IASB Chairman's Report, February 2011 meeting, Tokyo

1. This report provides an overview of the projects on our technical agenda.

2. As is well known, the financial crisis led to a reprioritising of the Board's work. In particular, questions were raised by politicians, regulators and other financial market participants about:

    (a) the complexity of IAS39 *Financial Instruments: Recognition and Measurement*,

    (b) the effectiveness of the incurred loss model for loan provisioning,

    (c) off-balance sheet risks in particular related to securitisations (derecognition) and special purpose vehicles (consolidation),

    (d) fair value measurement of assets especially when markets became illiquid.

3. These issues became the main focus of the Board's work. At the same time, however, the Board was aware that the completion of the 2006 Memorandum of Understanding projects was an important consideration in the SEC's decision expected this year on whether to allow or require US companies to use IFRS in US domestic markets. Most of the MoU projects are nearing completion and have done much to remove differences between IFRS and US GAAP. Two major projects, in addition to that on financial instruments, namely revenue recognition and leases, are still a few months from completion and these projects together with the insurance will remain the sole preoccupation of the Board until June 2011.

The Financial Crisis projects

4. Most of this report refers to the financial crisis projects and the remaining MoU projects. There are, however, other major sections dealing with non MoU projects and very importantly the Board's determination to continue its successful outreach programmes and to ensure a robust due process is followed.

Financial Instruments

5. Our efforts to improve our requirements and to reach a common solution have been complicated by differing imperatives that pushed our development timetables out of alignment. In particular, the IASB has been replacing its financial instrument requirements in a phased approach, whereas the FASB developed a single proposal. Those differing development timetables and other factors have contributed to the boards reaching differing conclusions on a number of important technical issues.

6. Our broad strategy for addressing those differences remains the same—each board has been publishing its proposals while also soliciting comment on those of the other board, as a way of giving interested parties the opportunity to compare and assess the relative merits of both boards' proposals. We will consider together the comment letters and other feedback that we receive, in an effort to reconcile our differences in ways that foster improvement and convergence.

7. In order to undertake a comprehensive review of the accounting for financial instruments, while dealing with the most urgent issues in a timely manner, the Board split the project to replace IAS 39 into three main phases—classification and measurement, impairment accounting (provisioning) and hedge accounting.

Classification and measurement

8. In November 2009 the Board finalised new requirements on the classification and measurement of financial assets by publishing IFRS 9 *Financial Instruments*. Although the mandatory application date for IFRS 9 is 1 January 2013, it was made available for earlier application from when it was published. Many jurisdictions have already made IFRS 9 available for use by their registrants, including Japan (for those applying IFRS from 2010), Hong Kong, Brazil, South Africa, Australia and New Zealand. IFRS 9 has not yet been endorsed for application in Europe, thereby preventing European entities that want to apply the new requirements from doing so.

9. The Board did not address the accounting for financial liabilities in IFRS 9. Most respondents to the exposure draft preceding IFRS 9 told us that the accounting for financial liabilities worked well except for one issue—the volatility in net income that arises when an entity's own debt is measured at fair value. In such cases, changes in the creditworthiness of the issuer cause net income volatility (the 'own credit issue'.). There is particular concern that as an entity's credit quality deteriorates, the entity reports accounting gains, which is counterintuitive.

10. In May 2010 the Board issued an exposure draft proposing a solution to the own credit issue. The comment period ended in mid-July and the proposals were well received. The Board finalised and added these requirements to IFRS 9 in November 2010, with an application date of 1 January 2013 (although early application is permitted).

Impairment

11. In June 2009 the IASB sought views on a move to a more forward-looking expected loss impairment/provisioning model. In November 2009 the Board issued an exposure draft outlining such a model. The exposure draft had a long comment period of eight months, ending on 30 June 2010. During the comment period, an Expert Advisory Panel (EAP) was formed consisting of credit and systems experts, with a mandate to provide the Board with feedback on the operational issues associated with introducing an expected loss impairment model. Prudential regulators were active participants in the EAP and the staff and Board have maintained an active dialogue with prudential supervisors, including having regular meetings with the Accounting Task Force of the Basel Committee on Banking Supervision.

