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IFRS Foundation Monitoring Board
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Our ref
Contact

MT/288
Mary Tokar

8 April 2011

Dear Sirs

IFRS Foundation Monitoring Board – Consultative Report on the Review of the IFRS Foundation’s Governance

We are writing to respond to the IFRS Foundation Monitoring Board’s Paper *Consultative Report on the Review of the IFRS Foundation’s Governance* (the Governance Review). We have consulted within the KPMG network in respect of this letter, which represents the views of the KPMG network.

We believe that this Governance Review represents an important opportunity to strengthen the accountability and therefore the legitimacy of the Monitoring Board, the IFRS Foundation and the IASB.

As stated in our response to the Trustees’ Strategy Review, we believe that the focus of the IASB’s activities should remain the information needs of capital markets participants and that financial stability should not be added as an objective of accounting standards.

With the focus of the IASB’s activities remaining the information needs of capital markets participants, we believe that the Monitoring Board should continue to have its membership drawn solely from public authorities with responsibility for setting the form and content of financial reporting.

We support the Monitoring Board’s proposal to retain the current three-tiered structure of the IASB, the Trustees and the Monitoring Board. We believe that the Monitoring Board, composed of representatives of public authorities, has an important and unique role to play, providing the necessary link between the independent private sector IFRS Foundation and governments.

We believe that the focus of the Monitoring Board’s role should be:

- involvement in the appointment of Trustees;
- interaction with the Trustees regarding their oversight of the IASB; and



- having input, along with all other stakeholders, to the IASB on its standard-setting activities, especially in relation to the IASB's agenda priorities. We expect that the Monitoring Board should be regarded as a very important and influential voice, but we believe that they should not be given the right to override the IASB's agenda setting process.

In addition we believe that the Monitoring Board should have, and be understood to have, meaningful authority in carrying out its oversight responsibilities. Therefore we believe that the Monitoring Board should have the ability to block the actions of the Trustees that it believes would result in a significant failure of the IASB to act in the interests of capital market stakeholders. However, we believe that veto rights, while necessary, should be used only as a last resort and not as an alternative to a robust due process. Further, a veto should require the support of all members of the Monitoring Board. Use of vetos should be extremely rare as the Monitoring Board and Trustees should focus on earlier, less formal ways to pursue their stated objectives: supporting the independence and accountability of the IASB and its mission of producing high quality globally accepted standards.

Whilst we recognise the importance of the Monitoring Board having confidence in the IASB Chair we do not support requiring the Monitoring Board to approve the Trustees' final selection of the Chair. If the Monitoring Board were to assume an expanded role in this area then we believe that it should be on a veto basis.

We question the need for any significant increase in the infrastructure for the Monitoring Board. If the Monitoring Board concludes that such an increase is needed then we suggest considering whether the IOSCO secretariat can provide the Monitoring Board secretariat.

As we have noted above and in our response to the Trustees' Strategy Review, we believe that a three-tiered structure remains appropriate. However, we have concerns about the inter-relationships in practice among the three tiers. We believe that the Monitoring Board should work with the Trustees to provide greater clarity over the roles and powers of the three constituent parts to achieve a clearer delineation of their respective role and responsibilities.

We also believe that the perceived accountability and therefore legitimacy of the IASB would be enhanced if the Trustees were more transparent about how they provide oversight over the IASB and its due process.

Our detailed comments on the questions posed in the Governance Review are set out in the appendix to this letter.

Please contact Mary Tokar at +44 (0)20 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours sincerely

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Appendix – Responses to questions in the Governance Review

IASB:

(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.

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.

We agree with the proposal of the Monitoring Board for the Trustees to take concrete efforts to deepen the pool of candidates for IASB membership. This deepening will assist in recruiting members with diverse professional and geographical backgrounds. A mix of backgrounds on the IASB should reflect the diversity of the IASB's stakeholders while maintaining a high level of technical competency so that a broad perspective can be brought into the standard-setting process.

As part of these efforts we believe that the:

- Trustees should not focus on like-for-like replacements for members of the IASB and when appointing/reappointing members they should be monitoring the balance of the IASB as a whole; and
- the Trustees should provide a description of key attributes / goals (e.g., geography, function, specialists – e.g., financial instruments) being sought for IASB candidates to bodies such as the National Standards Setters, IFRS Interpretation Committee, the IFRS Advisory Council and the Monitoring Board to help these bodies and their members identify individuals that the Trustees may wish to consider.

