

March 18, 2009

Ms. Tamara Oyre
 Assistant Corporate Secretary
 IASC Foundation
 30 Cannon Street
 London EC4M 6XH
 United Kingdom

Dear Ms. Oyre:

IASCF: Review of the Constitution
Identifying Issues for Part 2 of the Review
December 2008

This letter provides comments on behalf of the Canadian Accounting Standards Oversight Council and the Accounting Standards Board regarding the IASC Foundation (IASCF) proposals in its December 2008 Discussion Document: Review of the Constitution—Identifying Issues for Part 2 of the Review.

Objective of the Organization (Question 1)

We agree with the objective of the organization, as stated.

Principle-based Accounting (Question 2)

We support the objective of developing accounting standards based on clear underlying principles and consistent with a common underlying Framework. Standards should clearly state the principles on which they are based and the IASB should commit to drafting standards based on clear principles. We encourage the IASB to explain what it means by “principle-based accounting.” However, we think that the Constitution is not the place to refer to that topic. Principles-based accounting is very difficult to define. A mere statement that “emphasis is to be placed on a principle-based approach” would be insufficient to provide direction and could lead to unproductive debates about whether particular standards, or related guidance, are principles-based. We think that the concept of principles-based accounting standards is better developed in a document separate from the Constitution, which can contain more discussion of the issue.

Not-for-profit Entities and the Public Sector (Question 3)

We think that it would be premature for the Constitution to be expanded to focus on public sector or not-for-profit organizations. Although it might ultimately be desirable for the IASB to develop standards for those organizations, we think that it is vital to consolidate the achievements that have been made regarding application in private sector capital markets and not to risk any loss of focus on that. Furthermore, we note that other organizations, such as the International Public Sector Accounting Standards Board, are already dealing with these other sectors. Accordingly, any change would need to be co-ordinated with them so as to avoid any conflict of responsibilities.

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Collaboration with Other Organizations (Question 4)

The IASB collaborates and consults with a wide range of other organizations and has indicated that it is open to such collaboration. However, we think that it is unnecessary to include reference in the Constitution to the possibility of closer collaboration with other organizations. The Constitution is not the appropriate place to identify specific organizations with which the IASCF should collaborate and any general reference seems unnecessary. Collaboration would more appropriately be dealt with in operating procedures.

Monitoring Group (Question 5)

We think that the Constitution should specify the role of the new Monitoring Group. That role should be narrow—to appoint the Trustees and to liaise with public authorities generally charged with the adoption or recognition of financial reporting standards, as outlined in the Memorandum of Understanding to Strengthen the Institutional Framework of the International Accounting Standards Committee Foundation.

Trustees (Questions 6 and 7)

We see no need for change in either the composition of the Trustees or their responsibilities.

Funding of IASCF (Question 8)

A broad-based, secure funding mechanism is clearly important to the organization's future. We encourage the Trustees to continue their efforts to secure such a funding mechanism, while ensuring that no one entity contributes a significant portion of the funding.

IASB Agenda (Question 9)

While we agree that the IASB should have full discretion in developing and pursuing its technical agenda, we think that periodic consultation with stakeholders to obtain their views on the agenda would provide additional insight to the Board in its agenda setting process. Possible ways to do this could be by way of publication of a prospectus for any proposed project on which comment could be invited in the context of the overall agenda. Periodic consultation on the agenda as a whole would also be desirable. We think that these are matters to be addressed in the IASB's *Due Process Handbook* (see next comment), rather than in the Constitution.

Due Process (Questions 10 and 11)

Now that the *Due Process Handbook* has been created, we think that is the place where procedures should be set out, rather than in the Constitution. We think that the IASB due process procedures are second to none.

Having a policy for a 'fast track' procedure for 'urgent' issues is a good idea, but it does not need to be enshrined in the Constitution (The *Due Process Handbook* might be a more appropriate place.). We think that the IASB and FASB should have the same policy in this regard. Furthermore, we think that stakeholders should be given a reasonable opportunity to comment on any proposed changes to standards (other than those that are purely

editorial) and that in an international environment, taking into account language considerations, it should be extremely rare that anything should be exposed for a period of less than 30-days. In order that a fast-track process does not become too easy to apply, criteria should be established as to when it is appropriate to follow such a process and Trustee approval that the criteria are met should be required on each occasion.

Standards Advisory Council (Questions 12 and 13)

We think that the material in the Constitution regarding the Standards Advisory Council (SAC) does not require amendment. We support initiatives to make the SAC more efficient and effective. We understand that SAC processes are being reconsidered as the newly restructured SAC is established and expect that any consequential change to the Terms of Reference would be made to reflect necessary changes.

Other issues—Translation (Question 14)

We think that it is vital that high quality translations are made available that allow stakeholders whose first language is not English to participate in the IASB's due process. This means that efforts need to be made to provide Exposure Drafts and other consultation documents in languages other than English on a timely basis. In some cases, such as our own, the text of IFRSs in a language other than English has the effect of law. We think that the Constitution should be strengthened to acknowledge the importance of high quality translations being made available throughout the IASB's due process.

Other issues—IASB Chair/Chief Executive of IASCF (Question 14)

We think that the Constitution should allow for the roles of the IASB Chair and Chief Executive of the IASCF to be separated. The increasing size and complexity of the IASB and IASCF make it increasingly difficult for one individual to do full justice to both roles. In addition, the individual's increasing involvement in the "political" aspects of IASCF activities, might be perceived by some as impinging on the independence of the Board's standard-setting.

Should you require any additional information about our comments, please contact me, or Peter Martin, Director, Accounting Standards (peter.martin@cica.ca) or Ian Hague, Principal, Accounting Standards (ian.hague@cica.ca).

Yours truly,



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