12. The Board received broad support for a move to an expected loss impairment model. However, a number of operational challenges were identified, and the EAP have suggested solutions for many of these issues.

13. The IASB and FASB have been considering their impairment proposals. In doing so the each board began to develop a model for impairment accounting that was a variant of its original proposal. However, both boards are committed to enhancing comparability internationally in the accounting for financial instruments. In particular, they are committed to seeking a common solution to the accounting for the impairment of financial assets. The importance of achieving a common solution to this particular issue has been stressed to the boards by the G20, regulators and others.

14. On 31 January the Board plans to publish a supplement to the December 2009 exposure draft, jointly with the FASB. This supplement presents an impairment model that the boards believe will enable them to satisfy at least part of their individual objectives for impairment accounting while achieving a common solution to impairment. Because the common model is an expected loss model which incorporates the time-proportionate approach proposed by the IASB in its November 2009 exposure draft, the Board concluded that it could have finalised the requirements without re-exposure. Accordingly, the Board is publishing this document primarily to

benefit from additional operational feedback but considers this additional consultation to be beyond that required by its due process requirements.

15. The objective remains to complete this phase by 30 June 2011.

Hedge accounting

16. On 9 December 2010 the Board published proposals to revise hedge accounting. The exposure draft addresses hedge accounting for both financial and non-financial exposures. Of all the phases of this project, this phase is of the greatest relevance to (non-financial) corporate stakeholders. Comments are due by 9 March 2011. The FASB has not developed equivalent proposals, but plans to invite comments on the IASB document.

17. The hedge accounting proposals do not include portfolio hedging. Some critics think that the hedge accounting model cannot be completed without also resolving portfolio hedging at the same time. The Board does not agree. However, to address these concerns, the Board plans to have its proposals related to portfolio hedging developed before it finalises the more general hedging requirements. We therefore anticipate publishing an exposure draft for portfolio hedging this summer.

FASB proposals

18. In May 2010 the FASB published an exposure draft addressing the classification and measurement of financial instruments, impairment accounting and hedge accounting (for financial items). The FASB's exposure draft proposes a much greater use of fair value measurement than IFRS 9, with almost all financial instruments being shown on the balance sheet at fair value.

19. The FASB has started to reconsider its proposals and has already stated publicly that it believes that amortised costs is an appropriate measurement basis for some financial instruments. However, the FASB Board members have still to determine how many classification categories they will require.

20. The IASB does not have any plans to revisit the classification and measurement of financial instruments. However, once the FASB made its decisions about classification and measurement the IASB will need to consider how, or if, it should bridge or reconcile any differences between IFRS 9 and US GAAP. Any such assessment now would be speculative.

Balance sheet netting of derivatives and other financial instruments

21. In response to stakeholders' concerns (including those of the Basel Committee on Banking Supervision and the Financial Stability Board), the IASB and FASB expanded the scope of the joint project on financial instruments to address the netting or offsetting of financial assets. This is the single largest source of difference between the balance sheets of financial institutions using US GAAP and those using IFRS. A converged solution would be of great assistance to regulators and other users of financial statements.

22. On 28 January the boards published a joint exposure draft proposing changes to IFRS and US GAAP, that would align the reporting of offsetting financial assets and liabilities. The changes would be more significant for those entities currently applying US GAAP because it would result in, for some US banks, reporting significantly more assets and liabilities on their balance sheets. The boards have heard consistently from the G20, regulators and others that a converged solution is preferable. This project could test that resolve. The boards are aiming to finalise the proposals in the first half of 2011.

