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Directorate General Internal Market and Services

Director General

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MARKT/F3/AFM/DM (2012)1788113

Michel Prada
Chairman of the Trustees
IFRS Foundation
Cannon Street 30
London EC4M 6XH
United Kingdom

Dear Mr Prada,

Re: Proposal to Establish an Accounting Standards Advisory Forum

I would like to thank you for the opportunity to comment on your "Proposal to Establish an Accounting Standards Advisory Forum".

My services have carefully examined the document and I am pleased to provide you with some general high level comments.

The European Commission welcomes the initiative taken by the IFRS Foundation to formalise, rationalise and streamline the relationship between national standard setters and other regional bodies and the IASB. National standards setters and regional bodies already play an important role, and we understand and welcome the fact that the proposed activities of the Forum will run alongside these roles and will not replace them. However, the creation of a multilateral forum will certainly increase transparency in the way they interact with the IASB. We consider that the Forum has the potential of becoming an important tool to contribute to global acceptance of the IFRS, which is an objective shared by the European Commission.

We understand that the purpose of the Forum is to discuss in-depth technical issues and contribute to the work of the IASB by providing advice on major technical issues.

Taking into account the necessity to strike the right balance between efficiency and representativeness, we understand the decision of the IASB to limit the size of the Forum to 12 members.

We have noted that the IASB proposes 3 seats for Europe. In that context, and given that the European Commission is, from a legal point of view, the official standard setter in the European Union (as per the IAS Regulation¹), the European Commission is best placed

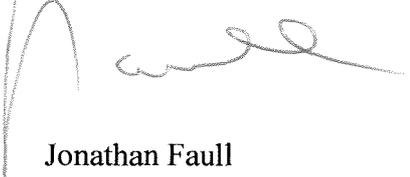
¹ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards

to determine itself the composition of the EU delegation in the Forum. The European Commission will reflect and propose to the IASB a delegation which allows a satisfactory participation of the Commission, EFRAG and all EU national standard setters and ensure a proper level of EU representativeness. While forming that delegation, the European Commission will keep in mind the necessity to preserve the independence of the advice provided by the Forum and the objective of maintaining continuity and good personal working relationships in the discussions in the Forum.

We understand the intention of the IASB to set up the Forum as soon as possible, as there are many crucial subjects, like the review of the Conceptual Framework, to be discussed. Therefore, it is important for us to fully participate in the Forum from the beginning of its activities.

My services remain at your disposal should you wish to discuss further our comments.

Yours sincerely,



Jonathan Faul

c.c.: Nadia Calviño, Ugo Bassi, Didier Millerot, MARKT/F3.