

AGENDA PAPER

IFRS Advisory Council Meeting

LONDON 25–26 February 2013

Agenda ref 2a

TOPIC Results of a survey on the proposals for the Accounting Standards Advisory Forum among IFRS Advisory Council members

PRESENTER Jon Baldurs

CONTACT jbaldurs@ifrs.org

This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council. The views expressed in this paper are those of the authors. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

Overview

1. At the October 2012 meeting of the IFRS Advisory Council, Hans Hoogervorst presented the IFRS Foundation’s proposals on the Accounting Standards Advisory Forum (ASAF). The comments that Advisory Council members had on the proposals at the meeting included:
 - (a) that a criteria for membership should be developed;
 - (b) that a majority of the members should be from jurisdictions using IFRSs;
 - (c) that members will be appointed by the IASB but countries and regions should be given the opportunity to nominate candidates; and
 - (d) that holding meetings immediately after, rather than before, IASB meetings would avoid the perception that the ASAF has special access in influencing the outcome of IASB meetings.
2. In November 2012 the IFRS Foundation published for public comment proposals to create this new advisory group to the International Accounting Standards Board (IASB), consisting of national accounting standard-setters and regional bodies with an interest in financial reporting. The creation of such an advisory group was one of the main recommendations of the Trustees’ strategy review, published in February 2012. The principal purpose of the new advisory group, ASAF, is to provide technical advice and feedback to the IASB.

Survey among Council members on the proposals

3. In December 2012 the Chair and the Vice-chairs of the Advisory Council decided to survey the Advisory Council on these proposals and that the Chair of the Advisory Council would report the results to the IFRS Foundation's Trustees' meeting in January 2013.
4. The survey gave a short background on the proposals and asked the Advisory Council members seven questions on the proposals. Twenty-seven Council members, which is more than half of the members, responded to the survey. In addition, a few members sent us their organisations' responses to the IFRS Foundation's invitation to comment.
5. The respondents were fairly evenly distributed among standard-setters, regulators, preparers and users. Eight responses came from Europe, seven from global organisations, five each from Asia-Oceania and North America and two from Africa.

Summary

6. There seems to be general support among Council members for the proposals. However, although they supported the proposals in principle, they had some concerns about the proposals and provided a number of suggestions for clarification and improvement.
7. The members thought that more clarification was needed on the role and objectives of the ASAF. Some members also disagreed with the proposed commitments. In particular they thought that consistent application of IFRSs and promoting endorsement/adoption of IFRS would be problematic.
8. Some members also thought that the rationale for the proposed allocation of seats by region should be articulated. However, most members supported keeping the forum relatively small.

Results of the survey

9. The following paragraphs present more detailed results of the survey.

General comments

10. A few members made general comments on ASAF in addition to responding to the questions. Those included:

- (a) that staggering the appointment and retirements of ASAF members would be necessary to ensure that continuity of the forum is maintained; and
 - (b) that three meetings of two days would provide the same amount of meeting time and reduce the cost of travel and accommodation.
- 11. The ASAF was also considered worthy of discussion at the February Advisory Council meeting, especially to discuss the different roles of the ASAF and of the Advisory Council. In addition, if both are intended to provide strategic advice, then who will IASB listen to if they provide different advice?
- 12. Finally, one member commented that the establishment of the ASAF could provide support to the IASB on technical issues as long as national standard-setters and regional bodies have a good knowledge about their own jurisdictions and how proposed Standards could affect them. This should help the IASB in its decision-making process, but it should not be determinant, because unintended consequences of Standards should not drive standard-setting. The role of the ASAF should be to get local bodies to engage their own stakeholders in order to accept and use IFRSs, because it could give them a sense of ownership of the Standards. To the extent that those bodies have endorsement powers, the ASAF could also facilitate the adoption of IFRS without any carve-out or delay. Consequently, the ASAF should give priority to national standard-setters or regional bodies from countries that have adopted, or have committed themselves to adopting, IFRS. Bilateral agreements could be the way to maintain relationships with other bodies.
- 13. While it is only natural for the IASB to formalise its relationship with national and regional standard-setters, ASAF should not become an additional part of IASB governance without a fully thought out, structured plan. Several questions therefore come to mind and that are not addressed in the proposal:
 - (a) Is the ASAF expected to deal with political constituencies such as the US, EU, emerging economies and Japan?
 - (b) How will the ASAF interrelate with the Monitoring Board, if at all?
 - (c) Is the ASAF being established because of some perceived shortcoming in the effectiveness of the Monitoring Board?

