

# **Monitoring Board Meeting Minutes**

Date: 2 February 2017

Venue: Paris

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

## **Minutes of the Meeting of the IFRS Foundation Monitoring Board Paris, 2 February 2017**

On 2 February 2017, the meeting was held in Paris among principal members of the International Financial Reporting Standards (IFRS) Foundation Monitoring Board (MB). The meeting included a joint session with the IFRS Foundation Trustees.

The participants from members consisted of (in alphabetical order):

- Marcos Ayerra (Comisión Nacional de Valores, Argentina, as Representative of the IOSCO<sup>1</sup> Growth and Emerging Markets Committee),
- Nathalie de Basaldúa (European Commission),
- Wesley R. Bricker (U.S. Securities and Exchange Commission),
- Ryozo Himino (MB Chair, Financial Services Agency, Japan),
- Leonardo Porciúncula Gomes Pereira (Comissão de Valores Mobiliários of Brazil),
- Jean-Paul Servais (Financial Services and Markets Authority, Belgium, as Representative of the IOSCO Board),
- ByungDoo Sohn (Financial Services Commission, Republic of Korea), and
- Chen Yu (Ministry of Finance, People's Republic of China)<sup>2</sup>.

Xavier-Yves Zanota (Representative of the Basel Committee on Banking Supervision) participated in the meeting as an observer.

Ryozo Himino chaired the meeting.

### **1. MB Chair Selection**

The MB agreed to appoint Jean-Paul Servais, Vice Chairman of the IOSCO Board and Chairman of the Financial Services and Markets Authority of Belgium, as the next chair of the MB, succeeding Ryozo Himino, whose term expires at the end of February 2017. The two-year term of Mr. Servais as the chair will start from March 2017.<sup>3</sup>

### **2. Report from the Deputies Working Group**

The chair of the MB Deputies Working Group (DWG), Eduardo Manhães Ribeiro Gomes (Comissão de Valores Mobiliários of Brazil), reported on the meeting the DWG had

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<sup>1</sup> International Organization of Securities Commissions (IOSCO)

<sup>2</sup> Chen Yu participated in the first half of the meeting by phone.

<sup>3</sup> The MB published the press release regarding the appointment of the New Chair of the MB on 3 February. (See [https://www.iosco.org/about/monitoring\\_board/pdf/Press-20170203-1.pdf](https://www.iosco.org/about/monitoring_board/pdf/Press-20170203-1.pdf))

with the IFRS Foundation staff last November to discuss the decision making process in the IFRS Interpretations Committee (IFRIC), the IASB Work Plan 2017-2021<sup>4</sup>, the effects analysis by the IASB and the financial plan of the IFRS Foundation, based on the MB's responsibility for monitoring and reinforcing the public interest oversight function of the IFRS Foundation.

### **3. Accounting matters of broad public interest**

Members discussed accounting matters of broad public interest to confer, if needed, with the Trustees.

#### **- Effects Analysis**

The European Commission presented information regarding effects analysis and members shared the following views:

- Each MB member as a capital market authority responsible for setting the form and content of financial reporting in its jurisdiction is accountable for new accounting standards, therefore the MB has a strong interest in effects analysis which shows the effects of implementation of new accounting standards; and
- The MB will continue to monitor and discuss the effects analysis with the Trustees.

#### **- Digital reporting of financial statements**

The IOSCO Secretariat, Paul Andrews and Jonathan Bravo, presented information regarding digital reporting of financial statements. It was recognized that the IFRS Taxonomy will be one of the important issues for the IASB in the coming period and was decided that the MB would seek the Trustees' views as to the challenging issues on the IFRS Taxonomy.

#### **- Implementation of new accounting standards**

The IOSCO Secretariat presented information regarding the implementation of new accounting standards. Members agreed to seek the Trustees' views on their work stream on implementation support of new accounting standards related to IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leases).

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<sup>4</sup> The IASB Work Plan 2017-2021 is available on the IFRS Foundation website. (See <http://www.ifrs.org/Current-Projects/IASB-Projects/IASB-agenda-consultation/2015-agenda-consultation/Documents/2016-Feedback-Statement.pdf>)

- **Credit risk and accounting for expected loss model**

The BCBS presented information on the treatment of accounting provisions under Basel III.

- **Insurance Contracts**

The Korea FSC presented information related to potential effects of the anticipated IFRS 17 (Insurance Contracts). The MB discussed the role of effects analysis and the IASB's Transition Resource Group on IFRS 17.

**4. Proposal by the IOSCO on MB secretariat**

In accordance with the MB Charter which states that “the MB Chair shall provide the group’s secretariat services”, it was agreed that the IOSCO Secretariat would serve as the MB secretariat after the new chair, who represents the IOSCO Board, takes office.

**5. Process for periodic review of existing members<sup>5</sup>**

The MB approved the process for the next periodic review of the existing members regarding its scope, timeline, and the form of the questionnaire, which was proposed by the DWG. The MB will undertake the review during 2017.

**6. Good governance of the IFRS Foundation**

The MB recently requested the Trustees to establish a policy on the selection of Trustees to address possible conflicts of interests between a member of the MB and a Trustee due to an employment or other relationship between the two. The MB discussed how to move this issue forward with the Trustees in terms of an effective and sound functioning of the governance structure around the activities of the IFRS Foundation.

**7. MB Rotating seats<sup>6</sup>**

The MB discussed an idea of offering observer status to two rotating participants from the

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<sup>5</sup> Assessment processes for periodic review of existing members is stipulated in Appendix B of the MB Charter. (See [https://www.iosco.org/about/monitoring\\_board/pdf/\(Revised%20on%20November%202016\)%20CHARTER%20OF%20THE%20IFRSF%20MONITORING%20BOARD.pdf#page=9](https://www.iosco.org/about/monitoring_board/pdf/(Revised%20on%20November%202016)%20CHARTER%20OF%20THE%20IFRSF%20MONITORING%20BOARD.pdf#page=9))

<sup>6</sup> The MB considered MB rotating seats in accordance with the decision on the recommendation M-1 (f) in the “Final Report on the Review of the IFRS Foundation’s Governance” (See [https://www.iosco.org/about/monitoring\\_board/pdf/Final%20Report%20on%20the%20Review%20of%20the%20IFRS%20Foundation's%20Governance.pdf#page=15](https://www.iosco.org/about/monitoring_board/pdf/Final%20Report%20on%20the%20Review%20of%20the%20IFRS%20Foundation's%20Governance.pdf#page=15))

IOSCO Regional Committees, and it was generally agreed. The DWG will develop the details and report back to the MB Principals.

#### **8. 2017 MB Work Plan and future strategic direction**

The 2017 MB Work Plan, drafted by the DWG, was discussed and approved by the Principals. It was decided that the important topics discussed in the meeting would be incorporated in the final draft of the Work Plan and the Work Plan will be made public in due course.

#### **9. Session with the Trustees**

The MB had a joint session with the Trustees. In the session, the MB received a report on 2017 IFRS Foundation work plan, including financial plan and due process oversight activity, from Michel Prada, Chair of the Trustees, and also a report including the IASB's strategic direction from Hans Hoogervorst, Chair of the IASB. Ryozo Himino provided an update on the MB's activities and explained the MB's view on the issue of good governance of the IFRS Foundation (agenda item 6). The MB and the Trustees discussed the importance of solid effects analysis for generating support for new IFRS standards and also discussed the strategic issues facing the IFRS Foundation, including progress towards a single set of high quality global accounting standards.