

STAFF SUMMARY:

ANNOTATED CONSTITUTION SHOWING CHANGES AGREED AT THE JANUARY 2010 TRUSTEES' MEETING

Note: Below is the staff summary of the agreed changes in the IASC Foundation, subject to Trustee confirmation and editorial review. The final revised Constitution will be ready by and put into effect on 1 March 2010.

International Accounting <u>Financial Reporting</u> Standards Committee Foundation Revised Constitution February 2009		
Original Proposals set out in the September 2009 Consultation	Section of the Constitution reflecting the agreed changes	Comment
Part A Name and Objectives	Part A Name and objectives	
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 <u>the 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.	1. The name of the organisation shall be the International Accounting <u>Financial Reporting</u> Standards Committee Foundation (abbreviated as ' <u>IFRS Foundation</u> ', a name which shall be put into legal effect as soon as practical and then shall replace the name the International Accounting Standards Committee Foundation, abbreviated as the 'IASC Foundation'). The International Accounting 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.	The name of the organisation is to be changed to the International Financial Reporting Standards Foundation, abbreviated to 'IFRS Foundation'. The name of the IASB standard-setting body is not to be changed, as originally proposed. A large majority of commentators made a strong case, which the Trustees accepted, 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

		<p>outweigh any benefits.</p> <p>The names of the Interpretations Committee and the Advisory Council will be changed to IFRS Interpretations Committee and the IFRS Advisory Council.</p>
<p>2. The objectives of the IASB IFRS Foundation are:</p> <p>(a) to develop, in the public interest, a single set of high quality, understandable, and enforceable <u>and globally accepted accounting 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</p>	<p>2. The objectives of the IASB IFRS Foundation are:</p> <p>(a) to develop, in the public interest, a single set of high quality, understandable, and enforceable <u>and globally accepted accounting 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</u></p>	<p>Amendments reflect:</p> <ul style="list-style-type: none"> • the objective is to have the standards globally accepted and used. • the language regarding emerging economies and small and medium-sized companies was limited, and that the Trustees accepted improved language suggested. • 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, including regulators and prudential supervisors. • 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). • a stronger emphasis on adoption of IFRSs, with a view that convergence is a

accounting standards and International Financial Reporting Standards (IFRSs, being the standards and interpretations issued by the IFRS Board) to high quality solutions.	IASB) through the bring about convergence of national accounting standards and <u>IFRSs</u> . International Accounting Standards and to high quality solutions.	means to promote and facilitate adoption.
Governance of the IASC IFRS Foundation	Governance of the IASC IFRS Foundation	
3. The governance of the <u>IASC 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 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.	3. The governance of the <u>IASC 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 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.	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 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	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	No substantive change recommended.

<p>agree a nomination process that will entitle the Monitoring Board to recommend candidates and provide other help <u>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 Ssection 7.</p>	<p>Board shall agree a nomination process that will entitle the Monitoring Board to recommend candidates and provide other help <u>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 Ssection 7.</p>	
<p>6. All Trustees shall be required to show a firm commitment to the IFRS IASC Foundation and the IFRS Board IASB as a high quality global standard-setter, to be financially 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> <ul style="list-style-type: none"> (a) six Trustees appointed from the Asia/Oceania region; (b) six Trustees appointed from Europe; (c) six Trustees appointed from North 	<p>6. All Trustees shall be required to show a firm commitment to the IFRS IASC Foundation and the IASB as a high quality global standard-setter, to be financially 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> <ul style="list-style-type: none"> (a) six Trustees appointed from the Asia/Oceania region; (b) six Trustees appointed from Europe; (c) six Trustees appointed from North 	<p>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 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 agreed to be sensitive to the need for some rotation in the Trustee composition to reflect the broad interest in financial reporting standards. This will be reflected in nominations made to the Monitoring Board.</p>

<p>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 establishing</u> overall geographical balance.</p>	<p>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 establishing</u> overall geographical balance.</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 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.</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 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.</p>	<p>No substantive change recommended.</p>
<p>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.</p>	<p>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.</p>	<p>Amendment to remove sections that were applicable when the Foundation was established, but are no longer relevant</p>
<p>9. Subject to the voting requirements in</p>	<p>9. Subject to the voting requirements in</p>	<p>No substantive change recommended.</p>

Section 14, the Trustees may terminate the appointment of an individual as a Trustee on grounds of poor performance, misbehaviour or incapacity.	Section 14, the Trustees may terminate the appointment of an individual as a Trustee on grounds of poor performance, misbehaviour or incapacity.	
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 Chair of the Trustees, <u>and up to two Vice-Chairs</u> , shall be appointed by the Trustees from among their own number, subject to the approval of the Monitoring Board. <u>The role of a Vice Chair shall be to chair meetings of the Trustees in the absence of the Chair or to represent the Chair in external contacts.</u> With the agreement of the Trustees, regardless of prior service as a Trustee, the appointee may serve as the Chair <u>or a Vice-Chair</u> for a term of three years, renewable once, from the date of appointment as Chairman <u>or Vice Chair, but may not exceed nine years in total length of service as a member of the Trustees. The appointment of a Chair and Vice Chairs should be made with regard to maintaining a geographical balance.</u>	<p>Change allows for flexibility to appoint up to two vice chairs to the Board of Trustees. The purpose is to assist the chair in his or her functions and duties.</p> <p>The total length of service for a Chair or Vice Chair of the Trustee is capped at nine years in total service on the Board of Trustees.</p> <p>The Constitution is also being changed to reflect gender neutral language throughout.</p> <p>The Trustees also approved language to be added to ensure geographical balance in order to eliminate the possibility that the Chair and the Vice-Chair could also come from the same region.</p> <p>The Trustees also incorporated language to clarify the role of the Vice Chairs.</p>
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	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	No substantive change recommended.

travel on IASC IFRS Foundation business shall be met by the IASC IFRS Foundation.	travel on IASC IFRS Foundation business shall be met by the IASC IFRS Foundation.	
12. In addition to the powers and duties set out in S 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 IFRS Board members.	12. In addition to the powers and duties set out in S 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 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 IFRS 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 incorporate provisions to achieve the same requirements as the provisions contained in this Constitution; (d) review in due course the location of the IASC IFRS Foundation, both as regards its legal base and its operating location; (e) investigate the possibility of seeking	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 IFRS 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 incorporate provisions to achieve the same requirements as the provisions contained in this Constitution; (d) review in due course the location of the IASC IFRS Foundation, both as regards its legal base and its operating location; (e) investigate the possibility of seeking	No substantive change recommended.

<p>charitable or similar status for the IASC IFRS 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 IFRS Foundation's activities, including audited financial statements and priorities for the coming year.</p>	<p>charitable or similar status for the IASC IFRS 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 IFRS 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 majority of all Trustees shall be required. ; Voting by proxy shall not be permitted on any issue. In the event of a tied vote, the Chairman shall have an additional casting vote.</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 majority of all Trustees shall be required. ; Voting by proxy shall not be permitted on any issue. In the event of a tied vote, the Chair shall have an additional casting vote.</p>	<p>No substantive change recommended.</p>
Part B	Part B	

Trustees	Trustees	
<p>15. In addition to the duties set out in Part A, the Trustees shall:</p> <ul style="list-style-type: none"> (a) appoint the members of the IASB <u>IFRS Board</u> and establish their contracts of service and performance criteria; (b) appoint the members of the International Financial Reporting Interpretations Committee (<u>IFRIC</u>) and the Standards Advisory Council (<u>SAC</u>); (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; (d) approve annually the budget of the IASC <u>IFRS</u> Foundation and determine the basis for funding; (e) review broad strategic issues affecting accounting <u>financial reporting</u> 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 matters relating to accounting <u>financial reporting</u> standards; (f) establish and amend operating procedures, consultative arrangements and due process for the IASB <u>IFRS</u> 	<p>15. In addition to the duties set out in Part A, the Trustees shall:</p> <ul style="list-style-type: none"> (a) appoint the members of the <u>IASB</u> and establish their contracts of service and performance criteria; (b) appoint the members of the the International Financial Reporting <u>IFRS Interpretations Committee (known as the Interpretations Committee)</u> and the Standards <u>IFRS</u> Advisory Council (<u>known as the Advisory Council</u>); (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; (d) approve annually the budget of the IASC <u>IFRS</u> Foundation and determine the basis for funding; (e) review broad strategic issues affecting accounting <u>financial reporting</u> 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 matters relating to accounting <u>financial reporting</u> standards; 	<p>The Trustees note the strong desire of commentators to review broad strategic issues per section (e). The Trustees agreed to undertake such a review and will develop a methodology for a review, which will include stakeholder involvement. The Trustees intend to discuss this review with the Monitoring Board in March.</p> <p>The Trustees did not recommend any substantive changes in this section other than the change in name of the Standards Advisory Council (SAC) to IFRS Advisory Council and the International Financial Reporting Interpretations Committee (<u>IFRIC</u>) to IFRS Interpretations Committee.</p>

