appointment and other personnel issues) may be held in private at the discretion of the <u>IASB</u>.</p>	<p>No substantive change recommended.</p>
<p>365 Each member of the IASB IFRS Board shall have one vote. On both technical and other matters, proxy voting shall not be permitted nor shall members of the IASB IFRS Board be entitled to appoint alternates to attend meetings. In the event of a tied vote, on a decision that is to be made by a simple majority of the members of the IASB IFRS Board present at a meeting in person or by telecommunications, the Chairman shall have an additional casting vote</p>	<p>365Each member of the <u>IASB</u> shall have one vote. On both technical and other matters, proxy voting shall not be permitted nor shall members of the <u>IASB</u> be entitled to appoint alternates to attend meetings. In the event of a tied vote, on a decision that is to be made by a simple majority of the members of the <u>IASB</u> present at a meeting in person or by telecommunications, the Chairman shall have an additional casting vote.</p>	<p>No substantive change recommended.</p>
<p>376 The publication of an exposure draft, or an International Financial Reporting Standard (including an International Accounting Standard or an Interpretation of the International Financial Reporting Interpretations Committee) <u>IFRS</u> shall require approval by nine members of the IASB IFRS Board, if there are fewer than 16 members, or by ten members if there are 16 members. Other decisions of the IASB IFRS Board, including the publication of a discussion paper, shall require a simple majority of the members of the IASB IFRS Board present at a</p>	<p>376The publication of an exposure draft, or an International Financial Reporting Standard (including an International Accounting Standard or an Interpretation of the International Financial Reporting Interpretations Committee) <u>IFRS</u> shall require approval by nine members of the <u>IASB</u>, if there are fewer than 16 members or by ten members if there are 16 members. Other decisions of the <u>IASB</u>, including the publication of a discussion paper, shall require a simple majority of the members of the <u>IASB</u> present at a meeting that is attended by at least 60 per</p>	<p>No substantive change recommended.</p>

meeting that is attended by at least 60 per cent of the members of the IASB <u>IFRS Board</u> , in person or by telecommunications.	cent of the members of the <u>IASB</u> , in person or by telecommunications.	
<p>387 The <u>IASB IFRS Board</u> shall:</p> <p>(a) have complete responsibility for all <u>IASB IFRS Board</u> technical matters including the preparation and issuing of International Accounting Standards, International Financial Reporting Standards <u>IFRSs</u> and exposure drafts, each of which shall include any dissenting opinions, and final the approval and issuing of Interpretations developed by the International Financial Reporting Interpretations Committee <u>IFRIC</u>;</p> <p>(b) publish an exposure draft on all projects and normally publish a discussion document for public comment on major projects for a period consistent with procedures approved by the Trustees;</p> <p>(c) in exceptional circumstances, and only after formally requesting and receiving prior approval from the Trustees, reduce, but not eliminate, the period of public comment on an exposure draft below that described as the minimum in the Due Process Handbook;</p> <p>(e)(d) have full discretion in developing and pursuing the technical agenda of the <u>IASB IFRS Board</u>, after consulting the Trustees (consistently with section</p>	<p>387 The <u>IASB</u> shall:</p> <p>(a) have complete responsibility for all IASB technical matters including the preparation and issuing of International Accounting Standards, International Financial Reporting Standards <u>IFRSs</u> (other than Interpretations) and exposure drafts, each of which shall include any dissenting opinions, and final the approval and issuing of Interpretations developed by the International Financial Reporting Interpretations Committee <u>IFRIC</u>.</p> <p>(b) publish an exposure draft on all projects and normally publish a discussion document for public comment on major projects in accordance with procedures approved by the Trustees.</p> <p>(c) in exceptional circumstances, and only after formally requesting and receiving prior approval from the Trustees, reduce, but not dispense with, the period for public comment on an exposure draft below that described as the minimum in the Due Process Handbook.