

Comment Letters
IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Paris, December 19, 2012

Proposal to Establish an Accounting Standards Advisory Forum

Dear Sir or Madam,

MAZARS welcomes the opportunity to comment on the IFRS Foundation's proposal to establish an Accounting Standards Advisory Forum (ASAF).

We generally support the proposal to establish the ASAF with the aim to formalise, rationalise and streamline the relationship between IASB and National Standard-Setters (NSS) and other regional bodies in order to create the best condition to efficient technical discussions.

More than ever, we are convinced that the IFRS Foundation's mission to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards cannot be reached without the implication of the NSS and regional bodies in the process.

Nevertheless we have concerns regarding the following areas:

Place of the ASAF in the IASB's due process

The IFRS Foundation proposal is silent on the place of the ASAF's discussions in the IASB's due process. Notwithstanding the fact that the ASAF will only be an advisory body, we believe that the articulation between the ASAF and the IASB's due process should be explained in clear terms. In particular, we believe that the analyses reached by the ASAF regarding IASB projects should be reported to the Board, and that the Board should publicly explain how it took these analyses into consideration and why.

We believe it is important that the IASB's due process includes this new step, as part of the outreach process. This would also clarify that the discussions between the ASAF and the IASB do not have the objective of getting any endorsement of the IASB's views by the NSS and regional bodies in anticipation of the Board's due process (and vice versa).

Size and composition of the ASAF

As already expressed, MAZARS is convinced that the development of high quality, understandable, enforceable and globally accepted financial reporting standards cannot be reached without a strong implication of the NSS and regional bodies, and especially those representing IFRS users.

In this area, MAZARS believes that the convergence programme with the US Financial Accounting Standards Board (FASB) and the 2006 MoU between the FASB and the IASB have resulted in an unbalanced position between one single IFRS-non-user NSS (the FASB) and all IFRS-user NSS and regional bodies including those of the EU.

Therefore, MAZARS encourages the IFRS Foundation in the future to find the right balance between the NSS and regional bodies representing IFRS users and other NSS, and avoid any situation giving a prominent role to one of the NSS. In this respect we believe that IFRS users should be given a greater role than non-users.

On the basis of the composition proposed for the ASAF, we doubt that this objective of a well-balanced representation would be met. 3 seats for Americas, when the FASB still holds joint meetings with the IASB on MoU projects, seems too many compared to the 3 proposed to Europe which is the largest IFRS users community.

Therefore, MAZARS encourages the Foundation to reconsider the distribution of seats among geographic regions in a manner which, while not rejecting the IFRS-non-users, would be more representative of IFRS users. One solution could be to increase the number of ASAF members, and to attribute the additional seats in accordance with the weight in the use of IFRSs. We believe that the size of the ASAF could be increased up to 15 members, consistent with the size of the Board. We feel that, considering the importance of Europe as IFRS first and main user, the initial membership of the ASAF should include a greater number of representatives from this part of the world. Thus we propose that the majority of the supplementary seats (from 12 to 15) should be allocated in priority to European organizations.

The proposal is unclear on the way members of the ASAF would be chosen. One might nevertheless get the impression that the choice is done by the IASB (alone or together with the IFRS Foundation) through mere invitations. As most of the economic world is organized regionally (EEA, ASEAN, ALENA...), we feel that such a choice should be made jointly by the IASB and such organizations in order to ensure the best possible representativity of the ASAF members. Moreover we consider that it would be to the NSS or regional bodies designated as members of the ASAF to decide of the individual representing them at the meetings. We support flexibility in this area based both on expertise and involvement. Thus NSS or regional bodies should be entitled to choose by themselves the individuals who would represent them at each meeting. If the Board is reluctant with such a solution that would probably lead to changing the representatives at each meeting, we suggest considering the possibility of having the Chair of each organization accompanied by another individual.

Unbalanced commitments

MAZARS generally supports the principle to request ASAF members to make specific commitments and to formalize these commitments by requesting members of ASAF to sign a Memorandum of Understanding (MoU).

Nevertheless, we consider that the proposed commitments from the ASAF members are unbalanced compared to those to be made by the IASB.

First, some of the proposed commitments from the ASAF members, especially the commitment to make their best efforts to promote the endorsement/adoption of IFRSs in full and without modification over time, seem to go beyond the advisory role of the ASAF (“provide advice and views to the IASB on major technical issues related to its standards-setting activities and to provide input on national and regional issues”).

This could be viewed as a commitment to endorse IASBs decisions, whatever they may be, and even if the ASAF has expressed different views.

Second, the 5 commitments from the ASAF members seem disproportionate in comparison with the absence of commitments from the IASB in addressing issues raised through ASAF meetings.

We strongly believe that commitments should be more balanced, and that the IASB should therefore commit, through its due process or otherwise, on how it would use the analyses resulting from ASAF meetings.

Frequency of meetings

The paper proposes that the ASAF meets four times a year. In our opinion this frequency is insufficient compared to the frequency of IASB's meetings.

MAZARS is aware that a monthly meeting could have major implications in terms of time and resources to be devoted to the ASAF, both by the IASB and the NSS. If such a frequency is considered as unrealistic, we believe that meeting every two months is a minimum to enhance interaction between the IASB and the ASAF, achieve the goal of providing advice and views to the IASB on major technical issues related to its standard-setting activities, and get reactive input from the NSS and regional bodies on the issues discussed at Board level.

Detailed minutes

MAZARS supports the proposals to post the summary of each meeting on the Foundation's website and to hold meeting in public and webcast, but we are sceptical regarding the absence of detailed minutes.

In our opinion the fact that the ASAF would have only an advisory role, without voting, should not exempt from formalizing the discussions in detailed minutes. Therefore, we encourage the systematic publication of such minutes, so as to enable stakeholder access to positions expressed by the parties during these meetings.

We would be pleased to discuss our comments with you and are at your disposal should you require further clarification or additional information.

Best regards,



Michel Barbet-Massin
Head of Financial Reporting Technical Support