

Monitoring Board Meeting Minutes

Date: 25 May 2016

Venue: London

Note: Minutes of the meeting, summarizing the discussion held.

Minutes of the Meeting of the IFRS Foundation Monitoring Board London, 25 May 2016

On 25 May 2016, the International Financial Reporting Standards (IFRS) Foundation Monitoring Board (MB) met in London.

Principals in the meeting were (in alphabetical order): Bert Chanetsa (Financial Services Board, Republic of South Africa, as Representative of the IOSCO¹ Growth and Emerging Markets Committee), Eduardo Manhães Ribeiro Gomes (Comissão de Valores Mobiliários of Brazil), Masamichi Kono (MB Chair, Financial Services Agency, Japan), Hyun Cheol Lee (Financial Services Commission, Republic of Korea), Erik Nooteboom (European Commission), Jean-Paul Servais (Financial Services and Markets Authority, Belgium, as Representative of the IOSCO Board), Yu Weiping (Ministry of Finance, People's Republic of China), Mary Jo White (U.S. Securities and Exchange Commission), Xavier-Yves Zanota (Representative of the Basel Committee on Banking Supervision).

Michel Prada, the Chair of the IFRS Foundation Trustees, and Sheila Fraser, the Chair of the Nominating Committee of the IFRS Foundation Trustees, participated as guests in the third part of the discussion under agenda item 3.

Masamichi Kono chaired the meeting.

1. Welcoming new participants

The MB Chair welcomed the new participants, Erik Nooteboom, Jean-Paul Servais and Yu Weiping. Yu Weiping expressed his appreciation for the MB's extension of membership to the Ministry of Finance, People's Republic of China, and that he is looking forward to contributing to the MB's activities related to oversight of the IFRS Foundation.²

2. Monitoring Board 2016 work plan

Monitoring Board Deputies Working Group (DWG), chaired by Eduardo Manhães Ribeiro Gomes, discussed the MB 2016 work plan. Based on the considerations in the DWG, the DWG Chair proposed its draft work plan to Principals.

¹ International Organization of Securities Commissions (IOSCO)

² The appointment will become effective once the Ministry of Finance of the People's Republic of China signs the Charter of the MB.

Principals discussed the MB's continued focus on matters of broad public interest, such as the oversight of due process, effects analysis in setting and revising accounting standards as well as consistent implementation of new accounting standards related to IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments).

Principals discussed the timeframe of the Review of the IFRS Foundation's Governance which the MB previously concluded in February 2012. The MB has previously exchanged its views with the Trustees related to the IFRS Foundation's governance in the context of the "Trustees' Review of Structure and Effectiveness"³ (hereinafter referred to as the "Trustees' Review"), and the MB will continue monitoring the work performed by the Trustees as part of the Trustees' Review.

3. Trustees' Review of Structure and Effectiveness and appointment process for Trustees and IASB (the Chair of the Trustees and the Chair of the Nominating Committee of the Trustees)

To facilitate the MB's monitoring of the work of the Trustees, Michel Prada, the Chair of the IFRS Foundation Trustees, reported on recent progress in taking forward the Trustees' Review, and Sheila Fraser, the Chair of the Nominating Committee of the IFRS Foundation Trustees, reported proposed appointment process timing for the 2016 appointments of the Trustees and the IASB.

Michel Prada reported that the Trustees decided that meetings of the Due Process Oversight Committee would be largely made public in order to enhance transparency. He also explained the revised proposal about geographical distribution of the Trustees and the IASB. These revisions were made after the Trustees' discussion in Jakarta based on the comments from the stakeholders. Michel Prada noted that the Trustees would need to modify the Constitution of the IFRS Foundation⁴ to reflect these proposals and an exposure draft will be

³ The "Trustees' Review of Structure and Effectiveness" was published on 7 July, 2015 and is available on the IFRS Foundation website. (See http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Trustees/Documents/WEBSITE_IFRS-Foundation-Trustees-Review%20of-Structure-and-Effectiveness_JULY-2015.pdf)

⁴ The "Constitution of the IFRS Foundation" is available on the IFRS Foundation website. (See <http://www.ifrs.org/The-organisation/Governance-and-accountability/Constitution/Docu>

published in order to call for comments from stakeholders.

The MB discussed the geographical distribution of the Trustees and the IASB and questioned how the Trustees should take into account potential growth in developing markets. Michel Prada responded that “at large” appointments can be used for such potential markets, if necessary.

Sheila Fraser reported that the Trustees had the intention to make minor changes in the appointment process timing for the Trustees and the IASB, to ensure it is compatible with the possible change in the geographical distributions as agreed by the Trustees following the Trustees’ review.

The MB Chair understood the need of the MB’s approval for its process as soon as possible.

4. Trustees’ Review of Structure and Effectiveness (Monitoring Board only)

Subsequent to the report from Michel Prada, the MB principals discussed how the MB should respond to the Trustees’ Review.

Principals discussed various matters arising from the Trustees’ Review and concluded that as a next step the MB will consult with Michel Prada on these issues.

5. Effects analysis of new IFRS

The European Commission initiated a discussion about effects analysis of new IFRS using IFRS 16 (Leases) as an example. In particular, the European Commission asked whether the MB should acknowledge the work done by the IASB in assessing effects of their standard as an enhancement to the IASB’s accountability and transparency. It also asked whether the MB or the IFRS Foundation should acknowledge a link between producing standards that serve the public interest and understanding the effects of the standards.

Principals welcomed the discussion and expressed a wish to pursue it in further meetings. However, the MB did not reach any conclusions yet and the MB Chair asked the DWG Chair to develop the MB’s view in DWG meetings, and report back to the MB.

6. Monitoring Board membership

The MB Chair explained that two authorities applied to the IOSCO rotating member seats, but they did not meet the criteria for the appointment of rotating members of the MB. The second call for nomination was circulated to all IOSCO ordinary members, and there was no application. Therefore, MB principals agreed to continue to consult with IOSCO to address the matter of rotating member seats.

7. Other organizational matters

Bert Chanetsa, as Representative of the IOSCO Growth and Emerging Markets (GEM) Committee, stated that Comisión Nacional de Valores of Argentina will participate as Representative of the IOSCO GEM Committee commencing at the next meeting.

The MB Chair expressed appreciation for the FSB South Africa's contributions to the MB's work on behalf of all MB principals.

END