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Individual Commentary
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Sir Members of Monitoring Board

Dear Working Group Members

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Subject: IFRS Foundation Monitoring Board Consultative Report on the Review of the IFRS Foundation's Governance

05 March 2011

Dear Monitoring Board Group,

I'm Denise Juvenal this is my individual commentary and is pleased to have the opportunity to comment this proposal of Draft IFRS Foundation Monitoring Board Consultative Report on the Review of the IFRS Foundation's Governance.

The following are the specific preliminary proposals and possible options discussed in the report, and associated questions.

Summary of proposals and options, and associated questions:

IASB:

I observe that IASB have a fundamental importance in the relationship of the aspects of accountability and finances in this moment, your Discussion-Paper about Strategy Review have a direction a four characteristics in relation a mission, governance, process and financing.

The strategy of the governance is very important for clearly, highly quality of the standard-setters and what are your stakeholders for don't have problems with independence and financing.

"I think that IASB need to delimited your function, The IASB don't be particular private consulting of the companies and countries, is necessary to make emphasize the political of the Monitoring Board and your independence, for example the members need to have culture in your region, if not can be problems in relation the integration of the countries and your consolidation of the ideas"¹.

The IASB have make consideration for specific what are your stakeholders and when the IASB have to know opinion of the academics, organizations and individuals persons for specific discussion paper. I recommend that IASB consulting others regulators for choose what's the best for the IASB, where the best proposals.

In this moment is very important to observed the impact and to know how will be apply, what are problems and difficulties of the applies of the standards-setting in the countries.

The IASB, Monitoring Board and IFRS Foundation don't have time for to know each discussion of the principals discussions in some institutes, committees and organizations relation about proposals, the results of the discussion can be apply in the standards-setters, if not, The IASB could have the summary of the meeting for example, as follow:

- Proposals of Audit in the International Federation on Accountants – IFAC;
- The Future of UK Financial Reporting Standards of the UK Accounting Standards Board;
- Studies of the fraud in the The Center for Audit Quality (CAQ);
- Discussion paper of the Cash Flow - The Discounted Cash Flow (DCF) Method – Real Property and Business Valuations in the International Valuation Standards Council;
- Reflections of the Integrated Reporting - The Landscape of Integrated Reporting Reflections and Next Steps of the The President and Fellows of Harvard College Cambridge;

¹Comment letter discussion paper about Strategy Review – www.ifrs.org CL 13 and 37

- Transparency of Audit Firms auditing public interest entities in the International Organization of Securities Commissions (IOSCO)²
- Valuation in the Monitoring Group International Organization of Securities Commissions (IOSCO);
- Climate Change the World Economic Forum;
- Green Paper on Auditing in the European Commission;
- Financial Crisis in the World Bank;
- Aspects related for small entities and public sector what will be direction and
- Quality of understanding in the universities in relation of the education in your regions”³.

So, The IASB is not responsible for make correcting and resolving conflicts is very important that is clearly and specify in the annual improvements process and interested parties when the develop comments on clarification and corrections proposed using that process.

(1) Undertake concrete efforts to improve identification of candidates to ensure IASB membership from diverse geographical and professional backgrounds in order to provide for further objectivity and impartiality of the decision-making process, while maintaining professional competence and practical experience as the primary qualifications.

I think that in this moment is very important the IASB have knowledge if the candidates that have culture of the region of the responsibility. The implementation of the standards and your difficulties can occurred problems that don't specify and that IASB don't have knowledgement, is need to make reduction of the probability, if occurred.

The culture can be impact direct or indirect in the professional competence and practical experience depending for example a academic can be culture of the experience in the conference, the minister can be have culture in relation of the representing your contry, as a director of the company, but what is more important, today, I don't know.

²<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD339.pdf>

³Comment letter discussion paper about Strategy Review – www.ifrs.org CL 13 with news observations.

So, I observed that the professional have much experience but don't have knowledge, or culture, or political, that can be impact direct in your profession, integrated these positions is very difficult, but is very important each regulator have for one person for this position, independence of capability of each one.

Question 1:

- **Do you agree with the proposal to urge concrete efforts to deepen the pool of candidates for IASB membership from diverse geographical and professional backgrounds? Please provide reasons for your agreement/disagreement.**

I think that the membership of the IASB have to observed of the rules of the Institutes of the same manner of the membership of the others regulators, I agree with the proposal for concrete efforts to deepen the pool of candidates for IASB membership from diverse geographical and professional background.