</p> <p>(e)(d) have full discretion in developing and pursuing its technical agenda, <u>subject to the following:</u></p> <p><u>(i) consulting the Trustees (consistently</u></p>	<p>There are two significant changes being recommended in this section:</p> <ul style="list-style-type: none"> the creation of an extremely limited emergency due process procedure the requirement to have a three-yearly public review of the agenda and emphasis on regular Trustee and SAC reviews of the agenda <p><i>Due Process procedures</i></p> <p>Amended to allow the Trustees to authorise a fast track due process in exceptional circumstances. Consultation shall never be dispensed with.</p> <p>Commentators were generally opposed to the principle of a consultation period of less than 30 days, but many reluctantly acknowledged the potential need for such a provision in the Constitution. Considering the need to have some guidance in such a circumstance and the desirability for flexibility, the staff recommends maintaining the proposal. At the same time, in addition to the Constitutional language, the Trustees should give a clear acknowledgement that they are aware of translation difficulties and emphasising that the circumstances in which the option would be invoked are in the rarest of circumstances.</p>

<p>15(c)) and the SAC (consistently with section 44(a)), and over project assignments on technical matters: in organising the conduct of its work, the IASB IFRS Board may outsource detailed research or other work to national standard-setters or other organisations;</p> <p>(d)(i)(e) establish procedures for reviewing comments made within a reasonable period on documents published for comment;</p> <p>(d)(ii)(f) normally form working groups or other types of specialist advisory groups to give advice on major projects;</p> <p>(d)(iii)(g) consult the Standards Advisory Council SAC on major projects, agenda decisions and work priorities; and</p> <p>(d)(iv)(h) normally issue bases publish a basis for conclusions with International Accounting Standards, International Financial Reporting Standards, and an IFRS or an exposure drafts;</p> <p>(e)(i) consider holding public hearings to discuss proposed standards, although there is no requirement to hold public hearings for every project;</p> <p>(f)(j) consider undertaking field tests (both in developed countries and in emerging markets) to ensure that proposed standards are practical and workable in all environments, although there is no requirement to undertake field tests for every project; and</p>	<p><u>with section 15(c)) and the SAC (consistently with section 44(a)); and</u></p> <p><u>(ii) carrying out a public consultation every three years, the first of which shall begin no later than 30 June 2011.</u></p> <p><u>(e)</u> have full discretion over project assignments on technical matters: in organising the conduct of its work, the <u>IASB</u> may outsource detailed research or other work to national standard-setters or other organisations.</p> <p>(d)(i)<u>(f)</u> establish procedures for reviewing comments made within a reasonable period on documents published for comment.</p> <p>(d)(ii)<u>(g)</u> normally form working groups or other types of specialist advisory groups to give advice on major projects;</p> <p>(d)(iii)<u>(h)</u> consult the Standards Advisory Council <u>SAC</u> on major projects, agenda decisions and work priorities; and</p> <p>(d)(iv)<u>(i)</u> normally issue bases <u>publish a basis</u> for conclusions with International Accounting Standards, International Financial Reporting Standards, and an <u>IFRS or an</u> exposure drafts;</p> <p>(e)<u>(j)</u> consider holding public hearings to discuss proposed standards, although there is no requirement to hold public hearings for every project;</p> <p>(f)<u>(k)</u> consider undertaking field tests (both</p>	<p><i>Agenda-setting</i></p> <p>The Trustees had originally proposed a more formalised procedure for the IASB to seek input on its agenda-setting process. While stakeholders generally applauded the direction of these proposals, most called for a more formal methodology to seek public input. In addition to the already suggested language on consultation with the SAC and the Trustees, staff is proposing Constitutional language that would require formal public consultation on the technical agenda every three years, the first to begin no later than 30 June 2011. The ultimate authority for the agenda would remain the IASB.</p>
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<p>(g)(k) give reasons if it does not follow any of the non-mandatory procedures set out in (b), (d)(ii)(f), d(iv)(h), (e)(i) and (f)(j).</p>	<p>in developed countries and in emerging markets) to ensure that proposed standards are practical and workable in all environments, although there is no requirement to undertake field tests for every project; and</p> <p>(g)<u>(l)</u> give reasons if it does not follow any of the non-mandatory procedures set out in (b), (d)(ii)<u>(g)</u>, d(iv)<u>(i)</u>, (e)<u>(j)</u> and (f)<u>(k)</u>.</p>	