Derecognition

23. At the time that the financial crisis developed, the requirements in IFRSs and US GAAP in relation to derecognition were different. US GAAP had an emphasis on legal isolation and also had a concept called a 'qualifying special purpose entity' (QSPE) that was often used for securitisation arrangements. The IFRS approach is based on a combination of risks and rewards, control and continuing involvement. The financial crisis forced the FASB to make short-term amendments to its existing requirements (SFAS 140 and FIN46R) and improve the related disclosures. As a consequence, the FASB reduced the opportunities to move assets and liabilities off balance sheets by tightening the requirements and eliminating the concept of a QSPE.

24. At the same time that the FASB was making its changes, the IASB developed and exposed proposals aimed at improving the assessment of when a financial asset should be derecognised and also at providing users of financial statements with more and better information about an entity's risk exposure. The overwhelming preponderance of the feedback was that the existing requirements had stood up well during the crisis and that fundamental changes to the IASB derecognition criteria were not needed.

However, the feedback highlighted the need for improved disclosure to assist investors.

25. Even though some differences remain between the boards' derecognition requirements, they thought that it would be more appropriate to conduct a post-implementation review of the FASB's new requirements before conducting any additional work in this area. Instead, the IASB refocused its efforts on improving derecognition-related *disclosures* for both transferred assets that remain on the balance sheet and for those that are derecognised. The Board completed and issued those improvements in October 2010 and are effective for periods beginning on or after 1 July 2011.

Consolidation

26. In 2008, as part of our comprehensive review of off balance sheet activities, we published an exposure draft of a comprehensive replacement of our consolidation requirements that included a new definition of control of an entity that would apply to all entities and that would be more difficult to evade by special structuring. The exposure draft also proposed enhanced disclosures about securitisation and investment vehicles (such as special-purpose entities and structured investment vehicles) that an entity has sponsored or with which it has a special relationship, but that it does not control.

27. In June 2009, the FASB completed a project that amended and improved US GAAP to address reporting issues in standards for consolidation of variable interest entities (and related disclosures). Those issues had been highlighted by the financial crisis.

28. In October 2010 the FASB, in conjunction with the IASB, held round-table meetings to consider a staff draft of the new *Consolidations* IFRS. The aim of the public meetings was to help the FASB to decide whether it should publish an exposure draft based on our forthcoming IFRS, as a first step towards aligning the requirements for what US GAAP refers to as voting interest entities.

29. On the basis of the feedback received, the FASB has decided to expose the principal-agent sections of the IFRS model. The IASB modified some wording in the staff draft to address matters raised at the round-table. The IASB is currently finalising what will become IFRS 10 *Consolidated Financial Statements* which it will issue in

conjunction with IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* in late February.

30. Some small differences will remain in relation to voting interest entities. US GAAP will continue to allow some entities controlled by votes not to be consolidated. The FASB chose not to implement the full IFRS model now, but to review application of IFRS 10. Despite this gap, the changes made by both boards align the recognition and disclosure requirements for the areas that caused the greatest concern during the financial crisis.

Fair value measurement

31. The objective of this project is to develop a converged definition of fair value and common implementation guidance between the FASB and the IASB, such as guidance on measuring fair value when markets are illiquid. Achieving convergence of the definition of fair value is necessary to achieving full convergence of any standards that require a fair value measurement. The IASB standard will not, and the FASB standard did not, introduce any new requirements about when to use fair value. The fair value standards are concerned only with how to measure fair value.

32. In June 2010 the FASB published exposure drafts proposing minor amendments to the wording of the US GAAP requirements and the IASB exposed a proposal to clarify one disclosure requirement. The boards have considered the responses to those proposals and plan to finalise the new standard, which will be IFRS 13 *Fair Value Measurement*, early in the second quarter.

Other major projects

33. In addition to the financial crisis-related projects, the Board is working on three major projects. Revenue recognition and Leases are MoU projects being developed jointly with the FASB. Insurance contracts is not in the MoU, but the IASB has been working with the FASB with the goal of developing common requirements.

