

## **Trustees Strategy Review Roundtable Summary New York (June 13, 2011)**

On June 13, 2011 at the offices of TIAA-CREF in New York, the Trustees held a meeting of North American stakeholders to discuss key elements of the Trustee's 2011 strategy review – including mission, governance, process, and funding.

### **Summary**

Mission: There was broad support for the continued primacy of investors, albeit many participants encouraged the organization to involve a broad range of stakeholders in fulfilling the “public interest” – e.g., regulators, creditors, auditors, national standard setters. The importance of transparency was noted as the key to financial stability. More interpretative guidance from IFRIC was broadly encouraged to both improve transparency in financial reporting and consistency of application. Participants also discussed the importance of adoption – convergence being an important path to the goal of adoption. Further, the IASB should continue its focus on developing financial reporting standards for private filers.

Governance: Participants supported the recommendations of the Strategy Review to preserve the existing three-tier structure which is designed to promote the dual goals of protecting independent standard setting and creating public accountability. Greater clarity between the roles of the Monitoring Board and Trustees was encouraged.

Process: Participants emphasized the importance of due process in terms of i) prompting fewer carve-outs, ii) promoting consistency of application, iii) facilitating ease of endorsement by national standard setters, and iv) creating high quality standards. Many participants emphasized the need for re-exposure of complex standards (e.g., Revenue Recognition, Leasing, Financial Instruments MoU projects) vs posting of Staff Drafts for comment on the IFRS website. Stakeholders agree that the IFRS Due Process Oversight Committee should be involved with overseeing a project/EC from start to finish – including post-implementation reviews.

Funding: Participants supported the Trustee Review stance on flexible funding mechanisms that are financially sufficient but also protect the IASB's independence.

### **Additional Details**

Specific comments/details with respect to these four strategic areas are provided below for additional context.

## Mission

Participants emphasized the following points:

- The emphasis on investors in defining the public interest is appropriate, but engagement with regulators, lenders, auditors, national standard setters, and other stakeholders is necessary.
- Adoption is the goal – convergence being a help to adoption by more countries.
- “Incorporation” is equivalent to adoption if the threshold for national standard setter to deny a standard is high/difficult.
- Reaching converged standards with FASB, not just high quality standards, should be a consideration in the IASB’s work.
- Financial stability goals are best met through transparency of financial reporting.
- Greater consistency of application is needed and should be encouraged by Monitoring Board, Trustees, and the Board.
- IFRS must defend its “brand” – cannot have too many carve outs. Need to monitor compliance, cannot enforce.
- IFRIC should increase its activity so as to decrease diversity of practice around the world.
- A lack of IFRIC interpretations “prompts divergent practice.”
- Translation is part of the IASB’s mission – needed for consistent application in non-English speaking countries.

## Governance

Key themes on governance were:

- “Robust governance is critical” and requires coordination between the Monitoring Board and Trustees.
- 3-tier structure should remain.
- Role between Trustees and Monitoring board must be clarified and Trustees should increase their visibility.
- Need more investor involvement in governance/Monitoring Board.

## Process

Key messages were:

- Good due process will make any justification for carve-outs more difficult and should lead to greater consistency of application.
- Commentators called for clearer rules for when to re-expose. Many emphasized that staff drafts posted on the website were not an adequate substitute for re-exposure.
- Due process is very important to Canada so that national standard setter can “accept new standards as written.”
- International standard setting is complex – need to “slow down.”
- Commentators are seeking intensive outreach in agenda setting; the IFRS Advisory Council should have a significant role, consistent with their Constitutional responsibilities, in the agenda-setting process.
- Post-implementation reviews are important and should “include assessment of due process.”

## Funding

- Most participants called for a “levy” approach for funding stability.
- Long-term funding must be addressed so that it is sufficient to support IFRS/IASB operations yet maintain independence of standard setting.
- One participant called for funding to be more investor focused – rather than government/territorially focused.

## **New York roundtable session participants**

### **Present:**

Robert Glauber	- Session Chair and Joint Acting Chairman of the Trustees
S. Di Piazza	- Trustee
David Sidwell	- Trustee
Hans Hoogervorst	- Chairman Designate of the IASB
Tom Seidenstein	- Chief Operating Officer
David Madon	- Stakeholder Relations

### **Participants:**

Liza McAndrew Moberg	- U.S. SEC/Monitoring Board
Joel Osness	- Deloitte
Robert Muter	- Canadian Accounting Standards Oversight Council
Robert Harris	- AICPA
Thomas Gaidimas	- PWC
Linda Sullivan	- Manulife Financial
Jerry de St Paer	- GNAIE
Nicolas Veron	- Bruegel and Peterson Institute
Lara Gaede	- Alberta Securities Commission
Reinhard Dotzlaw	- KPMG