- (d) Has the effectiveness of the Monitoring Board been analysed?
 - (e) In other words, is the ASAF a response to an issue that might otherwise be better addressed through the Monitoring Board?
14. As IFRS have become more widely applied across jurisdictions and as the IASB has become more powerful as the centre of standard-setting, some national and regional standard-setters seem to have ‘wilted’ in their expertise and capacity to attract and keep expert staff. This then puts a question mark over the capacity of the ASAF to add value to the IASB deliberations in the manner envisaged and hence the emphasis on competence, experience and resources for standard-setting. Any input to the IASB must be based on serious standard-setting experience and expertise and should not delay IASB deliberations. Investors are not likely to support ‘representation’ or ‘rotating turns’ on the ASAF because of this.

Responses to the questions in survey

15. In the questions members were asked if they agreed with the following:
- (a) Creation of ASAF?
 - (b) Objectives and role of ASAF?
 - (c) The proposed commitments of members?
 - (d) Formalising commitments, eg in a MoU?
 - (e) Proposed size and geographical composition?
 - (f) Factors to be considered in appointing members?
 - (g) Could ASAF affect the role and composition of the IFRS Advisory Council?
16. Members were give three possible responses:
- (a) Yes.
 - (b) Yes, but with reservations (explain).
 - (c) No (please provide reasons).

Creation of ASAF

17. All 27 respondents responded to this question. Of those, 22 responded ‘yes’ and 5 ‘yes, but with reservations’.

18. The comments members made on this question included:
- (a) That greater clarity was needed on the ASAF's role and objectives to avoid duplication of efforts.
 - (i) How will the IASB continue to interact with existing but overlapping groups of stakeholders such as National Standard-Setters (NSS), the International Forum of Accounting Standard-Setters and the Emerging Economies Group?
 - (ii) What about bilateral agreements the IASB already has?
 - (b) Setting up ASAF is a way of reducing the number of formal network interactions but there is scepticism about whether it will add value.
 - (c) A clearer distinction between the respective roles of ASAF and the Advisory Council is needed to make sure they are complementary but not do not duplicate each other's work. The broader representation of all stakeholder groups and skill sets makes the Advisory Council better suited to deal with strategic issues and priorities while the ASAF should focus on technical matters.
 - (d) Some respondents thought that the formation of the ASAF should affect standard-setters' representation on the Advisory Council.
 - (e) The creation of ASAF is a positive initiative given the wealth of standard-setting expertise offered and the common issues faced by national standard-setters in co-ordinating the application of different accounting frameworks for different levels of entities in their countries. The ASAF should serve as a replacement of the current special relationship the IASB has with selected national standard-setters.
 - (f) The IASB already has a number of consultative bodies, and also consults non-IASB bodies. The main issue would be how is this body different? The IASB needs to ensure that it is not perceived to be unduly influenced by this group. In addition, the ASAF should not be seen as a shadow board, or a platform for political influence over the IASB.

Objectives and role of ASAF

19. 26 of the 27 respondents responded to this question. Of those, 15 responded ‘yes’, 8 ‘yes, but with reservations’ and 3 ‘no’.
20. The comments members made on this question included:
- (a) A major concern is that the ASAF should not have “privileged access to the IASB”. That is, the ASAF is an advisory forum and should not have a higher-level standing within the IASB’s decision-making processes.
 - (b) The ASAF should not be a duplicate of the IFRS Advisory Council. Some further clarifications of the ASAF’s role are necessary. Its focus should be on research and development of new major Standards, not on implementation issues. It should also be clarified how ASAF fits in with other advisory bodies the IASB already has in place, including the Advisory Council. It would be beneficial for the ASAF’s role to have a greater emphasis upon providing advice on technical issues, while the Advisory Council should provide more input on strategic issues.
 - (c) The ASAF should be used to rationalise the IASB’s relationship with the national standard-setters and regional bodies and to put the relationship onto a more logistically sustainable and compact basis. It should also provide input on national and regional issues. It should not provide advice and views on major/strategic issues.
 - (d) The invitation to comment does not contain an objective, but states that the role of the ASAF would be to provide advice and views to the IASB on major technical issues related to its standard-setting activities and to provide input on national and regional issues. This description could be strengthened through the development of an explicit objective, which ties in with the commitments made by ASAF members.
 - (e) It is appropriate that the role of the ASAF will be in only an advisory capacity, so it does not impair the independence of the IASB. However, the proposals could be extended to clarify how the IASB will consider in its deliberations the

