

Monitoring Board Meeting

(Minutes of Private Meeting)

Date: 6 February, 2013

Venue: Brussels

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

Monitoring Board Meeting on 6 February 2013

On 6 February 2013, the International Financial Reporting Standards (IFRS) Foundation Monitoring Board had a private meeting in Brussels and also a session with the IFRS Foundation Trustees.

Preliminary remarks

Members agreed that Mr. Kono (Japan Financial Services Agency) should chair the meeting. Mr. Kono welcomed Mr. Greg Medcraft, Chairman of the Australian Securities and Investments Commission (ASIC) and Chairman-elect of the International Organization of Securities Commissions (IOSCO) Board, who became the IOSCO Board representative to the Monitoring Board in November 2012. Mr. Kono also welcomed Ms. Elisse Walter, Chairman of the U.S. Securities and Exchange Commission (U.S. SEC), as the new SEC representative following the stepping down of Ms. Mary Schapiro, the past-Chairman.

1. Meeting with the IFRS Foundation

Mr. Michel Prada, Chairman of the IFRS Foundation Trustees, and Ms. Yael Almog, Executive Director of the IFRS Foundation, were invited as guests for the session.

Mr. Prada made a presentation on the IFRS Foundation financials and its decision to create the Accounting Standards Advisory Forum (ASAF).

(1) IFRS Foundation financials

Mr. Prada stressed the following points.

- The IFRS Foundation has been trying to find a new way forward with US stakeholders, and plans to have a meeting with the Financial Accounting Foundation (FAF) on 18 February.
- IFRS has been broadening over the world, especially in Asia. China, Japan and India made some progress towards IFRS.
- Financial contributions from the US to the IFRS Foundation have been progressively decreasing every year. Since this could be a critical problem for the Foundation's financials, the IFRS Foundation needs to discuss with US stakeholders to find a solution.
- It is necessary for the IFRS Foundation to diversify its funding resources and make best efforts to raise money.

Mr. Kono proposed to hold the next Monitoring Board meeting jointly with the Trustees in order to discuss the IFRS Foundation funding issue.

Mr. Medcraft inquired about the US funding situation and the possibility of drawing from existing US funds for accounting standard setting for contributions to the IFRS Foundation. Mr.

Tafara (U.S. SEC) stressed that the SEC has been working hard with the IFRS Foundation to find a solution. Ms. Walter mentioned that under the current US legal framework it might be difficult for the US government to contribute to the IFRS Foundation.

Mr. Barnier (European Commission) stated that the IFRS Foundation funding problem is a serious issue for the Monitoring Board and the Monitoring Board should endeavor to find a solution. Mr. Barnier also called to establish a stable, non-voluntary and independent funding system. He said that the EU is currently working to renew its financing contribution to the IFRS Foundation for the period 2014-2020.

Mr. Kono wrapped up that “financial contribution to the IFRS Foundation” is stated as one of the Monitoring Board member criteria and the Monitoring Board should continue to move forward to have a solution.

(2) ASAF

Mr. Prada explained that the IFRS Foundation has decided to establish the ASAF, consisting of national/regional accounting standard-setters, in order to bring important regional perspectives to the International Accounting Standards Board (IASB)’s technical work. Mr. Prada stated that member selection of ASAF is complicated but expressed his expectation that the ASAF would be formed and operational quickly.

Mr. Tafara, Mr. Barnier and Mr. Kono expressed their support for establishment of the ASAF. Mr. Kono also mentioned that revisiting the draft MoU between the IFRS Foundation and ASAF members could be a help for smoother participation of potential stakeholders.

2. Monitoring Board members only meeting

The main agenda item for the members’ meeting was to discuss the Monitoring Board membership, especially approach to assess current and prospective members against the membership criteria. The Monitoring Board approved related recommendations presented by staff level and instructed staff to prepare a press release and any required amendments to the Monitoring Board’s governing documents to give effect to the decisions reached. The Monitoring Board also elected as its Chair Mr. Kono. The outcomes of the Monitoring Board’s private session are summarized in a 1 March 2013 press release.¹

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¹ See http://www.iosco.org/about/monitoring_board/pdf/Press20130301-1.pdf.