Dear Sirs,

I am writing regarding the consultative report on the review of the IFRS Foundation’s governance released by the IFRS Foundation Monitoring Board.

Considering that the IASB is responsible for the development of high quality standards, the governance of the IFRS Foundation is of major importance for listed companies in the European Union, for which application of IFRS is mandatory. Therefore, it plays an important role in the acceptance of IFRS by issuers and users.

BUSINESSEUROPE warmly welcomed the consultation on this subject by the IFRS Trustees and likewise commends the Monitoring Board for having released the consultative report. We regret the difference in timing of both consultations though and given the strong links between the two consultations would have preferred closer coordination. We also would have preferred that the consultation of the Monitoring Board would not have been restricted to the composition and the process of the governance of the various IASB bodies.

Similarly, questions of the relative roles of the Monitoring Board and of the Trustees have not been raised. In our view, it should be a matter of priority to clearly define the roles of the Monitoring Board and the Trustees and make them more transparent in the envisaged governance structure. For example, questions like how the MOU between the IFRS Foundation and the Monitoring Board deals with process, control of the agenda, and work-program setting are a part of that.

We also believe that a more precise definition of the meaning of “public interest” is important. After all, the Monitoring Board's primary function is the enhancement of public accountability of the IASB through the Trustees' public interest oversight function, whilst preserving the independence of the IASB.
The answers to these issues will have an impact on the various answers to the specific questions in the Monitoring Board’s consultation, such as the Trustees’ profile, the representatives of the “public interest”, and the increase in the number of members of the Monitoring Board and its diversity, also in relation to the impact of IFRS on financial stability.

In this context, we refer to our response to the mentioned Trustees consultation on the IFRS Foundation’s strategy in which our views on the governance of the three tiers of the IASB are set out. You find a copy of the response enclosed for ease of reference.

Although we note your intention to work closely with the Trustees on the improvement of the governance of the IFRS Foundation, in our view it is essential that this results in a joint outcome. Therefore, a second round of consultations after all the received comments in this phase have been evaluated might be considered, particularly if any subsequent decisions would result in significant changes.

We remain at your disposal should you wish to discuss this subject further.

Yours sincerely,

Jérôme P. Chauvin
Director
Legal Affairs Department
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