(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.

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 formalise this? Please provide reasons for your agreement/ disagreement.

We support greater clarity of the separate roles of the IASB and the IFRS Foundation. Therefore we agree with the proposal that the Trustees should separate the role of the IASB Chair from that of the CEO of the IFRS Foundation. As explained in the Governance Review

the current dual role might raise questions about the independence of the IASB and give rise to real or apparent conflicts of interest between the overseer and the subject of oversight.

As the Governance Review notes, if the Monitoring Board and the Trustees decide to separate the IFRS Foundation CEO role from the IASB Chair role then it will be necessary to address issues such as reporting lines and the IFRS Foundation CEO's role vis-à-vis the IASB. Our initial thinking is that the IFRS Foundation activities would be focused on:

- ensuring execution of the Trustees' oversight and other (e.g., funding) responsibilities; and
- execution of the operational aspects of the organisation including human resources (e.g., staff hiring, supporting IASB/Trustee appointments, search processes etc).

Therefore, while the IFRS Foundation CEO may be an observer at IASB meetings we question the Monitoring Board's implication that the IFRS Foundation CEO would participate in the IASB's meetings or control the IASB's activities.

As we stated in our response to the Trustees' Strategy Review there is a possible alternative to enhancing the role of a separate CEO of the IFRS Foundation. This would be for the Chair of the Trustees to have an enhanced role with a concomitant increase in his/her time commitment, supported by a chief operating officer for the IFRS Foundation to deal with the operational aspects mentioned in the second bullet above. We encourage the Monitoring Board to consider this alternative revised structure.

- (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.*

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 formalise this? Please provide reasons for your agreement/disagreement.

As we support greater clarity of the separate roles of the IASB and the IFRS Foundation, we agree that a clear division of responsibility is appropriate between staff supporting the standard-setting activities of the IASB and staff working for the IFRS Foundation's administrative and oversight functions. We believe that the staff largely are devoted to one of the two groups today, so the issue may be more a point of clarification rather than restructuring.

As a first step, it might be helpful to articulate which activities fall within the IFRS Foundation's operations and which within the IASB's. For example, clarity would be useful regarding educational material, which is not reviewed or approved by the IASB. In our view separating operational support (e.g., office space and infrastructure such as information technology, press/media relations) is not necessary. We support the plans discussed by the Trustees in March 2011 to integrate the development of the IFRS XBRL taxonomy into the IASB's standard setting activity.

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.*

Question 4

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

We agree that the Monitoring Board should support the Trustees' continued review of the diversity of professional and geographical backgrounds of the Trustees to achieve a balance within its membership. We concur with the view in the Governance Review that a diversity of membership that reflects changes and developments in the mix of stakeholders of the IFRS Foundation provides a strong foundation for objectivity and impartiality of the Trustees' decision-making process.

In making appointments of Trustees the appointments should not focus on like-for-like replacements for Trustees and when appointing/reappointing Trustees the Monitoring Board should be considering the balance of the Trustees as a whole.

- (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.*

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?

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.

We believe that it would be helpful for the Monitoring Board to be more transparent about how it provides oversight over the Trustees. Similarly, we believe that the perceived accountability and therefore legitimacy of the IASB would be enhanced if the Trustees were more transparent about how they provide oversight over the IASB and its due process.

The Monitoring Board notes in the Governance Review that the arrangements relating to Trustee nominations are not well understood by those who are not involved directly. It would be helpful for the Monitoring Board to address this lack of understanding and we agree that further transparency would help.

To address this concern the Monitoring Board has proposed enhanced procedures for the nomination of Trustees, including clearer criteria for candidacy and enhancing the transparency of the nomination procedures to the extent possible, with consideration for the protection of candidates' privacy. We support both of these measures and believe that these would increase both the transparency and understanding of the process for Trustee nominations.

