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 3B

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Memorandum

To: IASC Foundation Trustees

From: Olivier Servais

Date: January 7, 2010

Re: Due Process Oversight Committee and XBRL

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Following from the last Trustees' meeting, this is a summary of the discussion items regarding the Due Process Oversight Committee's (DPOC) oversight function of XBRL activities.

Items for consideration are:
- XBRL activities
- Quality assurance
- Relationship with the IASB
- IFRS Taxonomy Extensions

1.   XBRL Activities

The XBRL Team attaches an update on the latest developments (see Agenda Paper 3B, Att (i) which includes:
- IFRS taxonomies (2010 and IFRS for SMEs)
- Translations
- Support materials
- Outreach activities

The IASC Foundation would welcome any comment on the content and the format of such written report in order to fulfil DPOC requirements for quality.

2.   Quality assurance

As a growing number of jurisdictions are implementing the IFRS Taxonomy for local reporting requirements (an illustrative world map is attached to the Trustees' Report for XBRL Activities), quality assurance of the IFRS Taxonomy is becoming a growing issue.

The key concerns are the financial reporting content of the Taxonomy which should accurately reflect the IFRSs, the need for quality criteria against which the usability of the taxonomy can be judged, the taxonomy's ability to meet the needs of stakeholders, and also the need for an adequate yet robust due process to ensure transparency with hampering progress and development.

In order to address these concerns and to provide this quality assurance, the following has been undertaken:
- Clearer understanding of the roles and responsibilities of Trustees and management: The Due Process Oversight Committee will oversee XBRL activities on behalf of the Trustees.   Management (Tom Seidenstein and I) is responsible for ensuring the work is completed in a high quality and timely manner. They rely upon external expertise to help ensure that this objective is achieved.
- A Due Process Handbook for XBRL Activities has been finalised and was approved by the Trustees in October 2009. This due process now drives all of the XBRL Team's activities.
- Role of XQRT: upon the request of Trustees, the role of the XBRL Quality Review Team (XQRT) has been reinforced in the due process in order to seek the highest level of quality. Among other improvements, the XQRT approval of the IFRS Taxonomy is the final outcome of the XQRT review process.
- Quality criteria: a list of quality criteria to be used to assess the quality of the IFRS Taxonomy has been discussed with the XQRT and should be finalised shortly.
- Terms of reference: a draft version of Terms of reference for the DPOC on XBRL activities is attached for consideration. (See Agenda Paper 3B Att (ii))

3.   Relationship with the IASB

The issue of closer integration with the IASB stems partly from the afore-mentioned issue of quality assurance (i.e. it is perceived that the financial reporting content of the IFRS Taxonomy would be best assured if the IASB were involved in its development). However it also stems from the growing realisation that the standard-setting process is evolving and that the traditional 'paper' approach could be supported by the 'digital' approach.

The development of the IFRS Taxonomy and the technology involved enables analysis of the IFRSs in both minute detail but also as a larger whole, offering more insights than might be offered when considering each IFRS in turn, which could potentially benefit the IASB and its technical staff in the standard-setting process. Closer integration of the IASB technical staff and the XBRL Team is now an objective, and the following steps have been taken to improve this liaison however, further work is required.

- Since July 2009, the XBRL Team has regular meetings with the XBRL Board Advisory made of six Board members, the Director of Technical Activities and the COO to seek advice on its activities, such as the implementation of IFRSs in the IFRS

- When relevant, and agreed with Board Advisory, the XBRL Team has provided an update to the full IASB.

The Team suggests that the DPOC should keep monitoring the relationship between XBRL team and the IASB.

4.   <u>IFRS Taxonomy Extensions</u>

As approved by the Trustees during its last meeting, the XBRL Team has prepared a first draft of the Business Plan for a collaborative IFRS Taxonomy extension development initiative – the so called Extensions External Experts Panel (EEEP).

The issue of extensions is very much core to the adoption of the IFRS Taxonomy, and the proposed EEEP initiative has been very well-received and is generally perceived as a positive step towards resolving a long-standing issue.

This Business Plan has been discussed with the XBRL Advisory Council (XAC) and with the participants of a roundtable organized in London on 12 December. Further detail is provided in the Trustees'Report for XBRL Activities.

A draft version of the Business Plan should be ready by the middle of February.