<p>38 <u>39</u> The authoritative text of any exposure draft, or International Accounting Standard or International Financial Reporting Standard or draft or final Interpretation or IFRS shall be that published by the IASB <u>IFRS Board</u> in the English language. The IASB IFRS Board may publish authorised translations or give authority to others to publish translations of the authoritative text of exposure drafts, and International Accounting Standards and International Financial Reporting Standards and draft and final Interpretations and IFRSs.</p>	<p>38 <u>39</u> The authoritative text of any exposure draft, or International Accounting Standard or International Financial Reporting Standard or draft or final Interpretation or IFRS shall be that published by the IASB <u>IFRS Board</u> in the English language. The IASB <u>IFRS Board</u> may publish authorised translations or give authority to others to publish translations of the authoritative text of exposure drafts, and International Accounting Standards and International Financial Reporting Standards and draft and final Interpretations and IFRSs.</p>	<p>No substantive change recommended.</p>
<p>International Financial Reporting Interpretations Committee (IFRIC)</p>	<p>International Financial Reporting Interpretations Committee (IFRIC)</p>	
<p>39 <u>40</u>. The International Financial Reporting Interpretations Committee IFRIC shall comprise fourteen voting members, appointed by the Trustees under Ssection 15(b) for renewable terms of three years. The Trustees shall select members of the Committee IFRIC so that it comprises a group of people representing, within that group, the best available combination of</p>	<p>39 <u>40</u>. The International Financial Reporting Interpretations Committee IFRIC shall comprise fourteen voting members, appointed by the Trustees under Ssection 15(b) for renewable terms of three years. The Trustees shall select members of the Committee IFRIC so that it comprises a group of people representing, within that group, the best available combination of</p>	<p>No substantive change recommended.</p>

<p>technical expertise and diversity of international business and market experience in the practical application of International Financial Reporting Standards (IFRSs) and analysis of financial statements prepared in accordance with IFRSs. Expenses of travel on Committee <u>IFRIC</u> business shall be met by the IASB <u>IFRS</u> Foundation.</p>	<p>technical expertise and diversity of international business and market experience in the practical application of International Financial Reporting Standards (IFRSs) and analysis of financial statements prepared in accordance with IFRSs. Expenses of travel on Committee <u>IFRIC</u> business shall be met by the IASB <u>IFRS</u> Foundation.</p>	
<p>40 <u>41</u>. The Trustees shall appoint a member of the IASB <u>IFRS Board</u>, the Director of Technical Activities or another senior member of the IASB <u>IFRS Board</u> staff, or another appropriately qualified individual, to chair the Committee <u>IFRIC</u>. The <u>Chairman</u> has the right to speak to the technical issues being considered but not to vote. The Trustees, as they deem necessary, shall appoint as non-voting observers representatives of regulatory organisations, who shall have the right to attend and speak at meetings.</p>	<p>40 <u>41</u>. The Trustees shall appoint a member of the <u>IASB</u>, the Director of Technical Activities or another senior member of the <u>IASB</u> staff, or another appropriately qualified individual, to chair the Committee <u>IFRIC</u>. The <u>Chairman</u> has the right to speak to the technical issues being considered but not to vote. The Trustees, as they deem necessary, shall appoint as non-voting observers representatives of regulatory organisations, who shall have the right to attend and speak at meetings.</p>	No substantive change recommended.
<p>41 <u>42</u>. The Committee <u>IFRIC</u> shall meet as and when required and ten voting members present in person or by telecommunications shall constitute a quorum: one or two IASB <u>IFRS Board</u> members shall be designated by the IASB <u>IFRS Board</u> and shall attend meetings as non-voting observers; other members of the IASB <u>IFRS Board</u> may attend and speak at the meetings. On exceptional occasions, members of the Committee <u>IFRIC</u> may be allowed to send non-voting</p>	<p>41 <u>42</u>. The Committee <u>IFRIC</u> shall meet as and when required and ten voting members present in person or by telecommunications shall constitute a quorum: one or two <u>IASB</u> members shall be designated by the <u>IASB</u> and shall attend meetings as non-voting observers; other members of the <u>IASB</u> may attend and speak at the meetings. On exceptional occasions, members of the Committee <u>IFRIC</u> may be allowed to send non-voting alternates, at the discretion of the</p>	No substantive change recommended.