<p>Board, the International Financial Reporting Interpretations Committee <u>IFRIC</u> and the Standards Advisory Council <u>SAC</u>;</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 <u>SAC</u> 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 <u>IFRS</u> Foundation except for those expressly reserved to the IASB <u>IFRS Board</u>, the International Financial Reporting Interpretations Committee <u>IFRIC</u> and the Standards Advisory Council <u>SAC</u>; and</p> <p>(j) foster and review the development of educational programmes and materials that are consistent with the IASB <u>IFRS</u> Foundation's objectives.</p>	<p>(f) establish and amend operating procedures, consultative arrangements and due process for the IASB , the International Financial Reporting Interpretations Committee <u>Interpretations Committee</u> and the Standards Advisory Council <u>Advisory Council</u>;</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 <u>Advisory Council</u> 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 <u>IFRS</u> Foundation except for those expressly reserved to the IASB , the International Financial Reporting Interpretations Committee <u>Committee</u> and the Standards Advisory Council <u>Council</u>; and</p> <p>(j) foster and review the development of educational programmes and materials that are consistent with the IASB <u>IFRS</u> Foundation's objectives.</p>	
<p>16. The Trustees may terminate the appointment of a member of the IASB <u>IFRS Board</u>, the International Financial Reporting Interpretations Committee</p>	<p>16. The Trustees may terminate the appointment of a member of the IASB , the International Financial Reporting Interpretations Committee <u>Interpretations</u></p>	<p>The Trustees did not recommend any substantive changes, other than the approval of the change in name of the Advisory</p>

<p>IFRIC or the Standards Advisory Council SAC, on grounds of poor performance, misbehaviour, incapacity or other failure to comply with contractual requirements, and the Trustees shall develop procedures for such termination.</p>	<p>Committee or the Standards Advisory Council Advisory Council, on grounds of poor performance, misbehaviour, incapacity or other failure to comply with contractual requirements, and the Trustees shall develop procedures for such termination.</p>	<p>Council and the Interpretations Committee.</p>
<p>17. The accountability of the Trustees shall be ensured <i>inter alia</i> through:</p> <ul style="list-style-type: none"> (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 18–23; (c) their undertaking a review of the entire structure of the IASC IFRS 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. 	<p>17. The accountability of the Trustees shall be ensured <i>inter alia</i> through:</p> <ul style="list-style-type: none"> (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 18–23; (c) their undertaking a review of the entire structure of the IASC IFRS 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. 	<p>The Trustees approved the removal of outdated information applicable to when the organisation was formed in 2001.</p>

Monitoring Board	Monitoring Board	
<p>18. A Monitoring Board will provide a formal 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.</p>	<p>18. A Monitoring Board will provide a formal 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.</p>	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>
<p>19. The responsibilities of the Monitoring Board shall be:</p> <ul style="list-style-type: none"> (a) to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in <u>S</u>sections 5–8. (b) to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in <u>S</u>sections 13 and 15. The Trustees shall make an annual written report to the Monitoring Board. (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 	<p>19. The responsibilities of the Monitoring Board shall be:</p> <ul style="list-style-type: none"> (a) to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in <u>S</u>sections 5–8. (b) to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in <u>S</u>sections 13 and 15. The Trustees shall make an annual written report to the Monitoring Board. (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 Chair of 	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>