- input provided by the ASAF and whether and how the IASB will provide feedback to the ASAF on the input provided.
- (f) The objectives need to be expanded to provide opportunities for NSS to offer resources for project of specific interest to their jurisdictions, within the usual requirements of independence and under IASB control.
 - (g) The requirement of a commitment to a single set of standards should not be seen as excluding bodies from jurisdictions in which IFRS is not yet adopted (eg the US). These jurisdictions should not be excluded, because of the value they could bring to a technical body.
 - (h) The current proposals do not provide clarity on the role of the ASAF. The description refers to in-depth technical discussions, but only allows for four 1.5-day meetings annually. In addition, it is unclear in what stage or stages of the due process such discussions would be sought (agenda-setting, Discussion Paper, detailed technical elements of EDs, etc).

The proposed commitments of members

- 21. 26 of the 27 respondents responded to this question. Of those 12 responded ‘yes’, 13 ‘yes, but with reservations’ and one ‘no’.
- 22. The comments members made on this question included:
 - (a) There should be a two-way commitment, which would be formalised in an MOU, because the IASB will also participate in the ASAF and be a signatory of the MOU. Thus, it would be desirable to formalise the commitments (eg how the IASB will deal with advice received, what kind of feedback the IASB will give to the ASAF) of the IASB in the MOU together with the commitments of the members of the ASAF.
 - (b) Despite our general agreement with the commitments listed in paragraph 6.4, “in full and without modification over time” might seem to be too restricted. The concern is that it would put some jurisdictions in an awkward situation. Hence, we recommend deleting the phrase “in full and without modification over time”. In addition, because there is more than one approach to using IFRS

in domestic financial reporting system (in addition to endorsement and adoption), some jurisdictions are using the approach of substantial convergence. Hence, we recommend adding a convergence model to the commitments.

- (c) Formalising the commitments would enhance the transparency of the process. If there is to be a review in, say, two years' time, it would be appropriate to have some expectations established at the outset to ensure that performance could be benchmarked.
- (d) We see the ASAF as a forum for the exchange of views on technical matters. Accordingly, we do not support commitments 3 and 4, which might be inconsistent with its role.
- (e) The third item (promoting endorsement) makes it unclear who would be eligible: a number of standard-setters are not (or on a very limited basis) involved in the political process. This seems more of a criterion for which country to pick rather than which organisation. Some potential ASAF members (ie EFRAG) will have to make recommendations on the endorsement of IFRSs in their regions. Similarly, some ASAF members may be engaged in the discussion on adopting IFRSs in a particular country (ie FASB and ASBJ). The wording of the commitment should be loosened so as not to impair the role of ASAF members in their home countries.
- (f) The commitment should be to full adoption without carve-outs and not to 'converge'. ... "best efforts...over time" seems too vague to be meaningful. A focus on avoiding carve-outs/modifications by those who use IFRSs might be better.
- (g) The failure of SEC to mandate IFRS for US issuers should not preclude US participation. US participation seems necessary if further progress on convergence is to be realised.
- (h) The commitment would be far greater if the ASAF wants to achieve the objectives. I think the IASB should make potential members aware of the time outside of the meetings that would be expected of them.

Formalising commitments, eg in an MoU

23. 26 of the 27 respondents responded to this question. Of those, 20 responded ‘yes’, 4 ‘yes, but with reservations’ and 2 ‘no’.
24. The comments members made on this question included:
- (a) Formalising the commitments would enhance the transparency of the process. If there is to be a review in two years’ time, it would be appropriate to have some expectations established at the outset to ensure that performance could be benchmarked.
 - (b) In particular the commitment to the IFRS Foundation’s objectives and mission; the need for its independence’ and the availability of resources’ are important factors in my view. The commitment to future adoption of IFRS without modification over time may not be within the responsibility of the bodies invited to sit on ASAF and therefore may need to be adjusted somewhat in order to not exclude bodies that the IASB wants to include.
 - (c) Membership of the ASAF should not be permanent. Consequently, the MOU should not specify the member organisations.
 - (d) An MOU should not be required if the terms of reference of the ASAF are laid out clearly, unless costs of membership is at issue. Presumably if a member/organisation did not meet his/her/its commitments, they would be ‘removed’ from ASAF.
 - (e) Not much benefit. ASAF membership is to be reviewed regularly and modified as appropriate. In addition, the legal status of some NSS could make it problematic for them to enter into formal arrangements.
 - (f) Formalisation of the commitments in an MOU will add to the sense of commitment of ASAF members and will add to the transparency of the deliberation process.
 - (g) It would seem helpful for all IASB-created bodies, which the IASB consults formally, were to enjoy common Terms of Reference to avoid any perceptions

of preferment or seniority, unless the IASB specifically intends such to make such distinctions.

