

## **EUROPEANISSUERS' COMMENTS ON THE REVIEW OF THE CONSTITUTION OF THE IASC FOUNDATION – IDENTIFYING ISSUES FOR PART 2 OF THE REVIEW**

POSITION  
15 April 2009

The review of the constitution of the International Accounting Standards Committee Foundation (IASC) constitutes in view of our organisation an excellent opportunity to enhance the governance of the IASB. We would, therefore, like to comment on Part 2 of the review process as follows.

We clearly support enhancing the accountability of the IASB re its responsibilities, its agenda setting as well on the topical as on the timing level and re the impact of its regulatory activities.

### **Enhancing the accountability of the IASB**

- Without questioning or weakening the independence of the IASB, we are of the opinion that the accountability of the IASB towards the Trustees ought to be enhanced. The Trustees should approve rather than examine the IASB's agendas and work-programs and, thus, be in a better position to take into consideration the observations of the Monitoring Body ("MB"), established on the 1<sup>st</sup> February 2009 and representing public organisations and authorities (essentially authorities supervising stock exchanges).
- In order to better reflect the public interest, the MB ought to have as members also international organisations charged with ensuring financial stability and representatives of authorities supervising financial institutions.

### **Improvements with respect to the agenda setting of the IASB**

The agenda setting process of the IASB needs to be improved and its economic impacts need to be better taken into account. We propose the following changes:

- Public consultations: - Strategic agendas, work programs and proposals as to the timing of the work ought to be submitted for public consultation. This would enable a better judgement on the market's needs, on possible impacts and would allow identifying priorities and adopting reasonable time frames.
- Closer coordination with the preparers' countries and regions - The agenda setting of the IASB should be the subject of intensified discussions between the countries and regions in which IFRS is applied, so that impacts, in particular of a macro-economic nature, of the IASB activities can be identified and taken into consideration.

- Control by the Trustees - The Trustees should make sure that the results of consultations are taken into account and that the IASB acts accordingly.
- Qualified majority: Given their importance, decisions on strategic issues and on final regulatory provisions ought to need the approval of a qualified majority.

### **Time-frames for the elaboration and implementation to be reconsidered**

We consider it further necessary:

- that the timing of consultations on technical projects be better managed (to avoid that several important consultations are held at the same time)
- unless exceptional circumstances that have the approval of the Trustees necessitate a deviation from the rule, to allow a minimal period of two years between the adoption of provisions and their effective application. Again, provided that there are no exceptional circumstances approved by the Trustees, amendments may not be applied retroactively but only “pro futuro”. Presently new or amended provisions are in some cases applicable already shortly after their adoption by the IASB and / or by the European Commission which may lead to legal uncertainty and make it difficult to timely receive the necessary information on the implementation of the provisions.

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