In this proposal, page 9, "*... the composition of the Trustees is intended to reflect both the diversity of the world's capital markets and the diversity of those who use IFRSs, with the Trustees themselves drawn from a variety of different geographical and professional backgrounds*" I observed that isn't necessary to changed this aspect, but is very important to considering that the trustees don't need representing all of the diversity of the world capital.

- (2) Separate the roles of the IASB Chair and the CEO of the Foundation to safeguard the independence of the standard-setting process led by the IASB Chair and to avoid undue conflicts of interest as the CEO of the Foundation manages all the other aspects of the Foundation's functions, including IASB oversight.**

I think that of the IASB Chair and the CEO of the Foundation are similar, in this case cannot occurred problems, because the interest is the same, but the representation is different, don't be have to modification in this case, is need to observed number 1.

Question 2:

- **Do you agree with the proposal to separate the roles of the IASB Chair and the CEO of the IFRS Foundation, and if so would you have suggestions on how to formalize this? Please provide reasons for your agreement/ disagreement.**

I disagree of The proposal to separate the roles of the IASB Chair and the CEO of the IFRS Foundation, because is need to make relation first of the question 1, numbers 1 and 2. I think, this position have to be integrated for the function of the Institute, principally because some membership don't have culture of the other countries.

(3) Consider clearer division of responsibility between staff dedicated to the IASB's operations and staff dedicated to the Foundation's administrative and oversight functions.

In relation of the administrative and oversight function are different because the responsibility between staff are different, this question in relationship of the question 1 and 2, numbers 1 and 2, I disagree for changed.

I comment in the Strategy Review of the IASB as follow: "The IASB to have high-quality globally accepted, this is your mark and your difference in relation others organisations. The IASB and IFRS Foundation participated for the principal change for history of account and finance (economy). The results of integration and application of these areas will be a better relationship in the organization private-sector of finances and accountability. In this moment the IASB need narrow Partnerships as some importants regulators of the world capital markets, accountability, finances and principally auditing, in this case they are principal stakeholders, not only entities, individuals persons and organizations"⁴.

"The three-tier structure remain appropriate because each one have a specific function, and the objective fundamental is to assist for the Chair, because IASB have activities that is need to have members trained, knowledge, and principally culture, if some member don't have culture in the region of

⁴Comment letter discussion paper about Strategy Review – www.ifrs.org CL 13

responsibility is necessary to go a specific country for to have knowledge, I think this”⁵.

The definition of the Monitoring Board is “will provide a formal link between the Trustees and public authorities. This relationship seeks to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters. A Memorandum of Understanding will be agreed between the Monitoring Board and the Trustees describing the interaction of the Monitoring Board with the Trustees”.⁶

The political of the Monitoring Board is different of responsibility of administrative staff and cannot apply of the operations administrative for functioning of the Committees, for this the clearly in the Constitution of the IASB.

Question 3:

- **Do you agree that clearer division of responsibility between staff dedicated to the IASB operations and staff dedicated to the Foundation’s administrative and oversight functions should be considered, and if so would you have suggestions on how to formalize this? Please provide reasons for your agreement/disagreement.**

I agree with the Constitution Review. I think that the Constitution Review is clearly of the responsibility between staff dedicated to the IASB operations and staff dedicated to the Foundation’s administrative and oversight functions, isn’t necessity for change.

Trustees:

- (1) Continue to review the diversity of geographical and professional background of the Trustees so as to provide for objectivity and impartiality of the decision-making process.**

The diversity of geographical and professional background of the Trustees as the objectivity and impartially of the decision-making process is

⁵Comment letter discussion paper about Strategy Review – www.ifrs.org CL 13

⁶Constitution Review April 2010

similar question 1 and 2, numbers 1 and 2 of the IASB, the problem don't be the quantity of the membership is in this moment the qualify of the candidates.

I think that the Constitution Review is clearly about quantity, but is need to observed of the high knowledge of the candidates in relation the application of standard-setters in your regions.

The trustees need to know what the problems that your regions in relation of the implementation of the standard-setters, the responsibility in your region is different of the apply and participation of trustee in the IASB, are different.

Question 4:

- **Please provide comments on any aspects of Trustee composition or appointments that you believe the Monitoring Board should consider.**

I think the Monitoring Board should consider for trustee composition or appointments for one aspect the culture for example, knowledge of the region, this is very important in this moment for IASB and every regulators that participated of the implementation of the standards-stters, each one in your responsibility.

