

Mr Michel Prada
Chairman of the Trustees
IFRS Foundation
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Dear Mr Prada

**Re.: IFRS Foundation: Proposal to Establish an Accounting Standards
Advisory Forum**

The IDW appreciates the opportunity to comment on the proposed establishment of an Accounting Standards Advisory Forum (ASAF).

We welcome the IFRS Foundation's idea to establish an ASAF in order to formalise and enlarge the relationship between the IASB and National Standard-Setters (NSS) as well as other regional bodies (e.g. audit and securities regulators). In our view, NSS and other regional bodies could increase the effectiveness of the IASB's work, e.g., by commenting on IASB consultative documents, undertaking research projects or providing advice and sharing their experiences in regard to actual and potential issues that are particular to their own jurisdictions.

Although we support the IASB's efforts to co-operate more closely with NSS and other regional bodies, the distinct roles of both the IASB and the ASAF will need to be clearly defined: the ASAF should be an exclusively advisory body – which means that it is not allowed to compromise the independence of the IASB. On the other hand the IASB will need to respect the independent roles NSS and regional bodies have within their own national and regional contexts. The relationship of, and interaction between, both bodies should be hallmarked by transparency and openness.

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann,
WP StB, Sprecher des Vorstands;
Dr. Klaus-Peter Feld, WP StB CPA;
Manfred Hamann, RA

We concur with the IFRS Foundation that the ASAF should become an external technical advisory body, composed of members from different geographical and professional backgrounds. However, the differences in composition and the interaction between the ASAF and other advisory bodies (such as the IFRS Advisory Council) should be clearly defined beforehand. In particular, in view of the costs and the potentially expanded standard-setting process a new advisory body will necessarily bring with it, the different roles of the ASAF and other advisory bodies as well as their specific respective benefits to the IASB's work should be thoroughly considered by the IFRS Foundation and communicated to stakeholders.

The IFRS Foundation has already established several advisory bodies for different stakeholder groups (e.g. the Capital Markets Advisory Committee for International Users or the Global Preparers Forum for International Preparers). In addition, there should also be a formal platform for the dialogue between the IASB and auditors as well as enforcement authorities. Therefore, we would like to propose the establishment of an additional global advisory forum for the representatives of the audit profession at large as well as for the enforcement authorities. A joint advisory forum for both (auditors and enforcement authorities) would also be conceivable, from our point of view.

We would like to respond to the specific questions as follows:

Question 1

Do you agree with the proposed commitments to be made by ASAF members (paragraph 6.4) and that they should be formalised in a Memorandum of Understanding (paragraph 6.5)? Why or why not?

We agree with the proposed commitments that would be made by ASAF members as well as with the proposed requirement to set forth these commitments in a Memorandum of Understanding.

Question 2

The Foundation believes that, in order to be effective, the ASAF needs to be compact in size, but large enough to allow for an appropriate global representation. Do you agree with the proposed size and composition as set out in paragraphs 6.7–6.13? Why or why not?

The IDW concurs with the IFRS Foundation that it is important to find an appropriate size and composition of the ASAF in order to be globally representative, and, at the same time, technically effective and efficient. If the

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membership becomes too large, this could be detrimental to the ASAF's efficiency and function.

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours sincerely

Klaus-Peter Naumann
Chief Executive Officer

Norbert Breker
Technical Director
Accounting and Auditing