<p>alternates, at the discretion of the <u>Chairman</u> of the Committee <u>IFRIC</u>. Members wishing to nominate an alternate should seek the consent of the <u>Chairman</u> in advance of the meeting concerned. Meetings of the Committee <u>IFRIC</u> shall be open to the public, but certain discussions (normally only about selection, appointment and other personnel issues) may be held in private at the Committee <u>IFRIC</u>'s discretion.</p>	<p><u>Chairman</u> of the Committee <u>IFRIC</u>. Members wishing to nominate an alternate should seek the consent of the <u>Chairman</u> in advance of the meeting concerned. Meetings of the Committee <u>IFRIC</u> shall be open to the public, but certain discussions (normally only about selection, appointment and other personnel issues) may be held in private at the Committee <u>IFRIC</u>'s discretion.</p>	
<p>42 43 Each member of the Committee <u>IFRIC</u> shall have one vote. Members vote in accordance with their own independent views, not as representatives voting according to the views of any firm, organisation or constituency with which they may be associated. Proxy voting shall not be permitted. Approval of draft or final Interpretations shall require that not more than four voting members vote against the draft or final Interpretation.</p>	<p>42 43 Each member of the Committee <u>IFRIC</u> shall have one vote. Members vote in accordance with their own independent views, not as representatives voting according to the views of any firm, organisation or constituency with which they may be associated. Proxy voting shall not be permitted. Approval of draft or final Interpretations shall require that not more than four voting members vote against the draft or final Interpretation.</p>	No substantive change recommended.
<p>4344. The Committee <u>IFRIC</u> shall:</p> <p>(a) interpret the application of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and provide timely guidance on financial reporting issues not specifically addressed in IASs and IFRSs, in the context of the IASB IFRS Board's Framework, and undertake other tasks at the request of the IASB IFRS Board;</p> <p>(b) in carrying out its work under (a) above,</p>	<p>4344. The Committee <u>IFRIC</u> shall:</p> <p>(a) interpret the application of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and provide timely guidance on financial reporting issues not specifically addressed in IASs and IFRSs, in the context of the <u>IASB</u> 's <i>Framework</i>, and undertake other tasks at the request of the <u>IASB</u>;</p> <p>(b) in carrying out its work under (a) above, have regard to the <u>IASB</u> 's objective of</p>	No substantive change recommended.

<p>have regard to the IASB <u>IFRS Board</u>'s objective of working actively with national standard-setters to bring about convergence of national accounting standards and IASs and IFRSs to high quality solutions;</p> <p>(c) publish after clearance by the IASB <u>IFRS Board</u> draft Interpretations for public comment and consider comments made within a reasonable period before finalising an Interpretation; and</p> <p>(d) report to the IASB <u>IFRS Board</u> and obtain the approval of nine of its members for final Interpretations <u>if there are fewer than 16 members, or by ten of its members if there are 16 members.</u></p>	<p>working actively with national standard-setters to bring about convergence of national accounting standards and IASs and IFRSs to high quality solutions;</p> <p>(c) publish after clearance by the IASB draft Interpretations for public comment and consider comments made within a reasonable period before finalising an Interpretation; and</p> <p>(d) report to the IASB and obtain the approval of nine of its members for final Interpretations <u>if there are fewer than 16 members, or by ten of its members if there are 16 members.</u></p>	
Standards Advisory Council (SAC)	Standards Advisory Council (SAC)	
<p>44-45The Standards Advisory Council <u>SAC</u>, whose members shall be appointed by the Trustees under Ssection 15(b), provides a forum for participation by organisations and individuals, with an interest in international financial reporting, having diverse geographical and functional backgrounds, with the objective of:</p> <p>(a) giving advice to the IASB <u>IFRS Board</u> on agenda decisions and priorities in the IASB <u>IFRS Board</u>'s work,</p> <p>(b) informing the IASB <u>IFRS Board</u> of the views of the organisations and individuals on the Council <u>SAC</u> on major standard-setting projects and</p> <p>(c) (c) giving other advice to the IASB <u>IFRS</u></p>	<p>44-45The Standards Advisory Council <u>SAC</u>, whose members shall be appointed by the Trustees under Ssection 15(b), provides a forum for participation by organisations and individuals, with an interest in international financial reporting, having diverse geographical and functional backgrounds, with the objective of:</p> <p>(a) giving advice to the IASB on agenda decisions and priorities in the IASB 's work,</p> <p>(b) informing the IASB of the views of the organisations and individuals on the Council <u>SAC</u> on major standard-setting projects and</p> <p>(c) giving other advice to the IASB or the</p>	<p>No substantive change recommended.</p> <p>Commentators however noted that the SAC could be more efficient. They therefore urged the Trustees to undertake a review of the SAC.</p> <p>Consequently, the Trustees should provide an undertaking in the final report that they will conduct a review of the SAC's effectiveness by the end of 2010.</p>

<u>Board</u> or the Trustees.	Trustees.	