(2) Devise formal procedures and clearer criteria for the nomination of candidates and appointment of Trustees accountable to the stated objectives for the IFRS Foundation.

The formal procedures and clearer criteria for the nomination of candidates and appointment of trustees accountability to the stated objectives for the IFRS Foundation is clearly in the Constitution Review, isn't necessary change in this moment.

Question 5:

- **Do you agree with the proposal to provide increased transparency into the process for Trustee nominations? Please provide reasons for your agreement/ disagreement. To what extent should the Monitoring Board be involved in the nomination process?**

I disagree, because if the Monitoring Board be involved in the nomination process to provide increased transparency can be to have problems for choose trustees, after conclusion in relation of the process of financing analysis, for example if country make question about this. The financing have to take separate of the selection of the trustees.

- **Do you agree that further clarification of criteria for the Trustees' candidacy would help support confidence of the stakeholders? Please provide reasons for your agreement/disagreement.**

I agree of the process isn't modify are experts, I didn't recommend to change or make clarification for this, because many companies and organization candidacy help support confidence, if don't be objective of the IASB, IFRS Foundation and Monitoring Board.

Monitoring Board:

(1) Expand the membership to [eleven] members to include more capital markets authorities responsible for setting the form and content of financial reporting in respective jurisdictions, focusing on increased representation from major emerging markets. [Four] new members primarily from major emerging markets would be added on a permanent basis and [two] additional seats would rotate amongst authorities not permanently represented. The use of IFRSs in a jurisdiction and the contribution of the jurisdiction to the funding of the IFRS Foundation should be considered in selecting members.

(Note: Figures in square brackets are indicative.)

The Monitoring Board don't have problem in relation the quantity, but the quality and culture is very important for the selection of the candidates, if each country necessity would have a candidate of high quality, experience and know of the concepts and characteristics of the application standards-setters and finances around the world.

Question 6:

- **Should the membership of the Monitoring Board continue to be confined to capital markets authorities responsible for setting the form and content of financial reporting in respective jurisdictions?**

The membership of the Monitoring Board continue to be confined to capital markets authorities responsible for setting isn't changed, the board have to make the responsibility of the regulators of the each countries for the implementation, the Mou can be a aspect, but is need have some a "behavioral assessment for the every country have responsibility with used information, similar Code of honor, that moral commitment of the authorities members in relation IASB and IFRS Foundation for provide high-quality of ethical behavior, for transparency with used standard-setters for this is necessary to have who are the regulator responsible for area"⁷.

- **Do you agree with the proposal to expand the Monitoring Board's membership by adding a mix of permanent members ([four]) representing primarily major emerging markets and rotating members ([two]) from all other markets? Please provide reasons for your agreement/disagreement. How should the major markets be selected? Should a jurisdiction's application of IFRSs and financial contribution to standard-setting play a role?**

No, I think that in this moment if the Monitoring Board didn't need to increase of the quantity, but if isn't possible, I suggest that the Monitoring Board choose the candidates as culture, knowledge and professional experience for don't have problems, because the quantity don't have the problem for yours.

- **Do you agree that rotating members should be selected through IOSCO? Please provide reasons for your agreement/disagreement.**

⁷Comment letter discussion paper about Strategy Review – www.ifrs.org CL 13

Yes, I agree that rotating members selected through IOSCO, for region, if approved of the increase of the quantity members.

(2) Consider whether any types of decisions taken by the Monitoring Board would justify deviation from the current consensus-based decision-making system.

If the Monitoring Board justify every types decision for deviation from the current consensus-based, considering the new structured if approved, can be have political problems and can be impact in the Constitution of the IASB. I didn't recommend that Monitoring Board make your Constitution, because of the objective is very specific as your responsibility, as follow:

The Constitution Review said "will provide a formal link between the Trustees and public authorities. This relationship seeks to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters. A Memorandum of Understanding will be agreed between the Monitoring Board and the Trustees describing the interaction of the Monitoring Board with the Trustees. This Memorandum of Understanding will be made available to the public."

So, *"The responsibilities of the Monitoring Board shall be:*⁸

(a) to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in sections 5–8.

(b) to review and provide advice to the Trustees on their fulfilment of the responsibilities set out in sections 13 and 15. The Trustees shall make an annual written report to the Monitoring Board.

(c) to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Board shall have the authority to request meetings with the Trustees or separately with the Chair of the Trustees (with the Chair of the IASB as appropriate) about any area of work of either the Trustees or the IASB. These meetings may include discussion

⁸Constitution Review April 2010

of issues that the Monitoring Board has referred for timely consideration by the IFRS Foundation or the IASB, and of any proposed resolution of those issues by the IFRS Foundation or IASB.

