



International Accounting Standards
Committee Foundation

Press Release

21 July 2008

Trustees publish proposals on enhancements to public accountability and to IASB composition

The Trustees of the International Accounting Standards Committee (IASC) Foundation today published a discussion document, *Review of the Constitution: Public Accountability and the Composition of the IASB—Proposals for Change*. The document contains proposals that are dealt with in the first phase of the organisation's five-yearly Constitution Review. The deadline for public comment on the document is 20 September 2008.

The proposals would:

- establish a formal link between the organisation and a Monitoring Group comprising representatives of public authorities and international organisations that have requirements for accountability to public authorities
- expand the membership of the International Accounting Standards Board (IASB) to 16 members and add new guidelines regarding the geographical diversity of the members of the IASB

The establishment of the link to a Monitoring Group, a group established by public authorities outside the IASC Foundation's organisational framework, is aimed at enhancing the transparency and public accountability of the IASC Foundation, while not impairing the independence of the standard-setting process. As contemplated by the proposal, the initial membership of the Monitoring Group would comprise the responsible member of the European Commission, the managing director of the International Monetary Fund, the chair of the 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.

The Monitoring Group would have the responsibility of approving the selection of 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.

Regarding the IASB's composition, the Trustees reiterate in their proposals that the Constitution's emphasis on 'professional competence and practical experience' should remain paramount. At the same time, the expansion of the IASB would enable it to engage more efficiently and effectively with interested parties throughout the world and bring new perspectives to its deliberations. Furthermore, the addition of a geographical component would strengthen the legitimacy of the IASB in the view of the countries choosing to adopt IFRSs.

The Trustees' proposals reflect consultations that they have had with many parties with an interest in the development of accounting standards. The Trustees have discussed their proposals with members of the proposed Monitoring Group, the Standards Advisory Council (the organisation's primary advisory group) on two occasions, and stakeholders in their respective countries.

Most recently, and in advance of the formal consultation period, the Trustees held a series of round-table meetings in London on 19 June with thirty participating organisations. As a result of those discussions the Trustees revised and clarified their proposals. (For more information on the round tables and the Constitution Review, see the IASC Foundation's Website at www.iasb.org.)

The Trustees expect to complete the first part of the Constitution Review at their meeting in Beijing in October, with the changes taking effect from 1 January 2009.

A review of other elements of the IASC Foundation's Constitution will begin after the meeting in Beijing. The Trustees will publish a further discussion document inviting respondents to suggest topics for consideration by the Trustees. It is expected that consultations will be held during the course of 2009, with changes taking effect from 1 January 2010.

The discussion document *Review of the Constitution: Public Accountability and the Composition of the IASB—Proposals for Change* can be viewed on the IASC Foundation Website (www.iasb.org). Printed copies (ISBN 978-1-905590-72-8) will be available shortly upon application to:

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NOTE TO EDITORS

About the IASC Foundation

1. The International Accounting Standards Committee (IASC) Foundation, based in London, is the oversight body of the International Accounting Standards Board (IASB). The governance of the organisation rests with 22 Trustees. Six of the Trustees must be selected from the Asia/Oceania region, six from Europe, six from North America, and four from any region.
2. The IASC Foundation, through the IASB, is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. The IASC Foundation is funded by contributions from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations.