



OICV-IOSCO

Organización Internacional de Comisiones de Valores  
International Organisation of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organizaç o Internacional das Comiss es de Valore

September 23, 2008

International Federation of Accountants  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, NY 10017

Via Email: [Translations@ifac.org](mailto:Translations@ifac.org)

*Re: Consultation Paper "Translation of IFAC Standards"*

Dear Sir:

The International Organization of Securities Commissions (IOSCO) Standing Committee No. 1 on Multinational Disclosure and Accounting (SC 1) appreciates the opportunity to comment on the Consultation Paper entitled Translation of IFAC Standards.

As an international organization of securities regulators representing the public interest, IOSCO is committed to enhancing the integrity of international markets through promotion of high quality accounting, auditing and professional standards and encouragement of consistent application of such standards. Members of SC 1 seek to further IOSCO's mission through thoughtful consideration of accounting, auditing and disclosure concerns and pursuit of improved global financial reporting.

Our comments in this letter reflect those matters on which we have achieved a consensus among the members of SC 1; however, they are not intended to include all comments that might be provided by individual members on behalf of their respective jurisdictions. We offer some overall comments, below, while specific responses to the questions raised in the Consultation Paper are included in Appendix A.

### ***The Objective***

Timely and accurate translations of the new body of International Standards on Auditing (ISAs) and of other IFAC standards will be very important in facilitating adequate understanding and consistent application of those standards in practice. SC 1 therefore welcomes IFAC's efforts to give increased attention to processes and quality control of translations of IFAC standards.

We believe that IFAC's goal of achieving one high-quality translation per language for IFAC standards is the right objective. We also realize that a worldwide initiative such as this will need to utilize the language expertise that is resident in the places that the language is spoken and where the translated standards will be put to use. But the need to utilize local expertise also means that accomplishing the

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“one translation per language” goal will be extremely challenging. This is particularly true if several countries share a common language that also has local idioms, nuances, differences, culturally-unique phrases and embedded interpretations of words in legal frameworks. We note that the proposed approach to agree on a cross-country list of key terms in this setting may not address all the significant translation issues involved.

### *The Resources*

We support the approach of having translation review committees and recommend that IFAC’s final policy ensure that regulators and other public interest parties with responsibility for oversight of audit standard setting at a national level be given the opportunity to participate in such committees and/or review draft translations prepared.

To this end, in “Criteria to Become a Translating Body” in paragraph 3 (a), we would suggest replacing the term “interested parties” with “independent oversight bodies, regulators, and other public interest organizations, as well as other interested parties”, so that 3 (a) would read “The translating body can demonstrate that it will provide an opportunity for representatives of independent oversight bodies, regulators and other public interest organizations, as well as other interested parties that may benefit from using the standards in the language of translation.” We would use this language consistently throughout the policy as it is finalized.

We also encourage IFAC to utilize cross-jurisdictional working groups to supplement the proposed translation review committee on translation projects where a given language is used in more than one country. We urge IFAC to provide the opportunity for representatives of national securities regulators, local independent audit oversight bodies and local audit standard-setters to serve on translation working groups if they should so desire. Also, depending upon a country’s legal framework, the role of a Ministry or legislative body may need to be included as an “interested party.”

We think the role of the IFAC staff is unclear and needs to be more carefully defined. As the staff would likely not have facility in numerous languages, and could often be remote from the area where translation is taking place, what exactly would they be responsible for in their “coordinating role”? It appears from the Consultation Paper that IFAC will not appoint the principal translator, review committee members or actual translators, but merely “be consulted” regarding such appointments. For what purpose will this consultation occur and what will it entail?

We encourage IFAC to be very proactive in monitoring the quality and timeliness of translation. We would like to see more explanation of how translation quality control will be accomplished and funded. Please also see our comments elsewhere in this letter regarding opportunities for public interest organizations to participate on the review committees.

### *The Approach*

We note that IFAC has a copyright for the official English language version of the ISAs and that under its existing policies, can enforce that copyright as needed. We also note that IFAC’s existing policies address both permissions to translate and republish IFAC standards and permissions to use the IFAC name and to state that standards process has been reviewed by IFAC and that it is contemplated that these policies would continue and be supplemented by the process described in the Consultation Paper.

