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**International
Accounting Standards
Committee Foundation**

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

**IASCF Trustees Meeting
Rio de Janeiro 26 January 2010**

Agenda Paper 3C

Emerging Economies

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Staff Note

Date

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Topic

Emerging Economies Working Group/Forum, for discussion at the December administrative meeting

1. At a recent meeting with Deputy Finance Minister Wang Jun, David raised the idea of an Emerging Economies working group or forum. The idea was to duplicate what we have done with the Analysts' Representative Group and Global Preparer Forum. David charged me with setting things in motion. This paper captures some initial thoughts on the group, including suggestions from Board members at the December administrative meeting.
2. ***Why have a group?*** Because there is a persistent view among many that the IASB listens only to the U.S. and Europe. The recent IAS 32 amendment on classification of rights issues is cited as the most recent example. Critics have described this amendment as a "gift for HSBC" and ask why the Board didn't extend the amendment to address foreign-currency denominated convertible debt. Establishing another forum for interactions between Board members and emerging-economy constituents can't hurt.
3. ***Who should be members?*** Not standard setters and regulators. We have plenty of opportunity to meet with those groups. I am concerned that too much of my work is with standard setters and regulators and too little is with real people. Nor would I suggest that members be "representative" of groups, as they are on the SAC. We need to reach out to preparers, auditors, and analysts from emerging economies. It will be hard to find good people, and harder still to persuade them to spend the time and money. I have some contacts that I can reach out to, and would appreciate any that Board members might suggest.
4. I suggest that we start our search for members with the "expanded BRIC" countries that are members of the G-20, and work outward from there.

5. ***How does this relate to the SAC?*** There are several SAC members who are from, or work with, emerging and transitional economies. I understand that the SAC is planning to organize a regular discussion among those members, and we should reach out to SAC for suggested members of the Emerging Economy working group.
6. ***Who should participate from the IASB?*** It would be easy to single out Board members who come from emerging economies. It would also be wrong. If I am right about the view described in paragraph 2, then some European and American Board members need to be involved as well.
7. ***What should be the agenda?*** Again, we shouldn't repeat what we do in other forums – technical updates and project discussions. I suggest that we solicit technical topics from the participants. I suspect that the result will be a mixture of issues that we already recognise as important to these constituents, like foreign currency, and technical inquiries. The emphasis should be on what they want to talk about. The Korean standard setter has done a good job in structuring this kind of forum, including insisting that those who raise questions must prepare the background material.
8. ***Where should it be held?*** Likely Asia, to reflect the growing use of IFRSs in the region