Proposed size and geographical composition

25. All 27 respondents responded to this question. Of those 10 responded ‘yes’, 11 ‘yes, but with reservations’ and 6 ‘no’.
26. The comments members made on this question included:
- (a) In order to better balance all stakeholders, we recommend enlarging the membership, but not beyond 16 seats, to protect its efficiency. In order to better hear from various regions, we suggest that the IFRS Foundation should assign some seats to capable regional accounting bodies that enjoy experience and resource such as the AOSSG and the GLASS. Even if such a proposal is not currently being considered, we suggest that those regional bodies could attend the ASAF meetings as observers. There are also two seats allocated to “world-at-large” and we would like to see the principles and criteria for the assignment of those seats. We support the consideration on the balance of membership in terms of geographical allocation, but suggest a fuller consideration of the actual situation of the emerging economies in addition to their geographical location.
 - (b) There is a strong view that using regional groups (such as GLASS and AOSSG) would weaken the ASAF. First, a national standard-setter with appropriate technical expertise would have a better knowledge of accounting in his or her own jurisdiction and provide more timely input. A regional member would first have to consider the collective view of that region. What happens if members of ASAF have strong divergent opinions? Furthermore, the choice of a regional member candidate for ASAF may not be the best technical person available, but rather reflect a ‘rotation policy’ of regional representation. There may be experts in that region that come from jurisdictions where IFRS has a higher impact than the candidate chosen by that region.

- (c) It seems reasonable to have a small group, especially where the focus is on technical discussions. If the ASAF were composed of NSS, rather than regional groups, it is not clear that “at large” members would be necessary. Hence, the size could be only 10 members. How much additional value would be added by having two additional members?
- (d) It should be sufficiently inclusive to allow major national standard-setters and regional representative bodies to sit at the table. This may require slightly more seats than the 12 currently foreseen. I don’t see that as being problematic.
- (e) We question the proposed composition and strongly believe that the countries/regions that have endorsed IFRS (or are committed to do so) should be given more weight in the discussion. We suggest that the exceptional contribution of EU countries to the current global importance of the IFRS should be recognised.
- (f) Not large enough. 12 is too small. 20 is too large. 3 members from the Americas seems low—one Spanish-speaking, one Portuguese-speaking, one/two English-speaking.
- (g) In my view 12 should not be seen as a definitive number, so 2 or 3 more could be equally reasonable if this helps.

Not sure geographical representation is the best way of achieving the objective of getting technical advice. The difficulties with IFRS implementation and technical issues increase with diversity in practice. Europe is a good example of diversity due to the number of countries and the number of firms applying IFRS. According to a recent report (SEC 2011), 80 per cent of the companies in the 2009 Fortune Global 500 were from the EU; so, of the biggest companies using IFRS at that time, the EU was far and away the biggest component. Consequently, it does not make much sense to have the same number of places as other regions. The Forum should give priority to NSS or regional bodies from countries that have adopted IFRS, or have some clear commitment to adopt it.

Do not really understand what is the purpose of having “at large” members?

What is that really for?

- (h) Size of 12 seems about right. There is a need to balance representation with the need for effective discussion. The proposed composition (numbers and regions) has not been justified. Clear and transparent criteria should be set. The prime criteria for composition should be those countries applying IFRS or with a firm commitment to adopt the Standards soon (within up to 3 years).
- (i) Taking Americas as one zone is not correct, because the ASAF could only have representatives from Canada and the USA and Latin America must have at least one member.
- (j) To mitigate the political debate this topic has already started to create, I would prefer an ASAF with approximately 24 members. To prevent meetings with too many participants, I would establish a rule that the ASAF members of one region must send a maximum of 2 delegates per region to each meeting. The advantages of this approach would be:
 - (i) less of a fight for the limited number of seats (I believe the fight is more about the recognition people see in being nominated);
 - (ii) more diverse input for the ASAF’s discussions;
 - (iii) representatives from a region for a meeting can be chosen depending on the agenda of the respective meeting;
 - (iv) the quality of the meeting quality is not affected, because the number of national standard-setter participants is limited to 10;
 - (v) no need to have differences in the number of participants per region; and
 - (vi) opportunity for standard-setters with small budgets (eg from Africa) to become a member.

