



30 Cannon Street, London EC4M 6XH, England
Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org Website: <http://www.iasb.org>

**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
London 29 March – 1 April 2010**

Agenda Paper 6B

Information related to potential EU funding mechanism

At the last Trustees' meeting, the Trustees requested that staff provide a summary of the status of the proposed EU funding mechanism for the IASC Foundation and the EU documents related to IASC Foundation funding. This paper responds to that request. The documents, which describe the EU funding programme and the related conditions, are attached. They are:

- Decision No. 716/2009/EC of the European Parliament and of the Council of 16 September 2009
- Press release of the Economic and Affairs Council (ECOFIN) of 8 July 2008
- European Parliament resolution of 24 July 2008 on International Financial Reporting Standards (IFRS) and the Governance of the International Accounting Standards Board (2006/2248(INI))

The Decision No. 716/2009/EC establishes the financial grant whereby out of the EU budget, the European Commission would provide up to €12.75 million through its budget year 2013. Because the earliest the EU grant is anticipated is 2011, the IASC Foundation stands to receive a maximum of €4.25 million per year for three years directly from the European Commission.

As discussed at previous meetings, there is a contingent element to triggering the EU direct grant. Trustees should refer to Article 9, Paragraph 3 of Decision No. 716/2009/EC:

Where the Commission presents its first appropriation request as part of the preliminary draft budget to the budgetary authority in relation to the IASCF, it shall, 1 month in advance of such request, provide a report on the governance reforms of the IASCF to be delivered to the European Parliament and the Council. The report shall focus on the governance structure and

processes, including the composition and powers of the Monitoring Board, in particular on the ability of that body to accomplish its public interest mission in a transparent and efficient manner. The report shall also set out progress as regards the roadmaps for third countries to apply IFRS to their domestic issuers.

In addressing the points on governance, staff assumes that the European Commission will look to the two other documents cited above. This assumption is based on the fact that Decision No. 716/2009/EC cites them in paragraph 19 of its preamble. (Please note that paragraph 8 of the European Parliament resolution is the most relevant paragraph of that resolution.)

Staff notes that the Trustees have already taken a number of actions that respond to the issues raised by European authorities in these documents. These actions include:

- The establishment of a link to public capital market authorities (the Monitoring Board), which includes the European Commission
- Agreement on and implementation of a Memorandum of Understanding with the Monitoring Board that permits members of the Monitoring Board to refer issues for consideration
- Enhancement of the IASB agenda-setting and due process (for example, three-yearly public consultations on the IASB work programme, commitment to the Trustee and Advisory Council yearly review of the IASB agenda, feedback statements, effect analyses, post-implementation reviews, more extensive field and other stakeholder consultations)
- Reconstitution of the Advisory Council and an agreed review of its effectiveness by the end of 2010
- A change of the length of possible second terms of IASB members from five to three years to ensure regular turnover
- Provisions in the new Constitution to help ensure professional and geographic diversity on the IASB
- Significant progress towards expanding funding regimes throughout the world