



**The Quoted  
Companies Alliance**

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Dear Ms Oyre,

**REVIEW OF THE CONSTITUTION – PUBLIC ACCOUNTABILITY AND THE  
COMPOSITION OF THE IASB PROPOSALS FOR CHANGE**

***INTRODUCTION***

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation dedicated to promoting the cause of smaller quoted companies ("SQC"), which we define as those 2,000+ quoted companies outside the FTSE 350 (including those on AIM and PLUS) representing 85% of the UK quoted companies by number. Their individual market capitalisations tend to be below €500m.

Together SQCs employ over 2 million people and make a major contribution to the UK economy.

The QCA is a founder member of EuropeanIssuers, which represents over 9,000 quoted companies in 14 European countries.

***RESPONSE***

We welcome the opportunity to comment on the proposals for the 2010 IASCF's Constitution Review and are pleased that the IASCF decided that a Review should be undertaken.

***Questions related to the Monitoring Group***

Q1: Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions?

**Yes, but it is important that the independence of the IASCF and the IASB should not be impaired.**

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Q2: The proposals contemplate a Monitoring Group comprising representatives of seven public authorities and international organisations with a link to public authorities. While recognizing that the Monitoring Group is an autonomous body, the Trustees would welcome comments regarding the Monitoring Group's membership and whether other organisations accountable to public authorities and with an interest in the functioning of capital and other financial markets should be considered for membership.

**The proposed membership appears acceptable. Their role must be one of oversight and recommendation rather than having powers to appoint trustees.**

Q3 The Trustees will remain the body primarily responsible for the governance of the organisation and the oversight of the IASB. Their responsibility to a Monitoring Group will enable regulatory and other authorities responsible for the adoption of IFRSs to review the Trustees' fulfillment of their constitutional duties. Does the formulation of the Monitoring Group's mandate and the Trustees' reporting responsibilities, as described in the proposed Section 19, appropriately provide that link, while maintaining the operational independence of the IASC Foundation and the IASB?

**Yes, but no one public authority should be allowed to inflict undue influence on the Monitoring Group.**

Q4 Given the proposed creation of a Monitoring Group, would there be a continued need for the Trustee Appointments Advisory Group in the selection of Trustees? If so, what should be the role and composition of the Trustees Appointments Advisory Group?

**The TAAG should continue. It should draw up the short list of candidates which meet its criteria, with recommended appointees, for the Monitoring Group to approve, or reject for a 'second selection'.**

**The TAAG should be as now but in its remit it should include a trustee requirement for due representation of preparers and users of financial reports to meet the 'practical experience' element in the Constitutional Emphasis (p.27).**

#### *Questions related to the IASB's composition*

Q5 Do you support the principle behind expanding the IASB's membership to 16 members in order to ensure its diversity, its ability to consult, liaise and communicate properly across the world, and its legitimacy?

**We support the principle behind expanding the IASB's membership to 16 members but are concerned that the smaller quoted company voice is not represented adequately. These are the bulk of users of IFRS on the world's stock markets.**

**We are also concerned that members tend to be very academically experienced rather than have had practical experience in running a company/producing accounts/using accounts. We believe the call in the Constitution for balance is not met (para 27).**

Q6 Do you agree with the geographical formulation suggested by the Trustees?

**We have always been concerned about the strong influence the North American members have had. Whilst there should be geographical diversity in the IASB members, we do not believe there should be set quotas. We believe that IASB members should be appointed based on merit and if any quota system is appropriate it should relate to the backgrounds of members to include full representation of users and preparers as well as academics and auditors. The IASB is an expert panel not a lobby group. Geographical quotas are only appropriate for IASC and Monitoring Group members.**

Q7 The Trustees are suggesting that the Constitution should provide flexibility on the matter of part-time membership. Do you support that proposal?

**Yes, this may be a way to meet the need for smaller quoted company members with practical experience in running a company/producing accounts/using accounts. However, to ensure that part-time members are able to participate fully they should be given additional administrative and technical support which, particularly for smaller quoted companies, will not be available within their own organisation.**

If you would like to discuss any of our views we will be happy to attend a meeting.

Yours sincerely,



John Pierce  
Chief Executive