These advantages outweigh the disadvantage of having low continuity in the individuals participating.

- (k) A smaller group increases the risk that it would attempt to make decisions. More than 12-15 becomes unwieldy or requires a resource commitment (eg

longer or more frequent meetings) that might preclude many NSS from participating or make the discussion superficial/perfunctory.

- (l) Geographical composition should be balanced; and also consider objective criteria, such as relative size of capital markets or economies.
- (m) The composition seems broadly appropriate. One area that risks under-representation is the former Soviet Union. Currently, this is not economically significant but any standard-setters in this region should not feel excluded. Perhaps a point to monitor.
- (n) We are in agreement that the ASAF should have a small size to be able to facilitate focused and effective discussions. In addition, a 12-member forum appears to be reasonable. We do however believe that the composition may need to be adjusted to ensure appropriate global representation—for example, it is questionable whether having only one slot for Africa is appropriate. We are in agreement that the composition of the membership should be reviewed every two years.

Factors to be considered in appointing members

- 27. 25 of the 27 respondents responded to this question. Of those 13 responded ‘yes’, 11 ‘yes, but with reservations’ and 1 ‘no’.
- 28. The comments members made on this question included:
 - (a) Size and development level of capital markets. Adoption of IFRS. In particular, how faithfully they apply IFRS should be an important consideration factor: full adoption, adoption with carve-outs, or permission to use IFRS for certain entities. Technical expertise in accounting and resource availability for participating in ASAF. Fair representation of diversity in legal and business environments. We need to understand that widely differing issues may arise and very different aspects may have to be considered when implementing IFRSs around the world, depending on the type of legal and business environment of jurisdictions. Consequently, we need to secure fair

- opportunities for participation in the ASAF to member countries with different legal and business environments.
- (b) The appointment process in the proposal is opaque. However, it is not clear that regional groups will be better, relative to NSS, in proposing the most appropriate member.
- (i) The main requirement is that the ASAF should comprise members that have a high level of technical expertise and a strong local institutional knowledge of accounting so that the impact of IFRS is well understood. Other possible requirements could include:
1. There should be a commitment from ASAF members to developing standards that are consistent with the Conceptual Framework.
 2. The move towards more evidence-based standard-setting will require greater focus on research before a project is added to the IASB's agenda. ASAF members ought to have the capacity to provide such research to the IASB.
- (c) Financial contributions to the IFRS Foundation should also be considered.
- (d) Agree with criteria mentioned in proposal, including maturity of capital market, technical expertise, past contributions and available resources. Because the focus is on R&D, experience in using IFRS should not be a membership criterion although some form of commitment to global standards is needed.
- (e) We support the view that the elected organisations should have the flexibility to organise themselves, rather than membership being connected to individual persons. Furthermore, representatives should be allowed to be accompanied by one specialist or practitioner if in their assessment this is appropriate.
- (f) There are no details about the appointment process, and this should be more transparent. As for the requirements:
- (i) Technical expertise.
 - (ii) Good knowledge about local institutions and how accounting, and in particular IFRS, interacts with them.

(iii) Representative power at their home country in order to facilitate implementation and adoption of IFRS.

There are foreseeable difficulties with the regional members: to what extent can they be experts about local institutions and have representative powers?

- (g) The factors mentioned are important and supported. Technical competence should ensure a focus on experience in dealing with the practical application of IFRS. I also support the criteria of size and stage of market development and capitalisation, because it is in these market conditions that the more difficult aspects/nuances of IFRS application are likely to arise and be understood. Nominations to ASAF from smaller organisations should be closely reviewed to ascertain their practical capacity to commit time and resources to the standard-setting process/discussions. Evidence should be provided from any potential member organisation to this effect.
- (h) Not convinced capital market size is an appropriate criterion. Perhaps organisations should represent regions where IFRS has been or is formally planned to be adopted.
- (i) Resource availability of members should be taken into account but need to ensure the ‘voice’ of developing countries is adequately heard.
- (j) Extent of use by domestic reporting entities seems more relevant than size of market. In addition, explicit consideration of SME representation should be considered. There is a worry that full IFRS and IFRs for SMEs may be seen as separate and distinct standard-setting processes.
- (k) The ITC does not detail whether ASAF members are appointed by the IASB or by the Trustees and what the selection criteria are. Because of the ASAF’s role as representative body of all national standard-setters, the involvement of the Trustees and of the Due Process Oversight Committee in the selection process appears appropriate.