45 46 The Council <u>SAC</u> shall comprise thirty or more members, having a diversity of geographical and professional backgrounds, appointed for renewable terms of three years. The Chairman of the Council <u>SAC</u> shall be appointed by the Trustees, and shall not be a member of the IASB IFRS Board or a member of its staff. The Trustees shall invite the Chairman of the Council <u>SAC</u> to attend and participate in the Trustees' meetings, as appropriate.	45 46 The Council <u>SAC</u> shall comprise thirty or more members, having a diversity of geographical and professional backgrounds, appointed for renewable terms of three years. The Chairman of the Council <u>SAC</u> shall be appointed by the Trustees, and shall not be a member of the IASB or a member of its staff. The Trustees shall invite the Chairman of the Council <u>SAC</u> to attend and participate in the Trustees' meetings, as appropriate.	No substantive change recommended.
46 47 The Council <u>SAC</u> shall normally meet at least three times a year. Meetings shall be open to the public. The Council <u>SAC</u> shall be consulted by the IASB IFRS Board in advance of IASB IFRS Board decisions on major projects and by the Trustees in advance of any proposed changes to this Constitution.	46 47 The Council <u>SAC</u> shall normally meet at least three times a year. Meetings shall be open to the public. The Council <u>SAC</u> shall be consulted by the IASB in advance of IASB decisions on major projects and by the Trustees in advance of any proposed changes to this Constitution.	No substantive change recommended.
Chief Executive and staff	Chief Executive and staff	
47 48 As provided under Section 30 24, the Chairman of the IASB IFRS Board shall also be the Chief Executive of the IASB IFRS Foundation, and shall be subject to supervision by the Trustees.	47 48 As provided under Section 30 24, the Chairman of the IASB shall also be the Chief Executive of the IASB IFRS Foundation, and shall be subject to supervision by the Trustees.	No substantive change recommended. It should be noted that numerous commentators called for a splitting of the two roles, such that they would not be borne by the same person.
48 49 The Chief Executive shall be responsible for <u>establishing the senior staff management team</u> staffing of the IASB IFRS Foundation, which shall include a Director of Technical Activities appointed by the Chief Executive in consultation with	48 49 The Chief Executive shall be responsible for <u>establishing the senior staff management team</u> staffing of the IASB IFRS Foundation, which shall include a Director of Technical Activities appointed by the Chief Executive in consultation	Amended to allow the Trustees greater flexibility in appointing senior staff without being limited by the express terms of the Constitution. This accords with the Trustees' requirement to arrange their affairs in such a manner as is consistent with

the Trustees; the Director of Technical Activities, while not a member of the IASB, shall be entitled to participate in the debate but not to vote at meetings of the IASB and the International Financial Reporting Interpretations Committee.	with the Trustees; the Director of Technical Activities, while not a member of the IASB, shall be entitled to participate in the debate but not to vote at meetings of the IASB and the International Financial Reporting Interpretations Committee.	effective management and running of the organisation.
