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CHAIRMAN

AB/MPC/MP

N° 441

Mrs. Andrea PRYDE

IASB

30 Cannon Street

LONDON EC4M 6XH

United Kingdom

Re: Strengthening the IASB's deliberative processes

Dear Mrs. Pryde,

The Conseil National de la Comptabilité (CNC) appreciates the opportunity to comment on the consultation paper on issues to be considered for strengthening the IASB's deliberative processes. For the preparation of this response, the CNC has organised a wide consultation in its role of French standard-setter. The resulting comments are given hereafter.

In its comment letter dated 11 February 2004 to the consultative document *"Identifying Issues for the IASC Foundation Constitution Review"* published by the IASC Foundation in November 2003, the CNC noted that the IAS Board due process needs improvements in openness in order to reduce a lot of today's technical tensions and misunderstandings on many subjects. While the Trustees have oversight over the IASB's due process, we welcome the initiative of the IAS Board to undertake an internal review of its operating procedures.

The CNC examined carefully the IASB's proposals and fully supports all of them which should enhance considerably transparency of its procedures. The IASB intention to publish a handbook of policies and procedures related to its due process, subject to Trustee approval, is very positive. Amongst all the measures the IASB has taken, we appreciate particularly the introduction of Basis for Conclusions and the publication of dissenting views on each pronouncement we consider very helpful to understand the underlying reasoning of approval of the Standard. We insist for the publication of dissenting views to be systematic, and you might also usefully add this proposal in the handbook of policies and procedures.

Nevertheless, we regret that major points have not been raised in the invitation to comment. They are described below.

First of all, we consider that national standard-setters have to play a very important role in the IASB's due process, particularly those of future appliers countries. When providing comments and expressing their concerns to the Board members, they give to the IASB the opportunity to take into consideration several points of view which improve the conceptual discussion. In this respect, three matters should be usefully defined in the future IASB procedures : the liaison role of national standard-setters, their participation to steering committees, working parties and advisory groups, and their role in the ground of IFRIC interpretations.

Secondly, while the IASB's proposals should enhance dialogue with the Trustees, their oversight over the IASB's operating procedures should be increased if the IASC Foundation Constitution and the proposed IASB handbook of procedures and policies lay down specific rules to allow constituents warning Trustees of a lack of due process. This would restore public confidence in the IASB work.

Lastly, regarding *"The extent of consultation before releasing proposals and standard"*, while supporting all your proposals and in particular those relating to a more intensive use of field visits and field tests, we consider that economic and impact analysis are of crucial importance. They must become a more common feature of the IASB's due process and should be carried out systematically on complex issues and key topics. Such analysis should allow to take into consideration the wider economic dimension of proposed standards, including on particularities of sectors, such as banking and insurance industries. Consequently, proposals on cost/benefit analysis should be added in your proposed handbook of policies and procedures for the same reason that field testing.

We believe that the points raised could have a positive effect on the IASB's due process, and we would remain in any case at your disposal, should you require further explanations.

Yours sincerely,

Antoine BRACCHI