<p>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 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 IASB IFRS Foundation or the IASB IFRS Board.</p>	<p>the Trustees (with the Chair 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 of, and any IASC IFRS Foundation or IASB proposed resolution of, issues that the Monitoring Board has referred for timely consideration by the IASC IFRS Foundation or the IASB.</p>	
<p>20. The Monitoring Board shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public.</p>	<p>20. The Monitoring Board shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public.</p>	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>
<p>21. Initially, the Monitoring Board shall comprise:</p> <ul style="list-style-type: none"> (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 	<p>21. Initially, the Monitoring Board shall comprise:</p> <ul style="list-style-type: none"> (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 chair of an EU securities regulator, commissioner of the Japan Financial Services Agency or chair of the US Securities and Exchange Commission is the chair of the IOSCO Technical Committee); (d) the commissioner of the Japan Financial 	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>

<p>Services Agency; and</p> <p>(e) the chairman of the US Securities and Exchange Commission; and</p> <p>(f) as an observer, the chairman of the Basel Committee on Banking Supervision.</p>	<p>Services Agency; and</p> <p>(e) the chair of the US Securities and Exchange Commission; and</p> <p>(f) as an observer, the chair of the Basel Committee on Banking Supervision.</p>	
<p>22. The Monitoring Board shall reconsider its composition from time to time relative to its objectives.</p>	<p>22. The Monitoring Board shall reconsider its composition from time to time relative to its objectives.</p>	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>
<p>23. The Monitoring Board shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.</p>	<p>23. The Monitoring Board shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.</p>	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>
<p><u>IASB IFRS Board</u></p>	<p><u>IASB</u></p>	
<p>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 <u>Section 15(a)</u>. 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 <u>IASB 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 <u>IASB IFRS</u></p>	<p>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 <u>Section 15(a)</u>. 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 <u>IASB 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 <u>IASB IFRS</u> Foundation). The work of the <u>IASB</u></p>	<p>No substantive change recommended. New section. Changes recently been made following the first part of the Constitution Review.</p>

Foundation). The work of the IASB IFRS Board 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.	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.	
25. The main qualifications for membership of 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 M members 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.	25. The main qualifications for membership of the IASB shall be professional competence and practical experience. The Trustees shall select members of the IASB , consistently with the Criteria for IASB M members 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 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 member at the same time.	No substantive change recommended.
26. In a manner consistent with the Criteria for IASB IFRS Board M members 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: (a) four members from the Asia/Oceania	26. In a manner consistent with the Criteria for IASB M members 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: (a) four members from the Asia/Oceania	No substantive change recommended. Changes recently been made following the first part of the Constitution Review.

<p>region;</p> <p>(b) four members from Europe;</p> <p>(c) four members from North America;</p> <p>(d) one member from Africa;</p> <p>(e) one member from South America; and</p> <p>(f) two members appointed from any area, subject to maintaining overall 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>region;</p> <p>(b) four members from Europe;</p> <p>(c) four members from North America;</p> <p>(d) one member from Africa;</p> <p>(e) one member from South America; and</p> <p>(f) two members appointed from any area, subject to maintaining overall geographical balance.</p> <p>The work of the IASB 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 IASB members so that the IASB 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 IASB will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters, other standard-setters, and other official bodies with an interest in accounting standard-setting concerned 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>Amended to reflect the emphasis on enhanced stakeholder engagement.</p> <p>Whilst some commentators urged inclusion of a direct reference to the International Public Sector Accounting Standards Board (IPSASB), the International Auditing and Assurance Standards Board (IAASB) and the International Valuations Standards Committee (IVSC), the Trustees decided against this since it would serve to single</p>

