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## **Strengthening the IASB's deliberative processes**

Dear Sir David,

Thank you for the opportunity to comment on the measures proposed in the paper *Strengthening the IASB's deliberative processes* of 24 March 2004. We believe the standard-setting process needs to be reformed as a matter of urgency and strongly support the internal review.

All in all, we consider the proposed measures a sound basis for increasing the transparency of standard setting. The key question, however, will be whether these formal written proposals are actually put into practice. The concrete steps involved in due process are already spelled out in the *Preface to International Financial Reporting Standards*. Yet experience with the consultations on IAS 39/32, in particular, has shown that these procedures were often not adhered to.

We would suggest that, rather than making use of advisory groups on a case-by-case basis as proposed by the IASB, these groups should be established as a routine and mandatory element of the standard-setting process. We recommend, in particular, that the IASB create a permanent advisory body for bank accounting issues.

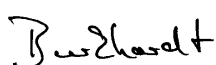
Similarly, field tests should be conducted not only for certain individual projects but for each draft standard, and the results should be published together with the exposure

draft. A detailed impact analysis undertaken at an early stage makes it much easier to evaluate the economic effects of an exposure draft and would contribute significantly to the aim of developing high-quality, economically sound and globally accepted standards.

In addition to the measures for improving due process, a provision should be included in the Constitution to ensure a regional balance in the composition of the Board. At present, countries with an Anglo-American tradition are strongly over-represented and this has a direct impact on the standard-setting and convergence processes.

Should you require any further information, please do not hesitate to contact us.

Yours sincerely,



Katrin Burkhardt



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