

中 国 会 计 准 则 委 员 会

China Accounting Standards Committee

December 17, 2012

IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Ms. Yale Almog,

The China Accounting Standards Committee (CASC) is pleased to have this opportunity to comment on the proposal of the establishment of the Accounting Standard Advisory Forum (“ASAF”). The CASC took considerations of related stakeholders in China and fully supports the Foundation’s proposal to establish such forum. As you know, China is always in support of the Foundation and IASB’s pursuit of one single set of high quality global accounting, and is willing to join the ASAF to make more contributions to the IFRSs setting. Our specific comments are listed below:

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?

Our Comment: The CASC supports the Forum’s intention to ask its members for their commitments in terms of signing a memorandum. However, despite of our general agreement with the commitments listed in paragraph 6.4, “*in full and without modification over time*” might seem to be too restrict. It’s our concern that it would put some jurisdictions in a very awkward situation. Hence, we recommend amending such wording and deleting the phrase “*in full and without modification over time*”.

Additionally, since there is more than one approach to use IFRS in domestic financial reporting system, in addition of endorsement and adoption, some jurisdiction considers the approach of substantial convergence. Hence, we recommend adding convergence model into this commitment (point 4 of paragraph 6.4).

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?

Our Comment: In order to better balance all stakeholders, we recommend enlarging

the membership but control it within 16 seats to protect the efficiency. As proposed by the Foundation, the ASAF will consist of national standard setters; in order to better hear from various regions, we suggest that the Foundation should assign some seats to capable regional accounting bodies who enjoy experience and resource such as the AOSSG and the GLASS. Even such proposal is not in the regime of consideration, we suggest that those regional bodies can attend the ASAF meetings as observers. The Foundation also mentioned two seats are saved to "world-at-large" organizations, we would like to see the principles and criteria of the assignment of those seats.

We support the Foundation's consideration on the balance of membership in terms of geographical allocation, but suggest the Foundation to fully consider the actual situation of the emerging economies in addition to geography and assign enough seats to emerging economies to respect their representation.

Other Comments:

There are many mechanisms already existing other than the proposed ASAF, such as IFRS Advisory Council, WSS, IFASS, IFRS regional policy forum, IFRS Foundation regional office in Asia-Oceania and technical meetings of the IASB in various jurisdictions. We suggest that the Foundation to straight out all those mechanisms and clarify their roles to reduce redundancy and increase efficiency.

Please contact me or my colleague Ms. Chen Yu (chenyu@mof.gov.cn) for further information on our comments.

Yours Sincerely



Yang Min
Secretary-General,
China Accounting Standards Committee