The agreed criteria for candidacy and the actual nomination procedures should be made available to all stakeholders. In order to identify a wide range of potential candidates it might be useful to consider distribution of this information to the National Standards Setters and the individual members of the IFRS Interpretation Committee, the IFRS Advisory Council and the Monitoring Board to help these bodies and their members to identify individuals that the Trustees may wish to consider.

The existence of clarified criteria for Trustee selection and more rigorous outreach about the appointment process should assist in building greater stakeholder confidence in both the due process of Trustee appointments and the IFRS Foundation itself. Further, greater transparency by the Trustees regarding their due process oversight of the IASB should enhance confidence in the standard-setting process and its final standards.

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.)

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?

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?

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

We agree that the Monitoring Board should continue to be comprised of capital markets authorities responsible for setting the form and content of financial reporting. This is consistent with the IASB's continued focus on developing standards that support transparency and the information needs of capital markets.

We agree with the proposal to expand the Monitoring Board's membership by adding a mix of permanent members representing primarily major emerging markets and rotating members from all other markets. The legitimacy and effectiveness of the Monitoring Board as a governance body would be enhanced if it reflects the composition of the world's capital markets.

We believe that the precise number of additional members should be decided by the Monitoring Board itself. However, we support the view expressed in the Governance Review that the size of the group should balance the need for inclusive representation with effective discussion and efficiency in decision making.

We support the Monitoring Board's proposed criteria for membership of: (a) use of IFRSs and (b) funding of the IFRS Foundation. We believe that these two factors combined with the objective of reflecting the composition of the world's capital markets should be used to select both the permanent and rotational members. We also believe that the Monitoring Board should review its overall composition periodically and adjust it in line with these guidelines.

We agree that the rotating members should be selected from IOSCO members not included in the permanent members.

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

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.

We believe that the Monitoring Board should continue to operate by consensus. We believe that the role of the Monitoring Board – especially for its formal interventions – should require consensus that action (intervention) is needed.

However, we acknowledge that if the number of Monitoring Board members increases significantly then, in order to operate effectively, it may become necessary for the Monitoring Board to move from consensus to some form of majority voting for at least some items of its business.

- (3) *With a view to increasing the involvement of other public authorities and international organisations, consider either:*
- a) extending the observer status to groups of prudential authorities and international organisations;*
 - b) holding more formalised dialogue with public authorities and international organisations;*
or
 - c) establishing an advisory body composed of prudential authorities and international organisations.*

Question 8

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

We agree with the Monitoring Board's objective of increasing the engagement of prudential authorities and other organisations in the IASB's standard-setting activity. As we noted in our response to the Trustees' Strategy Review, the IASB's work with its Expert Advisory Panel on its financial asset impairment proposals is a good example of how such engagement can be strengthened in a way that benefits all parties.

We have concerns about establishing another advisory body within the IASB/IFRS Foundation structure. If the Monitoring Board believes that more regular engagement with other public authorities is warranted, then we encourage the Monitoring Board to explore observer roles for those bodies that lack a capital market financial reporting remit.

If the Monitoring Board believes that its effectiveness would be enhanced by more direct engagement with organisations other than public authorities with responsibilities for setting the form and content of financial reporting then we encourage focusing on the Financial Stability Board (FSB). The G20 leaders have identified the FSB as their primary operating and resource body. The G20 leaders also are reviewing the responsibilities and resources of the IMF. Once this review is completed it may be useful for the Monitoring Board to consider whether the enhancement of its role would be realised by considering an observer role for the IMF.

As suggested in the Governance Review the continued observer status of the Basel Committee on Banking Supervision (BCBS) should be evaluated. If the FSB becomes an observer then that might subsume the BCBS role.

An important feature of the Monitoring Board is that its active members are the leaders of their organisations. We think that this is an important aspect of the Monitoring Board's effectiveness as a credible means of ensuring that the IASB is accountable via the Monitoring Board to governments. We encourage the Monitoring Board to continue with this approach.

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.

In our view financial stability should not be added as an objective of the accounting standard-setting process. We believe that the current arrangements for the standard-setting process facilitate the appropriate involvement of all relevant stakeholders and that all relevant public policy objectives are taken into account.