		out some organisations above others. In practice the IASB should continue to consult widely in any event with these organisations and others. Furthermore, the Trustees were concerned that some organisations may change their name, merge or cease to exist so it would be inappropriate to limit the Constitution in this manner. The ongoing consultation with all relevant standard-setters and other bodies is covered by the language “other official bodies with an interest....”
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 regard to the IASB IFRS Board’s Framework (as amended from time to time) in deciding on and revising standards.	29. Each full-time and part-time member of the IASB shall agree contractually to act in the public interest and to have regard to the IASB’s Framework (as amended from time to time) in deciding on and revising standards.	No change recommended.
30. The Trustees shall appoint one of the full-time members as Chairman of the IASB IFRS Board , who shall also be the Chief Executive of the IASB IFRS Foundation. One Up to two of the fulltime members of the IASB IFRS Board shall may also be designated by the Trustees as a Vice-Chairman, whose role shall be to chair meetings of the IASB IFRS Board in the absence of the Chairman or to represent the Chairman in external contacts in unusual circumstances (such as illness) . The appointment of the Chairman and the designation as Vice Chairman shall be for	30. The Trustees shall appoint one of the full-time members as the Chair of the IASB , who shall also be the Chief Executive of the IASB IFRS Foundation. One Up to two of the full time members of the IASB shall may also be designated by the Trustees as a Vice-Chair, whose role shall be to chair meetings of the IASB in the absence of the Chair or to represent the Chair in external contacts in unusual circumstances (such as illness) . The appointment of the Chair and the designation as Vice Chair shall be for such term as the Trustees decide. The title of	The section is being changed to provide for flexibility to appoint up to two Vice Chairs to assist the Chair in his or her functions.

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.	Vice Chair would not imply that the <u>individual member (or members)</u> concerned is <u>(or are)</u> the Chair elect. <u>The appointment of a Chair and Vice Chairs should be made with regard to maintaining a geographical balance.</u>	
31. Members of the IASB IFRS Board 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 years, but may not exceed ten years in total length of service as a member of the IFRS Board.	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 Chair and a Vice-Chair. The Chair and a Vice-Chair may serve a second term of five years, but may not exceed ten years in total length of service as a member of the IASB.	Change to reflect the new terms of appointment for IASB members. The change has been approved 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.
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	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	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.

<p>employer would therefore not be permitted. Part-time members of the <u>IASB IFRS Board</u> would not be expected to sever all other employment arrangements.</p>	<p>employer would therefore not be permitted. Part-time members of the <u>IASB</u> would not be expected to sever all other employment arrangements.</p>	
<p>332 The terms of appointment of members of the <u>IASB IFRS Board</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.</p>	<p>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.</p>	<p>This entire section is to be deleted because the terms of the ISAB are already staggered and the remainder concerned procedures that are no longer relevant or appropriate.</p>
<p>343 Full-time and part-time members of the <u>IASB IFRS Board</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 IFRS Board</u> business shall be met by the <u>IASB IFRS</u> Foundation.</p>	<p>333 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 <u>IASB IFRS</u> Foundation.</p>	<p>No substantive change recommended.</p>
<p>354 The <u>IASB IFRS Board</u> shall meet at such times and locations as it determines: meetings of the <u>IASB IFRS Board</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 IFRS Board</u>.</p>	<p>34 The <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 <u>IASB IFRS Board</u> shall have one vote. On both technical and other matters, proxy voting shall not be permitted nor shall members of the <u>IASB IFRS Board</u> be entitled to appoint</p>	<p>355 Each 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</p>	<p>No substantive change recommended.</p>

<p>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 <u>IFRS Board</u> present at a meeting in person or by telecommunications, the Chairman shall have an additional casting vote</p>	<p>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>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 <u>IFRS Board</u>, if there are fewer than 16 members, or by ten members if there are 16 members. Other decisions of the IASB <u>IFRS Board</u>, including the publication of a discussion paper, shall require a simple majority of the members of the IASB <u>IFRS Board</u> present at a 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.</p>	<p>36The 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 cent of the members of the <u>IASB</u>, in person or by telecommunications.</p>	<p>No substantive change recommended.</p>
<p>387 The IASB <u>IFRS Board</u> shall: (a) have complete responsibility for all IASB <u>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</p>	<p>37-The <u>IASB</u> shall: (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</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 provided there is a 75 per cent majority of the Trustees in agreement, and • the requirement to have a three-