Question 7:

- **Do you agree that the Monitoring Board should continue to make its decisions by consensus? Please provide reasons for your agreement/disagreement. Are there any types of decisions taken by the Monitoring Board for which voting other than by consensus (for example, by qualified majority) may be appropriate? If so please describe why and suggest an appropriate voting mechanism.**

I agree that the Monitoring Board should continue to make decisions by consensus, considering as specify in the Constitution Review, is appropriate, because if change this mechanism, will be need to change the points 22 and 23 of the Constitution, I didn't recommend in this moment, as follow: "*The Monitoring Board shall develop a charter that sets out its organisational, operating and decision-making procedures. The charter shall be made public. The Monitoring Board shall reconsider its composition from time to time relative to its objectives. The Monitoring Board shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.*"⁹

(3) With a view to increasing the involvement of other public authorities and international organizations, consider either:

The increasing the involvement of other public authorities and international organizations, is need to take some considerations, discussion public paper can be a example, but the organization accepted this consideration is need to observed who is your stakeholders or partnerships, if not this make consideration this committee will be received many comment letters that can be not justify your time and dedication for project this study, I think that this is clearly for the Monitoring Board, increase the involvement can be have political problems, is different of increase of opinions for discussion paper.

⁹Constitution Review points 22 and 23.

In relation of the letter a, b or c, I recommend that the Monitoring Board observed what is better and what do you want, the results can be impact of the principal objective, the letter a is better than c and b, independence for this modifications is better observer status.

a) extending the observer status to groups of prudential authorities and international organizations;

b) holding more formalized dialogue with public authorities and international organizations; or

c) establishing an advisory body composed of prudential authorities and international organizations.

Question 8:

- To ensure increased involvement of public authorities and other international organizations in Monitoring Board activities, do you support the Monitoring Board (a) expanding the number of Monitoring Board observers, (b) holding more formalized dialogue, or (c) establishing an advisory body, and on what basis? What should be the criteria for selecting participants?**

I recommend in this moment letter a, expanding the number of Monitoring Board observers. In relation of the letter a, b or c, I recommend that the Monitoring Board observed what is better and what do you want, the results can be impact of the principal objective, the letter a is better than c and b, independence for this modifications is better observer status in this moment.

4) Enhance publication of written records of Monitoring the use of press releases, and strengthen the exposure of Monitoring Board members' views to the media and wider audiences.

The use of press releases, and strengthen the exposure of Monitoring Board can be similar the process agenda IASB.

Question 10:

- **What are the appropriate means and venues for the Monitoring Board to enhance the visibility and public understanding of its activities?**

Considering that the meeting of IFRS Foundation and the IASB are the work program agenda, I suggest that Monitoring Board participated of the agenda meeting IASB, in some case the Monitoring Board can be make similar process IASB and IFRS Foundation.

- (5) Consider if the Monitoring Board’s current ability to refer matters to the IASB for consideration, requiring feedback, is sufficient, or whether an explicit role should enable the Monitoring Board to place an item on the IASB agenda.**

I observed that feedback or whether an explicit role should enable the Monitoring Board to place an item on the IASB agenda, is very hard because the IASB is very busy with finished important projects of the agenda, don’t have time for attend feedback for other considerations can be occurred.

Question 11:

- **Do you believe that the current arrangements for Monitoring Board involvement in the IASB’s agenda-setting are appropriate, or should the Monitoring Board have an explicit ability to place an item on the agenda, or would you consider other alternatives that would enhance the Monitoring Board involvement in the IASB agenda setting? Please provide reasons.**

I believe that the current arrangements for Monitoring Board involvement in the IASB’s agenda-setting are appropriate, I recommend continued of the IASB agenda setting.

- (6) Explore possible options to establish a non-voluntary, transparent and stable public funding platform for the Foundation.**

The options to establish a non-voluntary, transparent and stable public funding platform for the Foundation, I recommend that consulting others regulators, the discussion paper of the strategy review of the IASB have many

regulators that attend, I suggest finished this discussion and the recommendation is for the IASB, IFRS Foundation and Monitoring Board.

Question 12:

- **Do you have concrete suggestions on how the Monitoring Board or the Trustees could encourage a move towards a more stable and independent funding model?**

I recommend to finished the comments of the Discussion-Paper of the Strategy-Review and consulting others regulators that have experience in foundation.