We share the views expressed by Hans Hoogervorst in a speech given on 9 February 2011 to the European Commission Conference on the Financial Reporting and Auditing that it is a false

premise that transparency and stability are conflicting goals. As Mr Hoogervorst noted, transparency is a necessary precondition of stability and hence accounting standards can make an important contribution to stability by providing maximum transparency. Stability should be a consequence of greater transparency, rather than a goal of accounting standard-setters.

High quality, transparent and comparable financial reporting is a necessary instrument to assist investors, other participants in the world's capital markets and other users of financial information to make appropriate economic decisions. We believe that this focus is appropriate for the IASB.

Therefore if there are differences between this primary objective of financial reporting and other public policy concerns, such as short-term financial stability objectives, then in our view the primary objective of supporting the information needs of capital markets should prevail. Prudential regulators have other avenues and processes open to them to obtain both their required information and to deal with any concerns that they may have.

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

Question 10

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

We agree that the Monitoring Board's role and therefore its effectiveness as the means of achieving accountability of the IASB to public authorities should be enhanced. We agree with the Monitoring Board's proposals to focus on enhanced transparency of its own deliberations as a means to achieve this. Similarly the Trustees need to be more visible in how they conduct their oversight responsibilities of the IASB's due process. We agree that the Monitoring Board should enhance its transparency by making more materials available more rapidly concerning its deliberations. The IASB and to some extent the IFRS Foundation Trustees have enhanced their transparency significantly by: (a) making papers available before meetings on its web-site; (b) webcasting and archiving meetings; and (c) timely reporting of its meetings. We encourage the Monitoring Board to use all these mechanisms to enhance understanding of the Monitoring Board's work.

One area not mentioned in the Governance Review as a way of promoting public understanding of Monitoring Board activities is the publication of an annual report. The IFRS Foundation publishes an annual report that covers the activities of the Trustees, the IFRS Foundation and the IASB. Publication by the Monitoring Board of a short annual report detailing its activities over the last year might help promote the public understanding of Monitoring Board activities.

- (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.*

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.

We believe that the current arrangements for Monitoring Board involvement in the IASB's agenda-setting and standard-setting activities included within the Memorandum of Understanding between the Monitoring Board and the Trustees remain appropriate.

We do not support the Monitoring Board being given an explicit ability to place an item on the IASB's agenda. If the Monitoring Board were given this power then exercising such a right would override the IASB's authority for agenda setting. In our view, such an override would undermine both substantively and in appearance the IASB's independence over its agenda and standard setting.

There may be the arguments that placing an item on the IASB's technical agenda would not be a significant impairment of the IASB's independence, as long as all aspects of due process and final decision-making during deliberation of the standard remain solely the responsibility of the IASB. However, in appearance such a right would impair the perception of the IASB's independence.

While we believe that the agenda-setting process should rest solely with the IASB, this process should include opportunities for all constituents, including the Monitoring Board, its members and other public authorities, to refer matters to the IASB for consideration.

We support the IASB's decision to undertake periodic public consultation on its agenda priorities. We see this as a significant strengthening of the IASB's due process and believe that the Monitoring Board should consider this experience (planned for mid-2011) when finalising its governance recommendations.

If the Monitoring Board, as opposed to one of its members, requests that the IASB make a change to its agenda then it may be appropriate to have the IASB report back on its consideration of this request to the Trustees and the Monitoring Board. Such reporting could be similar to the approach taken by the IASB with public periodic reports on progress with "Memorandum of Understanding" projects.

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

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?

A more stable and independent funding model for the IFRS Foundation should be a priority of the Monitoring Board's focus and energy in the near term.

We addressed this subject in our response to the Trustees' Strategy Review.

In that response we stated:

The current financing of the IFRS Foundation has four main aspects being (i) a levy-based system in certain countries organised by either capital markets authorities, accountancy bodies or national standard-setters; (ii) donations from private/public companies; (iii) voluntary contributions from the major accounting firms; and (iv) income generated through the sale of its publications and royalties received.

In order for the IFRS Foundation to have a more stable income basis we believe that it should move to the position under which all or a substantial majority of its income is generated through a levy system.

We believe that the Monitoring Board should be responsible for working with the capital market regulators e.g., through IOSCO to establish a levy to allow the Foundation to fund its operations. The work of the IFRS Foundation is an important element of the infrastructure supporting effective capital markets, which IOSCO members are responsible for regulating. Financial support of the IFRS Foundation should reflect this fact.