MoU projects

Revenue recognition

34. The IASB and FASB published a joint discussion paper in December 2008 that proposed a single revenue recognition model built on the principle that an entity should recognise revenue when it satisfies its performance obligations in a contract by transferring goods or services to a customer. That principle is similar to many existing requirements. However, the boards think that clarifying that principle and applying it consistently to all contracts with customers will improve the comparability and understandability of revenue for users of financial statements.

35. The comment period closed on 22 October. The Boards have received 971 comment letters (of which 247 are ‘form’ letters from entities in the construction industry). The Boards have also held round-tables in London, San Francisco, Norwalk and Kuala Lumpur.

36. An initial review of the comments was considered by the boards in December. The comment letters and round-table discussions showed strong support for the project generally. It is clear that there are two main issues to reconsider:

    (a) separating a contract; and

    (b) determining when goods and services are transferred to a customer.

37. The boards acknowledged that they needed to explain more clearly the principles behind these fundamental parts of the revenue recognition model, to ensure that the standard will be capable of being applied consistently across a wide range of contracts. Although many other issues were raised in the letters, the boards noted that most of these are likely to be capable of being addressed by simplifying the proposals so that the requirements are more operational.

38. The boards began discussing a more detailed analysis of the two main issues of separation and transfer at the January joint meeting. The staff will continue to consult with industries that are affected, field testing the definitions and requirements.

Leases

39. The boards included a leases project in the 2006 MoU because both boards’ highly similar standards need significant improvement. The objective of this project is to develop common lease accounting requirements that would improve financial reporting by ensuring that all assets and liabilities arising from lease contracts are

recognised in the statement of financial position. The boards published a joint discussion paper in March 2009.

40. In August 2010 the boards published a joint exposure draft, proposing to bring lease obligations and the related asset onto the balance sheet of lessees. The lessor proposals would ensure that an entity that retains significant risks or benefits of the leased asset would recognise that asset and an associated obligation to allow the lessee to use the asset. In other cases, ie when the significant risks or benefits of the leased asset are transferred to the lessee, the lessor derecognises the portion of the asset that is transferred by the lease agreement.

41. The comment period closed on 15 December and we have received 760 comment letters. The boards held round-table meetings in London, Chicago, Norwalk, and Hong Kong.

42. The outreach, round-tables and initial analysis of comment letters indicate that the definition of a lease proposed in the exposure draft is too wide, catching what are widely perceived to be service agreements. The boards will also need to address contingent rentals and renewal options. However, both boards are confident that there are credible solutions to the concerns raised. As with revenue, the staff will be field testing any revisions during the period of redeliberation.

43. In January the boards decided to limit their discussion of lessor accounting to those matters that are critical to both lessees and lessor. This will allow more time to assess lessor accounting. Over the next few months the boards will decide whether changes to lessor accounting are model are needed and, if so, whether such changes should be made as part of the current leases project or as part of a separate project.

Post-retirement benefits

44. In April 2010 the IASB published an exposure draft of proposed amendments that, like recent amendments of US GAAP, would improve reporting by eliminating provisions that permit off balance sheet reporting of post-employment benefit obligations.

45. The Board received 225 comment letters, which it has nearly finished considering. The Board expects to issue amendments to IAS 19 *Employee Benefits* before the end of April.

Joint ventures

46. The Board delayed finalising its new standard addressing joint arrangements to ensure that the wording was aligned with the new *Consolidations* IFRS. In the first quarter of 2011 the Board will issue IFRS 11 *Joint Arrangements*, which will encompass joint ventures and joint operations, removing significant differences between IFRS and US GAAP and completing one of our narrower-scope MoU projects.

