



12 January 2009

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

**INVITATION TO COMMENT ON IASCF DISCUSSION DOCUMENT OF
REVIEW OF THE CONSTITUTION: IDENTIFYING ISSUES FOR PART 2 OF
THE REVIEW**

Comments to be received by 13 March 2009

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is 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 purpose of the Discussion Document is to seek comment on the full range of constitutional issues that were not addressed in the first part of the review (published in July 2008), such as the possible need for emergency due process procedures, funding arrangements and agenda-setting procedures of the International Accounting Standards Board (IASB). The Trustees of the IASCF (Trustees) plan to conclude the second part of the review in October 2009, with any amendments to the constitution taking effect on or after 1 January 2010.

In the Discussion Document, the Trustees have invited comments on specific items relating to the:

- objectives and governance of the IASCF
- Trustees of the IASCF
- IASB
- Standards Advisory Council (SAC).

--- A summary of items that the IASCF would like to invite comments is set out in the Appendix.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party. The FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the IASCF Discussion Document.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IASCF Discussion Document to be considered, they are requested to be received by the Institute on or before **13 March 2009**.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

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.

Appendix

Summary of items that the IASCF would like to invite comments

(1) Objectives and Governance of the IASCF

Specific issues on which the Trustees have invited comments include whether:

- financial reporting for the world's capital markets remains the right focus for the IASB. The Constitution was amended in 2005 to add as a secondary objective a commitment to consider the "special needs of small and medium-sized entities and emerging economies". The Trustees ask whether the current constitutional focus remains appropriate and whether objectives should be added for reporting by public sector and not-for-profit entities;
- the Constitution should emphasise the IASB's intention of developing principles-based standards;
- the Board should seek to modify its relationship with national or regional standard setting bodies; and
- the language of Section 3 contained in the first part of the review (regarding the proposed creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions) should be modified to reflect more accurately the creation of the Monitoring Group and its proposed role.

(2) Trustees of the IASCF

Comments are invited on the Trustees' structure, including comments:

- as to whether the current fixed geographical distribution of the Trustees is appropriate;
- about the responsibilities of the Trustees and the effectiveness of their oversight activities; and
- about the Trustees' progress with modifying the funding structure of the IASCF.

(3) IASB

The Trustees have invited comments on the following specific items relating to the IASB:

- the IASB's agenda-setting process, including the impact of any suggested changes on the IASB's independence;
- due process procedures of the IASB, including their sufficiency, suggested amendments and recent enhancements; and
- whether the IASB should have available a "fast track" procedure for changes in International Financial Reporting Standards in cases of great urgency.



(4) SAC

The Trustees have invited comments on the following specific items relating to the SAC:

- the terms of reference of the SAC;
- the procedures and composition of the SAC; and
- whether the SAC is able to achieve its objectives.