We recommend that the Trustees work with the Monitoring Board to propose putting such a levy system into place.

(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.

Question 13

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

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.

We recognise the importance of the Monitoring Board having confidence in the IASB Chair; however, we do not support requiring the Monitoring Board to approve the Trustees' final selection of the Chair. We believe that the Monitoring Board can enhance the effectiveness of its engagement with the Trustees on this matter without requiring the Monitoring Board to become involved via approving the appointment

decision. For instance, the proposal in the Governance Review that the responsibilities of the Monitoring Board should include the ability to either provide or approve a set of criteria for the IASB Chair, against which the Trustees' independent selection process would be held accountable, appear both appropriate and proportionate to the role and responsibilities of the Monitoring Board.

We do not support the proposal in the Governance Review that the Monitoring Board's role in Chair appointments should include an opportunity to communicate to the Trustees its assessment of candidates against those criteria, once the Trustees have determined a short list of leading candidates. The Monitoring Board should focus on input and giving oversight of the selection process by the Trustees rather than selecting the individual.

There is a further possibility raised in the Governance Review that the Monitoring Board's role could be expanded to include approval of the final candidate, as is the case with Trustees. Again we do not support that proposal as in our view the Monitoring Board should be focused on input into and oversight of the selection process by the Trustees rather than selecting the individual.

If the Trustees and the Monitoring Board have an open and effective dialogue then it should be unlikely that there will be a proposed appointment by the Trustees of an IASB Chair who lacks the support of the Monitoring Board as this would indicate either a poorly established set of criteria for the IASB Chair or poor execution by the Trustees against these criteria. However, to seek to ensure that the Trustees do not appoint an IASB Chair who lacks the support of the Monitoring Board, we can understand why it could be seen as necessary for the Monitoring Board's role to be expanded to include some role in the ultimate appointment decision. In our view, this involvement by the Monitoring Board should be a veto power requiring the support of all members of the Monitoring Board (i.e., he/she is appointed unless the Monitoring Board agrees to veto his/her appointment).

(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.

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.

We agree that the Monitoring Board's responsibilities should include explicit consultation with the Trustees as they further develop the framework to ensure proper balance in the composition of the IASB. For example, the Trustees could be asked to report how they have considered diversity in background from both a functional and geographic perspective to achieve an appropriate balance in the composition of the IASB as a whole.

We share the view stated in the Governance Review that the composition of the IASB is an important factor for public confidence in the standards. The composition of the IASB recently was reviewed in the course of Part 1 of the Constitution Review, which resulted in an increase in IASB members from fourteen to sixteen to improve geographical distribution.

Given that these changes have been made after completing a broad-based public consultation process, the current framework should be allowed to function for a longer period before a further assessment is made of whether it is working in the manner envisaged.

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

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.

We understand the concerns about requiring the Monitoring Board Chair to provide the secretariat and the desire for clear separation from the secretariat of the IFRS Foundation to ensure the independence of the IFRS Foundation/IASB from the public authorities responsible for its oversight.

However, we question whether establishing a permanent secretariat for the Monitoring Board is needed given the current/proposed size and responsibilities of the Monitoring Board.

In the Governance Review the Monitoring Board notes that it has overlapping membership with the Monitoring Group and questions whether there would be synergies from establishing a shared secretariat. Given their different compositions we question whether combining their secretariats would be appropriate. Some synergies could be realised via closer coordination of their meeting dates/venues.

An alternative structure for its own separate secretariat which the Monitoring Board might wish to consider could be IOSCO providing secretariat support.

Other questions:

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.

We agree that it would be useful to have regular reviews of the Monitoring Board's governance structure to ensure that the process is aligned and well-adapted to an evolving environment. In addition we agree that an interval of five years, taking into consideration the timing of the IFRS Foundation's periodic Constitution reviews, would be an appropriate interval benchmark to be applied initially.

We encourage the Monitoring Board and the Trustees to seek to align, as far as possible, their current and future reviews. Aligning reviews should avoid duplication of effort and maximise co-ordination both for the bodies carrying out the reviews and for stakeholders responding to them.



Question 17

Do you have any other comments?

None.