Non-MoU projects

Insurance contracts

47. IFRSs lack specific accounting requirements for insurance contracts. The IASB has had a major project on its agenda for many years to remedy that deficiency. In 2007, the IASB published a discussion paper, *Preliminary Views on Insurance Contracts*, and has been developing proposals on the basis of that discussion paper and in the light of comments received on it. In October 2008, the IASB and FASB agreed to work on the project together. The IASB published an exposure draft *Insurance Contracts* on 30 June 2010, which the FASB published as a discussion document in September 2010.

48. The boards held public round tables in London, Norwalk and Tokyo in December.

49. The IASB received 247 comment letters and the FASB received 74 comment letters.

50. The outreach and the comment letters demonstrate that there is general support for the proposal to measure an insurance contract directly using current, discounted estimates of future cash flows arising from the contract, revised at each reporting date (called the ‘building block’ approach). Most respondents stated that the proposals were a significant improvement over those set out in the IASB’s discussion paper of 2007, most notably the move away from current exit value to a fulfilment notion. However, respondents did identify issues with each of the building blocks and in the way those building blocks interact.

51. The comment letters show that there are strongly but conflicting views, particularly between jurisdictions. In some jurisdictions there is already a current measurement model for insurance contracts. Some respondents agree that the proposals may be an improvement for others, but are concerned that the specific proposals may be a retrograde step for them. For example, in Canada, the insurance accounting model is similar to the proposal in the ED other than in the residual margin and in the selection

of the discount rate. Many Canadians believe that the discount rate proposed in the ED would decrease the quality of information compared to their existing GAAP. Similarly, in Australia, some regard a locked-in residual margin as being inferior to their existing model which has an unlocked margin.

52. The feedback from users shows support for the general approach taken (with a current measurement model and a building block approach with a separate and explicit risk margin). However many users are concerned that the proposed model is highly dependent on estimates and volatile, and that this will eventually lead to a lack of comparability.

53. Reconciling these views will be challenging, particularly given the relative complexity of some of the issues. However, the Board is determined to complete this important project and has begun its detailed redeliberations.

Other projects

54. The Board is also completing some additional, narrower scope, projects.

Non-MoU projects

Management commentary

55. In December the Board issued IFRS Practice Statement M*anagement Commentary*. The Practice Statement is not a mandatory part of IFRSs, but is designed to assist those jurisdictions that do not have MD&A or other equivalent requirements. We are very grateful to the national standard-setters of New Zealand, Canada, Germany and the UK for developing the discussion paper for the IASB.

56. The Practice Statement has been well received. In addition, it is clear that management commentary it is becoming more and more relevant to those involved with the International Integrated Reporting Committee. The Practice Statement has been cited by many parties as being an appropriate foundation for the development of integrated reporting, with some calling for integrated reporting to fall under the umbrella of the IASB.

Income taxes

57. In October I reported that the responses to an exposure draft published in 2009 made it clear that the Board would not be able to revise IAS 12 *Income Taxes* as proposed. Instead, the Board published a narrow-scope exposure draft to address a problem in countries with no capital gains tax, and finalised the amendment in December.

Annual Improvements

58. The Board has deferred issuing the next round of Annual Improvements from October 2010 to the second quarter of this year, moving the comment period into a quieter part of the year. Doing so has allowed the Board to assess the amendments against the proposed new criteria for annual improvements.

Due process and outreach

59. The IASB operates under highly structured due process requirements. The aim is to ensure multi-staged stakeholder consultation. This due process is described in full in the IASB's *Due Process Handbook*. The IASB meets and makes decisions in public. Issues are added to the IASB's work agenda only after consultation with the IFRS Advisory Council and the Trustees. The IASB also consults with other groups such as national accounting standard-setters on its agenda and work programme. The IASB must issue exposure drafts (and often preliminary discussion papers) with the opportunity for public comment before reaching final conclusions. On major projects, the IASB establishes working (or advisory) groups reflecting the different stakeholders.

60. By making all of the decisions in the public domain and by sharing IASB documents on the IASB's Website, the IASB has established a process that is recognised as one of the most transparent among international organisations. At the same time, the process is not without its critics.