<p>approval <u>and issuing</u> of Interpretations <u>developed</u> 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 IASB IFRS Board, after consulting the Trustees (consistently with section 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</p>	<p>approval <u>and issuing</u> of Interpretations <u>developed</u> by the International Financial Reporting <u>Interpretations Committee</u> <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) <u>in exceptional circumstances, and only after formally requesting and receiving prior approval from 75 per cent of 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.</u></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 with section 15(c)) and the Advisory Council (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</p>	<p>yearly public review of the agenda and emphasis on regular Trustee and Advisory Council reviews of the agenda</p> <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>The Trustees noted that 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. The Trustees however considered it essential to have some guidance in exceptional circumstances and the need for flexibility; consequently they proposed to keep the wording as suggested, but with the added protection of requiring a 75 per cent majority of the Trustees.</p> <p>The Trustees are well aware of translation difficulties faced by non-English speakers. These are factors that will always be borne in mind by the Trustees if and when they have to exercise their discretion under this section. The Trustees wish to emphasise that the circumstances in which the option would be invoked are in the rarest of circumstances.</p>
--	--	--

<p>other types of specialist advisory groups to give advice on major projects; and</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>(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>other work to national standard-setters or other organisations.</p> <p>(d)(i)(f) establish procedures for reviewing comments made within a reasonable period on documents published for comment.</p> <p>(d)(ii)(g) normally form working groups or other types of specialist advisory groups to give advice on major projects; and</p> <p>(d)(iii)(h) consult the Standards Advisory Council Advisory Council on major projects, agenda decisions and work priorities; and</p> <p>(d)(iv)(i) 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)(j) consider holding public hearings to discuss proposed standards, although there is no requirement to hold public hearings for every project;</p> <p>(f)(k) 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>(g)(l) give reasons if it does not follow any of the non-mandatory procedures set out in (b), (d)(ii)(g), d(iv)(i), (e)(j) and (f)(k).</p>	<p><i>Agenda-setting</i></p> <p>The Trustees noted commentators concerns that the original proposals relating to consultation on the IASB's agenda did not go far enough and most called for a more formal methodology to seek public input. Consequently, the Trustees agreed a more formalised procedure for the IASB to seek input on its agenda-setting process. The Trustees agreed to extend the section to include language beyond that already suggested – namely consultation with the Advisory Council and the Trustees. The Trustees therefore agreed to include a requirement of 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>
<p>38 39 The authoritative text of any exposure</p>	<p>38 The authoritative text of any exposure draft.</p>	<p>No substantive change recommended.</p>

<p>draft, or International Accounting Standard or International Financial Reporting Standard or draft or final Interpretation <u>or IFRS</u> shall be that published by the <u>IASB IFRS Board</u> in the English language. The <u>IASB 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 <u>and IFRSs</u>.</p>	<p>or International Accounting Standard or International Financial Reporting Standard or draft or final Interpretation <u>or IFRS</u> shall be that published by the <u>IASB</u> in the English language. The <u>IASB</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 <u>and IFRSs</u>.</p>	
<p>International Financial Reporting Interpretations Committee (IFRIC)</p>	<p>IFRS Interpretations Committee (Interpretations Committee)</p>	
<p>39 40. The International Financial Reporting Interpretations Committee <u>IFRIC</u> shall comprise fourteen voting members, appointed by the Trustees under Section 15(b) for renewable terms of three years. The Trustees shall select members of the Committee <u>IFRIC</u> so that it comprises a group of people representing, within that group, the best available combination of 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 IASC <u>IFRS</u> Foundation.</p>	<p>39. The International Financial Reporting Interpretations Committee shall comprise fourteen voting members, appointed by the Trustees under Section 15(b) for renewable terms of three years. The Trustees shall select members of the Committee <u>Interpretations Committee</u> so that it comprises a group of people representing, within that group, the best available combination of 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>Interpretations Committee</u> business shall be met by the IASC <u>IFRS</u> Foundation.</p>	<p>No substantive change recommended. The only changes made to the entire section are to change the name of the International Financial Reporting Interpretations Committee (IFRIC) to the Interpretations Committee.</p>

<p>40 41. The Trustees shall appoint a member of the IASB IFRS Board, the Director of Technical Activities or another senior member of the IASB IFRS Board staff, or another appropriately qualified individual, to chair the Committee IFRIC. 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. 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>Interpretations Committee</u>. The Chair 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>No substantive change recommended.</p>
<p>41 42. The Committee IFRIC shall meet as and when required and ten voting members present in person or by telecommunications shall constitute a quorum: one or two IASB IFRS Board members shall be designated by the IASB IFRS Board and shall attend meetings as non-voting observers; other members of the IASB IFRS Board may attend and speak at the meetings. On exceptional occasions, members of the Committee IFRIC may be allowed to send non-voting alternates, at the discretion of the <u>Chairman</u> of the Committee IFRIC. 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 IFRIC shall be open to the public, but certain discussions (normally only about selection, appointment and other personnel issues)</p>	<p>41 The Committee <u>Interpretations Committee</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>Interpretations Committee</u> may be allowed to send non-voting alternates, at the discretion of the Chair of the Committee Interpretations Committee Members wishing to nominate an alternate should seek the consent of the Chair in advance of the meeting concerned. Meetings of the Committee <u>Interpretations Committee IFRIC</u> shall be open to the public, but certain</p>	<p>No substantive change recommended.</p>

may be held in private at the Committee IFRIC 's discretion.	discussions (normally only about selection, appointment and other personnel issues) may be held in private at the Committee Interpretations Committee's discretion.	
42 43 Each member of the Committee IFRIC 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.	42 Each member of the Committee Interpretations Committee 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.	No substantive change recommended.
4344. The Committee IFRIC shall: (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 ; (b) in carrying out its work under (a) above, have regard to the IASB IFRS Board's objective of working actively with national standard-setters to bring about convergence of national accounting standards and IASs and IFRSs to high	43. The Committee Interpretations Committee shall: (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's Framework , and undertake other tasks at the request of the IASB ; (b) in carrying out its work under (a) above, have regard to the IASB's objective of working actively with national standard-setters to bring about convergence of national accounting standards and IASs	No substantive change recommended.

<p>quality solutions;</p> <p>(c) publish after clearance by the IASB IFRS Board 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 IFRS Board 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>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)	IFRS Advisory Council (Advisory Council)	
<p>44<u>45</u> The Standards Advisory Council SAC, whose members shall be appointed by the Trustees under Section 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 IFRS Board on agenda decisions and priorities in the IASB IFRS Board's work,</p> <p>(b) informing the IASB IFRS Board of the views of the organisations and individuals on the Council SAC on major standard-setting projects and</p> <p>(c) giving other advice to the IASB IFRS Board or the Trustees.</p>	<p>44 The Standards Advisory Council Advisory Council, whose members shall be appointed by the Trustees under Section 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 Advisory Council on major standard-setting projects and</p> <p>(c) giving other advice to the IASB or the Trustees.</p>	<p>No substantive change recommended, other than to change the name from the Standards Advisory Council (SAC) to IFRS Advisory Council, shorted to Advisory Council. This change is reflected throughout.</p> <p>Trustees however noted commentators' concerns that the Advisory Council could be more efficient. Trustees have therefore agreed to undertake a full review of the effectiveness and operation of the Advisory Council, including its size and composition, by the end of 2010.</p>
<p>45 <u>46</u> The Council SAC shall comprise thirty or more members, having a diversity of</p>	<p>45 The Council Advisory Council shall comprise thirty or more members, having a</p>	<p>No substantive change recommended.</p>

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 <u>IFRS Board</u> 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.	diversity of geographical and professional backgrounds, appointed for renewable terms of three years. The Chairman of the Council <u>Advisory Council</u> shall be appointed by the Trustees, and shall not be a member of the <u>IASB</u> or a member of its staff. The Trustees shall invite the Chairman of the Council <u>Advisory Council</u> to attend and participate in the Trustees' meetings, as appropriate.	
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 <u>IFRS Board</u> in advance of IASB <u>IFRS Board</u> decisions on major projects and by the Trustees in advance of any proposed changes to this Constitution.	46 The Council <u>Advisory Council</u> shall normally meet at least three times a year. Meetings shall be open to the public. The Council <u>Advisory Council</u> shall be consulted by the <u>IASB</u> in advance of <u>IASB</u> 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 <u>30</u> 24 , the Chairman of the IASB <u>IFRS Board</u> shall also be the Chief Executive of the IASB <u>IFRS</u> Foundation, and shall be subject to supervision by the Trustees.	47 As provided under Section <u>30</u> 24 , the Chairman of the <u>IASB</u> shall also be the Chief Executive of the IASB <u>IFRS</u> 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. The Trustees understood the corporate governance concerns that the dual roles raise but concluded that they did not translate directly to the organisation. This is because the supervisory board is headed by the Chairman of the Trustees and this is separate from the management board,