To provide for a broad spectrum of views, ASAF membership should be open

to bot, the national standard-setters of countries that already apply IFRSs and those of countries that are currently considering the adoption of IFRSs.

- (l) Given our organisation’s support of a single global accounting framework, we believe there is value in including standard setters from internationally recognised standard-setters that are not IFRS adopters. Factors to consider :
- (i) relevance in world markets;
 - (ii) strength and sophistication of their existing national standard-setting processes; and
 - (iii) hierarchy of the set of national standards frameworks and need to co-ordinate with IFRS.

ASAF could affect the role and composition of the IFRS Advisory Council

29. 26 of the 27 respondents responded to this question. Of those 12 responded ‘yes’, 5 ‘yes, but with reservations’ and 9 ‘no’.

30. The comments members made on this question included:

- (a) Role: the role of the Advisory Council may have to be changed toward broader issues such as direction of IASB’s standard- and agenda-setting, organisational issues of the Monitoring Board, Trustees, IASB, IFRS Interpretations Committee, etc, funding for the Foundation and other general issues, rather than technical accounting issues.
- Composition: jurisdictions not invited into the ASAF would have to be given higher priority when the Trustees nominate the Advisory Council members.
- (b) There are many mechanisms that already exist, other than the proposed ASAF, such as the Advisory Council, WSS, IFASS, IFRS regional policy forum, IFRS Foundation regional office in Asia-Oceania and technical meetings of the IASB in various jurisdictions. We suggest that the Foundation should straighten out all those mechanisms and clarify their roles to reduce redundancy and increase efficiency.
- (c) ASAF deciding the composition of IFRS Advisory Council. While regional expertise is important, it should not have a privileged position in determining

the composition of other stakeholder groups. The Advisory Council comprises members from stakeholders such as users, preparers, auditors, and regulators. The Advisory Council is one forum where academics are represented. There is already a concern that the contribution of academia in the standard-setting process is lower than it should. Allowing the ASAF to determine the composition of the Advisory Council might further weaken academic input. Yet academics are in a strong position to assist in developing Standards that are evidence-based. I wonder how the ASAF would feel if its members were to be chosen by the IFRS Advisory Council?

- (d) Some say standard-setters should be excluded from the Advisory Council after establishment of the ASAF. But the ASAF and the Advisory Council have different missions: the former for technical advice and the latter for strategic advice. Excluding standard-setters from the IFRS Advisory Council may bias the strategic advice. The creation of the ASAF does require a review of respective responsibilities and possible duplication in membership of the Advisory Council.
- (e) Could an organisation be a member of both the Advisory Council and ASAF? Would the objective of the organisation or the forum/committee be the overriding criterion? Eg would the more political objective of the Advisory Council and the more technical focus of the ASAF lead to standard-setters being in the ASAF, not the Advisory Council?
- (f) It is likely that the ASAF will change the composition of the Advisory Council. However the IFRS should ensure that the new ASAF will in no way diminish the investor and user input to the IFRS and to the focus of the Standards.
- (g) This needs to be discussed by the Advisory Council with subsequent feedback to the IASB/Foundation. The Advisory Council's role should remain on broader strategic issues and on implementation. Preferable to have regional bodies represented rather than too many individual standard-setters.

- (h) Should be discussed by the Advisory Council. The Advisory Council's broader membership seems better suited than the ASAF to advise on strategic issues and priorities. It would be undesirable to exclude NSS from the Advisory Council. Co-ordination and collaboration will be needed. Perhaps the ASAF should focus primarily on regional/national perspectives.
- (i) Membership of the Advisory Council should be defined by coverage of those parties that don't have alternative for an interaction with IASB and Trustees.
- (j) Given the fact that the IASB sees the creation of the ASAF as , among other things, replacing the current special relationship with some national standard-setters, it would be odd to then allow some national standard-setters to have a seat in more than one body, because that might lead to the impression of a special relationship again.