



April 8, 2011

Chairman

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The IFRS Foundation Monitoring Board
Mr Masamichi Kono, Acting Chairman
c/o Financial Services Agency of Japan
3-2-1 Kasumigaseki Chiyodaku
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Consultative Report on the Review of the IFRS Foundation's Governance

Dear Mr. Kono,

The Office of the Superintendent of Financial Institutions Canada (“OSFI”) welcomes the opportunity to comment on the IFRS Foundation Monitoring Board’s Consultative Report on the review of the IFRS Foundation’s Governance. As a primary regulator and supervisor of federally regulated deposit-taking institutions and insurance companies, OSFI has a strong interest in the development of high quality global accounting standards.

OSFI supports an independent International Accounting Standards Board (“IASB”), to ensure that accounting standards are of the highest quality and result in credible financial statements that serve the public interest. The ability of the public to rely on financial statement information and the impartiality of the standard setting process is essential to maintaining market confidence and promoting financial stability. We believe that being able to rely on the same financial statements as users for regulatory reporting and capital determination is good practice and one we would like to see continue as this promotes transparency and provides a better way to assess solvency. Although OSFI has residual authority under Canadian law to specify different or additional accounting standards for the entities it regulates, Canada has successfully used one set of general purpose financial statements for all stakeholders since 1992. We hope that our regulated entities will be able to continue this practice, thereby avoiding potential complexity, confusion and cost.



Coming out of the financial crisis, the G-20 Leaders declared that, “within the framework of the independent accounting standard setting process, the IASB is encouraged to take account of the Basel Committee guiding principle on IAS 39...and its constitutional review should improve the involvement of stakeholders, including prudential regulators.”¹ The financial crisis revealed inherent weaknesses in standards on accounting for financial instruments, in particular fair value accounting and loan provisioning. The IASB has successfully worked with prudential regulators through the financial crisis to improve accounting standards on financial instruments, which is an important step to restoring financial stability and market confidence. Given the success of this collaboration in the past, OSFI believes that prudential regulators could provide useful insights to the oversight of the accounting standard setting process and thus we encourage the Foundation’s Monitoring Board to extend membership to prudential regulators. We believe that this will allow for continued effective collaboration and oversight of accounting standards amongst those members of society that aim to protect the public interest.

Furthermore, given that the Foundation’s mission is to develop high quality globally accepted financial reporting standards, in the “public interest”, we encourage the IFRS Foundation to define public interest in the context of setting accounting standards. It is important to have a definition of public interest before the Foundation can identify those groups that can best serve the public interest as members of the Monitoring Board. OSFI supports the International Federation of Accountants’ (“IFAC”) view that in protecting the public interest, responsibilities of accountants include reducing economic uncertainty in the marketplace and throughout the financial infrastructure (e.g., banking, insurance, investment firms, etc)². Given this broader view of public interests, OSFI believes that membership on the Foundation’s Monitoring Board should also include authorities, such as prudential regulators, among others, in charge of protecting the public interest and ensuring the stability of the financial system as a whole, regardless of whether they are responsible for financial reporting.

Should you wish to discuss our comments in this letter, please contact Ms. Karen Stothers, Senior Director, Accounting Policy Division at (416) 973-0744, or by email at Karen.Stothers@osfi-bsif.gc.ca.

Yours very truly,



Julie Dickson
Superintendent
Office of the Superintendent of
Financial Institutions Canada

¹ G20 Meeting of Finance Ministers and Central Bank Governors, London 4-5 September, 2009 [Communiqué](#).

² IFAC Policy Position Paper #4 - [A Public Interest Framework for the Accountancy Profession](#).