



## **APPENDIX**

### **SECOND PHASE OF THE 2010 IASCF CONSTITUTION REVIEW**

#### **Question 1 – changing the existing names of bodies within the organisation**

Although changing the existing names of bodies within the organisation is consistent with the fact that the organisation issues “IFRS”, the proposed change may increase confusion as regards the mandate of the IASB. Globally accepted accounting standards should be set by an accounting standard board and the IASB should remain an accounting standard setter which exclusively publishes mandatory standards for the preparation of financial statements. Other financial reporting issues should remain the responsibility of market regulators only. Any confusion about the mandate of the organisation should be avoided.

#### **Question 2 – replacing references to “accounting standards” with “financial reporting standards”**

Since we believe that the organisation should only set accounting standards (see above), we do not support replacing references to “accounting standards” with “financial reporting standards”.

#### **Question 3 – clarify the objectives of the Foundation**

We support that it is emphasised that the accounting standards issued by the IASCF have to be globally accepted since this correctly presumes that standards will have to continue being accepted after their adoption. What is crucial is that the global standards are of high-quality and that - rather than striving for convergence - these standards are adopted by different national jurisdictions. National adoption of IFRS should thus be promoted and facilitated. National and regional standard setters, together with users, preparers and accountants, should also actively participate in the development of new standards by the IASB to ensure the wide acceptance of these standards.

We regret that there is no specific reference to principle-based standards in the Constitution. In this context, it is important that the IASB clearly sets out what the main characteristics of principle-based standards are and how it intends to develop these standards.

We support the other proposed clarifications.

#### **Question 4 – amend governance of the Foundation – link to Monitoring Board**

Paragraphs 18-23 appropriately supplement the objective assigned to the Monitoring Board to liaise between political authorities and the IASCF. Considering that political authorities will have to decide the extent of supervision which they need to exercise on the IASCF themselves, we agree that a more detailed description of duties and operating procedures belongs to the Charter of the Monitoring Board.



Considering that BUSINESSEUROPE strongly supported the inclusion in the Monitoring Board of “political authorities”, we regret that membership of the Monitoring Board is limited to capital market regulators. Market regulators are not “political authorities” as such even though they play an important role in the area of financial reporting.

**Question 5 – formally mention Trustee of Africa and South America**

Agree.

**Question 6 – provide for up to two Vice-Chairmen IASCF**

Agree.

**Question 7 – make no specific amendments to sections 13 and 15**

Agree. In this context, we encourage the Trustees to publish an action plan which addresses issues such as enhanced accountability, consultation, reporting, and ongoing internal due process improvements.

**Question 8 – encourage liaison with broad range of organisations**

Agree.

**Question 9 – provide for up to two Vice-Chairman IASB**

Agree.

**Question 10 – change term lengths IASB members**

Agree. The reference “members appointed after 2 July 2009” should mean “appointed or re-appointed”.

**Question 11 – reduce due process periods**

Agree. Considering that the need to act expeditiously may be identified by others than the IASB, we wonder why authority will be given only after the IASB has made a formal request.

**Question 12 – consult Trustees and SAC when developing IASB agenda**

Although BUSINESSEUROPE is firmly in favour of independent standard-setting, we believe that stakeholders’ views on priorities and possible improvements are relevant and should be considered. We believe that stakeholders as a whole cannot be identified as protecting specific interests and we do not share the view that the IASB should remain completely independent in its agenda setting. Public consultations should be organised prior to decisions being taken regarding the agenda, including the need for re-exposure, and this should be done on a more formal basis than releasing SAC agenda papers in advance of meetings. SAC could launch a call for comments on



the relevant papers, the analysis of which would be carried out under the responsibility of the SAC Chairman and Vice-chairmen.

**Question 13 – make no amendments to sections 44 and 45 (SAC)**

Agree. We would like to refer to our earlier concerns related to the number of members in the SAC though.

We suggest that a new part is added to section 37 (renumbered as section 38), requiring the IASB to report in public the conclusions reached after consulting the SAC on major projects, agenda decisions and work priorities, including an explanation why or why not the IASB has chosen to follow the recommendations from the SAC.

**Question 14 – remove specific staff titles and historical references**

Agree.

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