		which is headed by the Chief Executive Officer (CEO). In reality the Chief Operating Officer is responsible for the day to day operation of the organisation, not the CEO. This will be better explained in the final report.
48 49 The Chief Executive shall be responsible for <u>establishing the senior staff management team</u> staffing of the IASB <u>IFRS Foundation</u> , which shall include a Director of Technical Activities appointed by the Chief Executive in consultation 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.	48 The Chief Executive shall be responsible for <u>establishing the senior staff management team</u> staffing of the IASB <u>IFRS Foundation</u> , which shall include a Director of Technical Activities appointed by the Chief Executive in consultation 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.	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 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 <u>IFRS</u> Foundation shall be located in such location as may be determined by the Trustees in accordance with S section 13(d).	49. The administrative office of the IASB <u>IFRS</u> Foundation shall be located in such location as may be determined by the Trustees in accordance with S section 13(d).	No substantive change recommended.

51. The IASB <u>IFRS</u> 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.	50. The IASB <u>IFRS</u> 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 <u>IFRS</u> Foundation shall be bound by the signature(s) of such person or persons as may be duly authorised by the Trustees.	51. The IASB <u>IFRS</u> 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.
<p style="text-align: center;">International Accounting Financial Reporting Standards Committee Foundation Criteria for IASB <u>IFRS</u> Board Members</p>		
<p>The following would represent criteria for IASB <u>IFRS</u> Board membership:</p> <p>Demonstrated Ttechnical Ccompetency and Kknowledge of Ffinancial <u>Aaccounting and Rreporting</u>. All members of the IASB <u>IFRS</u> Board, 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 IASB <u>IFRS</u> Board 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 Ccompetency and Kknowledge of Ffinancial <u>Aaccounting and Rreporting</u>. 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>	Changes made to reflect the proposed change of name of the organisation.

Ability to Analyse. IASB IFRS Board members should have demonstrated the ability to analyse issues and consider the implications of that analysis for the decision-making process.	Ability to Analyse. <u>IASB</u> members should have demonstrated the ability to analyse issues and consider the implications of that analysis for the decision-making process.	No substantive changes.
Communication Skills. Effective oral and written communication skills are necessary. These skills include the ability to communicate effectively in private meetings with IASB IFRS Board members, in public meetings, and in written materials such as accounting financial reporting standards, speeches, articles, memos and external correspondence with constituents. Communication skills also include the ability 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.	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 accounting financial reporting standards, speeches, articles, memos and external correspondence with constituents. Communication skills also include the ability 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.	No substantive changes.
Judicious Decision-making. IASB IFRS Board 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.	No substantive changes.
Awareness of the Financial Reporting Environment. High quality financial reporting will be affected by the financial, business and economic environment. IASB IFRS Board members should have an understanding of the global economic environment in which the IASB IFRS Board	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	No substantive changes.

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> .	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> .	
Ability to Wwork in a Collegial Aatmosphere. 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 IFRS Board's objective of developing high quality and transparent financial reporting. Members must be able to put the objective of the IASB IFRS Board above individual philosophies and interests.	Ability to Wwork in a Collegial Aatmosphere. 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's</u> objective of developing high quality and transparent financial reporting. Members must be able to put the objective of the <u>IASB</u> above individual philosophies and interests.	Change to reflect that the Board shall consult more widely.
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 IFRS Board 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 to reflect wider consultation by the IASB.
Commitment to the IASC IFRS Foundation's Mission and Public Interest. Members should be committed to achieving the objective of the IASC IFRS Foundation of establishing	Commitment to the IASC IFRS Foundation's Mission and Public Interest. Members should be committed to achieving the objective of the IASC IFRS Foundation of establishing	Changes made to reflect the proposed change of name of the organisation.

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.	international accounting and financial reporting standards that are of high quality, comparable, and transparent. A candidate for the <u>IASB</u> also should <u>also</u> be committed to serving the public interest through a private standard-setting process.	
---	---	--