61. Reflecting the criticism, the IASB is receiving more formal notices of complaint or concerns regarding due process. The IASB and the Trustees take these views seriously. For this reason, the Board fully believes that it should be able to demonstrate that it has fulfilled both the letter and the spirit of its *Due Process Handbook.*

62. Among the questions Board members are often asked are:

(a) How will you be able to consider so many comment letters adequately?

(b) How will you ensure that the IFRSs that you are developing will be consistent?

(c) Do you have enough staff to handle these projects?

(d) Will you have enough time to discuss the projects as a Board?

(e) Will you undertake more field testing and do you have time to do so?

(f) Is 30 June so important that the Board will sign off and issue an IFRS regardless of its state?

Comment letters

63. The Board views the analysis of comment letters as an integral part of the standard-setting process.

64. The analysis incorporates two steps. For each project, the staff prepare a high level summary of the all of the comment letters, which is identified as the *Comment Letter Summary*, for consideration by the Board. This summary is generally prepared within six weeks of the comment period ending. The Board does not make any technical decisions related to that document other than using it to help set up a redeliberation plan.

65. For more detailed topic-by-topic analysis, the staff use a specially created database to capture all of the text of every comment letter. The staff code the letters so that staff and Board members know the type of respondent (such as a preparer, their industry and their geographical region), the extent to which the respondent agrees with the proposals, whether they have made drafting suggestions, whether they have suggested a different approach and many other aspects. Each project has its own coding system, but in all cases the coding provides a rich analysis of the comments received—the Insurance Contracts database has over 50 different coding attributes.

66. The staff, and Board members, are able to generate reports on specific issues, identify and extract themes from the letters and use them to undertake detailed analysis. All letters are reviewed by the Board and a significant amount of effort goes into ensuring that comment letters receive the careful and detailed analysis they deserve.

Consistency (cross-cutting issues)

67. Some issues affect several projects. Many respondents think that it is important that the Board should demonstrate that they have considered these issues consistently. Although achieving consistency is important there will be circumstances in which the Board might decide that it is more appropriate to retain a difference. In such cases it will be important for the Board to explain why it made that decision.

68. The staff have identified all of the important cross-cutting issues and will ensure that they are dealt with appropriately.

Staffing

69. The Board has placed considerable pressure on its technical staff to complete the convergence programme consistent with the internationally-supported target dates. How they have responded has been admirable. We do not foresee the next six months being any easier, but we do have adequate staff to deliver high quality IFRSs.

70. We are managing short term gaps in expertise with secondments from the major accountancy firms. This has been particularly helpful for the projects on hedge accounting and insurance contracts. Also, as projects are completed, staff are transferred onto the four major projects with a June 2011 target date. For example, over the next few weeks we will be releasing staff from the consolidations and joint arrangements projects and moving them onto the revenue and leases projects.

71. Like most project-based organisations, we will need to continue monitor issues regarding staff retention and recruitment. There are a number of factors at play here, which will be discussed in more detail with the Trustees' Human Capital Capital Committee. First, as projects complete, there will be a natural attrition of staff, but the Board should ensure that the IASB remains a positive and attractive place to work. Second, as the employment markets have become more buoyant, we will need to monitor the attractiveness of the IASB as place of work and ensure that the IASB offers a satisfactory package, including remuneration, to attract highly qualified staff in specialist areas. Third, it is also getting more difficult to secure work permits for international staff. Not only does this limit the pool from which we are able to draw potential technical staff, but it is important that we be seen to have an internationally diverse workforce.

Meetings

72. We have set up times for meetings on a fortnightly basis, and sometimes more frequently, until June. Our strategy is to keep the discussions focused by limiting the number of projects discussed in a particular week. Until recently, the Board might discuss up to 15 different projects in a week. Having completed deliberations on consolidations, joint ventures, and fair value measurement, and having amended the timing for some less urgent projects, the Board will focus on only four major projects until the end of June. We are confident that over the next six months we have enough Board time and that the Board meeting schedule is more conducive to high quality discussions than it has been over the last year.

