



31 July 2008

**To: Members of the Hong Kong Institute of CPAs
All other interested parties**

**INVITATION TO COMMENT ON IASC FOUNDATION DISCUSSION DOCUMENT
OF REVIEW OF THE CONSTITUTION: PUBLIC ACCOUNTABILITY AND THE
COMPOSITION OF THE IASB – PROPOSALS FOR CHANGE**

Comments to be received by 1 September 2008

The Hong Kong Institute of Certified Public Accountants' (Institute) Standard-setting Oversight Board (SSOB) and Financial Reporting Standards Committee (FRSC) are seeking comments on the International Accounting Standards Committee Foundation (IASCF) Discussion Document which has been posted on the Institute's website at www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php

The Discussion Document contains proposals that are dealt with in the first phase of the IASCF's five-yearly Constitution Review.

The IASCF Constitution would be amended to:

Monitoring Group

- establish a formal link between the IASCF and a new Monitoring Group comprising representatives of public authorities and international organisations that have requirements for accountability to public authorities. The establishment of the link to the Monitoring Group is aimed at enhancing the transparency and public accountability of the IASCF, while not impairing the independence of the standard-setting process. The Monitoring Group would have the responsibility of approving the selection of IASCF Trustees. The Trustees would also report to the Monitoring Group regularly to enable it to address whether and how the Trustees are fulfilling their role set out in the Constitution. A Memorandum of Understanding will be agreed between the Monitoring Group and the Trustees describing the interaction of the Monitoring Group with the Trustees. Under the proposal, the initial members of the Monitoring Group would be:
 - the responsible member of the European Commission,
 - the managing director of the International Monetary Fund,
 - the chair of the International Organisation of Securities Commissions (IOSCO) Emerging Markets Committee,
 - the chair of the IOSCO Technical Committee,
 - the commissioner of the Japan Financial Services Agency,
 - the chairman of the US Securities and Exchange Commission, and
 - the president of the World Bank.



IASB Size and Composition

- expand the membership of the International Accounting Standards Board (IASB) from 14 to 16 members by not later than 1 July 2012. Up to three members could be part-time. Approval of IFRSs and exposure drafts would require 10 affirmative votes (9 if there are fewer than 16 IASB members serving). The proposal would also adopt new guidelines regarding the geographical diversity of the members of the IASB. The normal required geographical split of the IASB would be:
 - four members from the Asia/Oceania region,
 - four members from Europe,
 - four members from North America,
 - one member from Africa,
 - one member from South America, and
 - two members appointed from any area, subject to maintaining overall geographical balance.

The SSOB and FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the IASC Foundation Discussion Document. Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IASC Foundation Discussion Document to be considered, they are requested to be received by the Institute on or before **1 September 2008**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.