49 A Director of Operations and a Commercial Director shall also be appointed by the Chief Executive in consultation with the Trustees. They shall have responsibility for publications and copyright, communications, administration, and finance under the supervision of the Chief Executive and for fundraising under the supervision of the Trustees.	49 A Director of Operations and a Commercial Director shall also be appointed by the Chief Executive in consultation with the Trustees. They shall have responsibility for publications and copyright, communications, administration, and finance under the supervision of the Chief Executive and for fundraising under the supervision of the Trustees.	Removed to allow for greater flexibility. This accords with the changes made to the previous section – new section 49.
Administration	Administration	
50. The administrative office of the IASB IFRS Foundation shall be located in such location as may be determined by the Trustees in accordance with § section 13(d).	50. The administrative office of the IASB IFRS Foundation shall be located in such location as may be determined by the Trustees in accordance with § section 13(d).	No substantive change recommended.
51. The IASB IFRS Foundation shall be a legal entity as determined by the Trustees and shall be governed by this Constitution and by any laws which apply to such legal entity, including, if appropriate, laws applicable because of the location of its registered office.	51. The IASB IFRS Foundation shall be a legal entity as determined by the Trustees and shall be governed by this Constitution and by any laws which apply to such legal entity, including, if appropriate, laws applicable because of the location of its registered office.	No substantive change recommended.
52. The IASB IFRS Foundation shall be bound by the signature(s) of such person or persons as may be duly authorised by the Trustees.	52. The IASB IFRS Foundation shall be bound by the signature(s) of such person or persons as may be duly authorised by the Trustees.	No substantive change recommended.
International Accounting Financial Reporting Standards Committee Foundation		

Criteria for <u>IASB IFRS Board</u> Members		
<p>The following would represent criteria for <u>IASB IFRS Board</u> membership:</p> <p>Demonstrated Ttechnical Competency and Knowledge of Financial Accounting and Reporting. All members of the <u>IASB IFRS Board</u>, regardless of whether they are from the accounting profession, preparers, users, or academics, should have demonstrated a high level of knowledge and technical competency in financial accounting and reporting. The credibility of the <u>IASB IFRS Board</u> and its individual members and the effectiveness and efficiency of the organisation will be enhanced with members who have such knowledge and skills.</p>	<p>The following would represent criteria for <u>IASB</u> membership:</p> <p>Demonstrated Ttechnical Competency and Knowledge of Financial Accounting and Reporting. All members of the <u>IASB</u>, regardless of whether they are from the accounting profession, preparers, users, or academics, should have demonstrated a high level of knowledge and technical competency in financial accounting and reporting. The credibility of the <u>IASB</u> and its individual members and the effectiveness and efficiency of the organisation will be enhanced with members who have such knowledge and skills.</p>	<p>Changes made to reflect the proposed change of name of the organisation.</p>
<p>Ability to Aanalyse. <u>IASB IFRS Board</u> members should have demonstrated the ability to analyse issues and consider the implications of that analysis for the decision-making process.</p>	<p>Ability to Aanalyse. <u>IASB</u> members should have demonstrated the ability to analyse issues and consider the implications of that analysis for the decision-making process.</p>	<p>Changes made to reflect the proposed change of name of the organisation.</p>
<p>Communication Skills. Effective oral and written communication skills are necessary. These skills include the ability to communicate effectively in private meetings with <u>IASB IFRS Board</u> members, in public meetings, and in written materials such as <u>accounting financial reporting</u> standards, speeches, articles, memos and <u>external</u> correspondence with constituents. Communication skills also include the ability</p>	<p>Communication Skills. Effective oral and written communication skills are necessary. These skills include the ability to communicate effectively in private meetings with <u>IASB</u> members, in public meetings, and in written materials such as <u>accounting financial reporting</u> standards, speeches, articles, memos and <u>external</u> correspondence with constituents. Communication skills also include the ability</p>	<p>Changes made to reflect the proposed change of name of the organisation.</p>

to listen to and consider the views of others. While a working knowledge of English is necessary, there should not be discrimination in selection against those for whom English is not their first language.	to listen to and consider the views of others. While a working knowledge of English is necessary, there should not be discrimination in selection against those for whom English is not their first language.	