Field testing

73. Many respondents to the *Insurance Contracts*, *Revenue Recognition* and *Leases* exposure drafts asked the Board to test any revised proposals with companies before finalising any of the requirements. We have undertaken extensive outreach in all of these projects since the exposure drafts were published, and we have established strong links with entities that would apply the new standards. We intend to work with these entities while we revise the proposals and will ensure that any revised wording is tested against real transactions. We are confident that we can do this during the redeliberation period, without in any way compromising our due process.

30 June 2011

74. The Board remains committed to the target completing revenue recognition, leases, insurance contracts and the impairment, hedge accounting and off-setting phases of the financial instruments project by 30 June 2011. The Board does not believe that the commitment to the target date threatens the quality of output.

75. A target date of 30 June 2011 is important for several reasons. First and foremost, a number of countries are in the process of adopting and considering the adoption of IFRS. Like the first wave of countries adopting IFRSs in 2005, the Board wishes to provide a stable platform of standards. Second, the establishment of clear targets provides organisational accountability. The Board firmly believes that it should be held to its commitments, to the fullest extent possible without sacrificing quality. There is a need to make timely improvements in the areas outstanding in the MoU. Finally and importantly, the G20 wants this set of improvements completed in 2011 and to see many of them completed by June 2011.

76. If, by June 2011, the Board is not satisfied that a particular proposal is ready to be finalised, the Board will not put the 30 June 2011 target ahead of the need to ensure that it is a high quality IFRS. Having said that, we have not yet reached June 2011 and it would be premature to conclude that 30 June is unrealistic. On the contrary, on the basis of the feedback from our outreach and the comment letters received as well as our initial reconsideration of the main issues in the projects, I am confident that 30 June remains a realistic completion date.

Effective dates and transition

77. In October we published, with the FASB, a *Request for Views* seeking views on ways in which we can reduce the costs of applying new requirements. Our consultation focuses on three areas:

   (a) the effective dates of new requirements—giving entities sufficient time to prepare and also considering whether entities prefer to deal with many changes at once or spread over two or more periods.

   (b) early adoption—should we allow early adoption?

   (c) transition—do we require entities to go back and apply the new accounting for the comparative periods on which they report (our normal approach) or should we allow more concessions, because of the larger than normal number of changes, to reduce the cost of the change?

78. Comments are due by the end of January.

Outreach

79. In October I reported the range of outreach and stakeholder communication activities to inform and educate, to explain and to clarify our proposals and to provide opportunities for interested parties to discuss and debate them with us. These activities supplement our formal due process events such as round-table meetings.

80. The focus of our outreach is now shifting to investors and field testing. The Board and staff have done a tremendous amount of outreach, but we have not communicated these activities as well as we could have. We are therefore also focusing on how we communicate our activities.

Future agenda

81. The Board planned to publish a *Request for Views* on the future agenda of the IASB towards the end of 2010. However, we decided to delay publication until mid-April to reduce any overlap of the comment period with standards-level exposure drafts and to provide the trustees, the Advisory Counsel and the incoming Chairman and Vice-Chairman of the IASB with the opportunity to contribute to the development of the consultation paper.

82. We have a web page dedicated to this consultation, which includes links to the report sent to the Board by the IFRS Advisory Council report and to information about the agenda-setting criteria. We also plan to discuss the agenda at the World Standard-setters Conference in September.

83. The *Request for Views* will identify projects for which we have received agenda requests, such as agriculture and foreign currency translation. It will also identify projects on which the Board has already spent time but that it thinks should be assessed against other projects before those projects are developed further—including financial statement presentation, liability-equity, business combinations under common control, earnings-per-share, rate-regulated activities and extractive activities.