(7) Enhance the Monitoring Board’s involvement in the nomination of the IASB Chair by enabling the Monitoring Board to provide a set of criteria for selecting potential candidates and evaluate certain candidates on the short list against the criteria during the selection process. Additionally, consider whether the Monitoring Board’s role should also involve consultation on the Trustees’ final decision and/or playing any further roles.

In relation of the consultation on the Trustees final decision and/or playing any further roles, I think that is very important, but I don’t recommend to modify in this moment, is need to observed some considerations about the impacts of the application of the standard-setters in the countries.

Question 13:

- **Do you believe that the Monitoring Board should have a more prominent role in the selection of the IASB Chair?**

I believe that the Monitoring Board cannot modify rules in this moment.

- **Do you agree with the proposal that the role include involvement in establishing a set of publicly disclosed criteria for the Chair, and assessment of a short list of candidates against those criteria? Please provide reasons.**

I think that include involvement in establishing a set of publicly and assessment of a short list of candidates against those criteria are different specific characteristics. The short list can be make some political problems for the IASB or IFRS Foundation. I didn't recommend this, have list don't signify that the Monitoring Board have the best person. If the Monitoring Board make observations for examples questions 1 and 2, items 1 and 2, can be reduced the political problems can be occurred, Chair have to be culture and knowledge, and didn't most people have this.

– **Do you believe that the Monitoring Board should be given any further, specific role in the selection of the IASB Chair? In particular, should the Monitoring Board approve the Trustees' final selection? Please provide reasons.**

I think the process for the selection of the IASB Chair isn't modify in this moment.

(8) As regards other IASB members, explicitly include in the Monitoring Board's responsibilities consultation with the Trustees as they further develop the framework to ensure proper balance in the composition of the IASB.

I think that the responsibilities consultation with the Trustees for develop the framework to ensure proper balance in the composition of the IASB, depends of the what's the proposal and idea of the Monitoring Board, this can be influenced of the strategy of the organization.

Question 14:

– **Do you agree that the Monitoring Board's responsibilities should explicitly include consultation with the Trustees as they further develop the framework to ensure proper balance in the composition of the IASB? Please provide reasons for your agreement/disagreement.**

I think that before agree or not Monitoring Board responsibilities should explicitly include consultation with the Trustees depends of the what's the

proposal and idea of the Monitoring Board, this can be influenced of the strategy of the organization.

(9) Explore the possibility of establishing a permanent secretariat for the Monitoring Board.

I think that the aspect of the possibility of establishing a permanent secretariat for Monitoring Board, I agree the Monitoring Board helps to Chair in every aspects for the Committee, for this is need to take some specific points, principally change to Constitution Review, in this moment.

Question 15:

- **Do you agree with the proposal to consider establishing a permanent secretariat for the Monitoring Board to support its increasing roles in overseeing the governance of the standard-setter? Would you support this proposal even if it would require additional financial contributions from-stakeholders? Please provide reasons.**

I agree with the proposal to consider establishing a permanent secretariat for the Monitoring Board to support its increasing roles in overseeing the governance of the standard-setters. I think that is very important the Monitoring Board require additional contributions from-stakeholders, for financing projects of the IASB.

Other questions:

Question 9:

- **Do you believe that the current arrangements for the standard-setting process adequately ensure the appropriate involvement of all relevant stakeholders and that all relevant public policy objectives are taken into account? Please provide reasons for your agreement/disagreement.**

Yes, I believe that the current arrangements for the standard-setting process adequately ensure the appropriate involvement of all relevant stakeholders and that all relevant public policy objectives.

Question 16:

- **Do you agree with the need for regular reviews, and the interval of five years as a benchmark? Should the reviews be aligned with the timing of the Foundation’s mandated Constitution reviews? Please provide reasons for your agreement/disagreement.**

Yes, I agree with the need the interval of five years as a benchmark, this time is necessarily for verify some aspects of implementation of standard-setters in others countries, know of the difficulties, experience and every things that can be occurred for the application.

Question 17:

- **Do you have any other comments?**

I suggest the same recommendation that for Strategy Review, I recommend that Monitoring Board consulting others regulators about political procedures around the world, the experience can be very important for transparency, high-quality and new suggestions of change for international standard-setters in this second decade.

Thank you for opportunity for comments this proposals, if you have questions don’t hesitate contact to me, rio1042370@terra.com.br.

Yours Sincerily,

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