



February 07, 2011

IFRS Foundation Trustees
30 Cannon Street
London, EC4M 6XH
United Kingdom

RE: IFRS Strategy Review

Dear Trustees of the IFRS Foundation:

Thank you for the opportunity to provide my views, shared by a number of FEI members, in response to the IFRS Strategy Review consultation document. I am the President and CEO of Financial Executives International ("FEI"), which is a leading international organization of 15,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior-level financial executives. This document represents my views, and not necessarily the views of FEI as a whole or its members individually.

The Trustees request comment on the questions on the four areas listed below:

Mission: How should the organisation best define the public interest to which it is committed?

1. The current Constitution states, "These standards [IFRSs] should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions." Should this objective be subject to revision?

Response: The IASB's primary objective should be to serve the needs of investors and other providers of capital. In developing standards that "require high quality, transparent and comparable information in financial statements" that objective is met. As such, we believe the current objective is appropriate.

2. The financial crisis has raised questions among policymakers and other stakeholders regarding the interaction between financial reporting standards and other public policy concerns, particularly financial stability requirements. To what extent can and should the two perspectives be reconciled?

Response: As noted above, the IASB's primary objective should be to serve the needs of investors and other providers of capital. Although we agree that the IASB should consult with regulators in developing accounting standards, we do not believe that accounting standards should be used as a basis for achieving public policy objectives.

Governance: How should the organisation best balance independence with accountability?

3. The current governance of the IFRS Foundation is organised into three major tiers: the Monitoring Board, IFRS Foundation Trustees, and the IASB (and IFRS Foundation Secretariat). Does this three-tier structure remain appropriate?

Response: We believe the current structure of the FASB's organization serves as a good model that balances independence with accountability. The FASB issues and improves standards of financial accounting while the Financial Accounting Foundation is the independent, private sector organization that is responsible for the oversight, administration, and finances of the FASB. The Financial Accounting Foundation's primary duties include protecting the independence and integrity of the standards-setting process and appointing members of the FASB. The U.S. SEC oversees the FASB and is also responsible for funding of both the FASB and PCAOB by invoicing public companies.

Under our proposal, the structure of the IASB would follow the current structure of the FASB and its oversight organization the Financial Accounting Foundation. The IASB would continue its fundamental role as provider of independent accounting standards; whereas the IFRS Foundation Trustees continue their oversight and appointment roles. The Monitoring Board which was established as a public accountability link and to help discharge more effectively the Trustees mandates regarding investor protection, market integrity, and capital formation should continue with its duties.

4. Some stakeholders have raised concerns about the lack of formal political endorsement of the Monitoring Board arrangement and about continued insufficient public accountability associated with a private-sector Trustee body being the primary governance body. Are further steps required to bolster the legitimacy of the governance arrangements (including in the areas of representation of and linkages to public authorities)?

Response: We believe formal political endorsement of the Monitoring Board similar to the U.S. SEC and IFRS Foundation Trustees would promote public accountability of the organization. Endorsement by G20 could serve as a basis for establishing that public accountability, however the both the Monitoring Board and Trustees would need to establish a plan to provide accountability to those jurisdictions adopting IFRS or at least undertaking a formal process of convergence and consideration of IFRS adoption.

Process: how should the organisation best ensure that its standards are high quality, meet the requirements of a well functioning capital market and are implemented consistently across the world?

5. Is the standard-setting process currently in place structured in such a way to ensure the quality of the standards and appropriate priorities for the IASB work programme?

Response: Through its work under the Memorandum of Understanding with the FASB, significant steps have been made in developing an outreach program that ensures stakeholders' views are taken into account during the standard-setting process. Examples of this outreach have included publishing Staff Drafts prior to issuing an Exposure Draft to unofficially gather constituent feedback on the current direction of the proposed guidance, extensive roundtables to gather constituent views on an Exposure Draft once issued as well as podcasts and webinars to educate constituents on the proposed guidance within the Exposure Draft so as to solicit effective feedback. We believe the current outreach activities undertaken with the FASB under work on the Memorandum of Understanding should serve as a basis for the IASB to establish future outreach activities.

6. Will the IASB need to pay greater attention to issues related to the consistent application and implementation issues as the standards are adopted and implemented on a global basis?

Response: We agree that the IASB will need to pay greater attention to issues related to consistent application and implementation issues as the standards are adopted and implemented on a global basis. We believe the outreach activities noted above will assist the IASB in gathering feedback prior to issuance of the final guidance so as to assist in ensuring consistent application as well as address potential implementation issues. As well, the IASB should establish a post-implementation process to further address consistency and implementation issues.

Financing: how should the organisation best ensure forms of financing that permit it to operate effectively and efficiently?

7. Is there a way, possibly as part of a governance reform, to ensure more automaticity of financing?

Response: A large part of the organization's funding comes from voluntary contributions. Achieving a secure, stable funding mechanism is a critical milestone. In line with obtaining political endorsement from jurisdictions that use IFRS as noted in our response to question 4 above, we believe the organization needs to develop a plan to obtain authority to require automatic funding mechanisms from jurisdictions that use IFRS. We believe the organization need to ensure a stable and sustainable funding base in the form of a government-sponsored levy system. The levy needs to be broad-based to ensure all "players" are paying in as well as compelling such that "players" do not have a choice. This levy system could initially be based on registered companies, however ultimately needs to capture any company that is issuing statements under IFRS.

Other issues

8. Are there any other issues that the Trustees should consider?

We appreciate your consideration to comments given and would welcome the opportunity to discuss any and all related matters. If you or your staff have any questions please contact Lorraine Malonza, Senior Manager, Accounting Policy and Financial Research at 973.765.1047 or via email at lmalonza@financialexecutives.org.

Very truly yours,

A handwritten signature in cursive script, reading "Marie N. Hollein". The ink is dark and the signature is fluid.

Marie N. Hollein, CTP
President and CEO
Financial Executives International