Judicious Decision-making. IASB <u>IFRS Board</u> members should be capable of considering varied viewpoints, weighing the evidence presented in an impartial fashion, and reaching well-reasoned and supportable decisions in a timely fashion.	Judicious Decision-making. <u>IASB</u> members should be capable of considering varied viewpoints, weighing the evidence presented in an impartial fashion, and reaching well-reasoned and supportable decisions in a timely fashion.	Changes made to reflect the proposed change of name of the organisation.
Awareness of the Financial Reporting Environment. High quality financial reporting will be affected by the financial, business and economic environment. IASB <u>IFRS Board</u> members should have an understanding of the global economic environment in which the IASB <u>IFRS Board</u> operates. This global awareness should include awareness of business and financial reporting issues that are relevant to, and affect the quality of, transparent financial reporting and disclosure in the various capital markets worldwide, including those using International Financial Reporting Standards <u>IFRSs</u> .	Awareness of the Financial Reporting Environment. High quality financial reporting will be affected by the financial, business and economic environment. <u>IASB</u> members should have an understanding of the global economic environment in which the <u>IASB</u> operates. This global awareness should include awareness of business and financial reporting issues that are relevant to, and affect the quality of, transparent financial reporting and disclosure in the various capital markets worldwide, including those using International Financial Reporting Standards <u>IFRSs</u> .	Changes made to reflect the proposed change of name of the organisation.
Ability to Work in a Collegial Atmosphere. Members should be able to show respect, tact and consideration for one another's and constituents' views <u>and those of third parties</u> . Members must be able to work with one another in reaching consensus views based on the IASB <u>IFRS Board</u> 's objective of developing high quality and transparent	Ability to Work in a Collegial Atmosphere. Members should be able to show respect, tact and consideration for one another's and constituents' views <u>and those of third parties</u> . Members must be able to work with one another in reaching consensus views based on the <u>IASB</u> 's objective of developing high quality and transparent financial reporting.	Changes made to reflect the proposed change of name of the organisation. Change also to reflect that the Board shall consult more widely.

financial reporting. Members must be able to put the objective of the IASB <u>IFRS Board</u> above individual philosophies and interests.	Members must be able to put the objective of the <u>IASB</u> above individual philosophies and interests.	
Integrity, Objectivity and Discipline. The credibility of members should be demonstrated through their integrity and objectivity. This includes intellectual integrity as well as integrity in dealing with fellow IASB <u>IFRS Board</u> members and constituents <u>others</u> . Members should demonstrate an ability to be objective in reaching decisions. Members also should demonstrate an ability to show rigorous discipline and carry a demanding workload.	Integrity, Objectivity and Discipline. The credibility of members should be demonstrated through their integrity and objectivity. This includes intellectual integrity as well as integrity in dealing with fellow <u>IASB</u> members and constituents <u>others</u> . Members should demonstrate an ability to be objective in reaching decisions. Members also should demonstrate an ability to show rigorous discipline and carry a demanding workload.	Changes made to reflect the proposed change of name of the organisation. Changes also to reflect wider consultation by the IASB.
Commitment to the IASC <u>IFRS</u> Foundation's Mission and Public Interest. Members should be committed to achieving the objective of the IASC <u>IFRS</u> Foundation of establishing international accounting and financial reporting standards that are of high quality, comparable, and transparent. A candidate for the IASB <u>IFRS Board</u> also should <u>also</u> be committed to serving the public interest through a private standard-setting process.	Commitment to the IASC <u>IFRS</u> Foundation's Mission and Public Interest. Members should be committed to achieving the objective of the IASC <u>IFRS</u> Foundation of establishing international accounting and financial reporting standards that are of high quality, comparable, and transparent. A candidate for the <u>IASB</u> also <u>also</u> should be committed to serving the public interest through a private standard-setting process.	Changes made to reflect the proposed change of name of the organisation.