In general, we support these processes and the changes being proposed; however, in regard to the matter of translating organizations agreeing to grant the copyrights of the translated ISAs to IFAC, as discussed in paragraph 4 (d), some of our members have expressed the concern regarding the requirement to transfer the translated standards copyright to IFAC. The reason given is that transfer of the copyright would be inappropriate when a government body is included in a translating body or has provided funding to it, or if a translated provision must be issued by a national body in order to be "official" in a particular country. Others have noted that paragraph 11 appears to provide some relief when the text of standards will be incorporated into law or regulation. We believe the subject of copyright transfer needs to be explored in more detail and/or clarified. One question, for example, could be "why would it not be adequate for IFAC to be granted free and unrestricted republishing rights by a translating body, rather than require a transfer of the copyright to IFAC?"

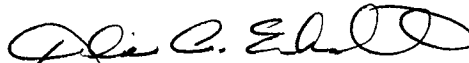
***Progress***

We encourage IFAC to provide ongoing public updates on the progress of translation efforts, to raise the level of public awareness of the importance of translation and the progress being made.

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Thank you for the opportunity to comment on this Consultation Paper. If you have any questions or need additional information regarding our responses in this comment letter, you may contact me or Susan Koski-Grafer at 202-551-5300, or any member of the IOSCO Standing Committee No. 1 Auditing Subcommittee.

Sincerely,



Julie A. Erhardt  
Chair

IOSCO Standing Committee No. 1

*Answers to Questions Raised in the Consultation Paper*

*A. Are the criteria to become a translating body listed in paragraph 4 complete?*

As mentioned in the body of our letter, we believe the criteria should include specific mention of providing the opportunity for representatives of independent audit oversight bodies, regulators, other public interest organizations and others to participate in translation review committees. This is important from a quality assurance and audit oversight standpoint.

*B. Are any of the criteria too limiting, and as a result may affect the successful implementation of IFAC'S proposal to achieve one quality translation of the standards per language?*

Some of our members have expressed the concern that the requirement to transfer the copyright to IFAC is inappropriately limiting – please see our comment in the main body of our letter.

*C. Are the roles of IFAC staff, the principal translator and the review committees appropriately defined?*

Please see our comments in the body of the letter.

*D. How should members, associates, and other interested parties be involved in the translation process?*

As noted earlier, it is important that the opportunity be provided for representatives of independent oversight bodies, regulators and other public interest organizations, and local audit standard-setters, to participate in translation review committees. It is likely that the exact form of participation will vary from one country to another. This would therefore need to be determined on a project by project and country-specific basis. What is important is that the opportunity exists for such organizations to be involved.

*E. Do you believe that the proposed process is effective and efficient and will produce quality translations? Based upon the experiences of your organization, how can it be enhanced?*

From the information presented, it is not possible to form a definitive conclusion as to the likely effectiveness of the proposed strategy. Many further details will need to be resolved in practice. But we are encouraged by the increased attention that IFAC is giving to the importance of achieving high quality and timely translations.

*F. Do you agree with the proposal in paragraph 9 and the circumstances in which it is to be applied? What other exceptional circumstances may exist?*

We do not object in concept to the proposal described in paragraph 9 regarding exceptions to the “one translation per language” principle, although we believe the details of and degree of exception will need to be evaluated in specific cases as work is undertaken to put this into place. Some flexibility will be needed. It may work better for some languages than for others.

*G. How should the translation which has been amended for different terminology be described? Can IFAC have more than one official translation of the standards into the same language?*

Some term such as “Translation into the XX language for use in Country YY” would seem to be reasonable. If the number of needed amendments were to become very extensive, one would need to consider whether the language variations of Country YY are in substance a different language despite the name. This could result in two translations in the same “stated” base language. This should be a last resort, however, in order to promote consistency in IFAC standards through the use of one translation per language whenever possible.

*H. Kindly provide any further comments that you may have on the proposals in this paper?*

Please see our comments in the main body of our letter.