Introduction

In the context of the "consultative report on the review of the IFRS Foundation's governance", released on 7 February 2011, the Monitoring Board decided to organise roundtables in Asia, in the Americas and in Europe, with the double objective to explain further the content of the report and to obtain preliminary feedback from stakeholders. The first roundtable took place in Brussels on 3 March 2011.

M. Masamichi Kono, Chairman of the Working Group in charge of the review, presented the objectives of the review and introduced the report, explaining the main proposals and options put forward. He stressed that the Trustees Strategy review focused on the operational aspects of the governance (due process) whereas the Monitoring Board mainly dealt with the institutional aspects. He gave then the floor to participants for discussions.

As general comments, participants welcome the consultation and the willingness to articulate the Monitoring Board's and Trustees' reviews, which should lead to a single set of proposals. It was also stressed that the proposed changes should help to enhance the IASB governance in practice and should avoid to over-engineer it. However, participants emphasised that as positions were still under discussion, most of their comments made were tentative.

The following points were debated in more details.

Accountability and independence of the international standard setter

Many participants agreed that this issue is the cornerstone of the discussions. Especially in the European context, the use of IFRS for listed companies needs to be balanced by an appropriate accountability of the standard setter towards the public authorities. There was a shared view that the Monitoring Board should help to strengthen the accountability of the IASB.

Other participants stressed that during the last years, the focus was on the independence of the IASB and that it is now time to improve its accountability, which may imply a more prominent role for the Monitoring Board.

The issue of "public interest" was also discussed, especially as a potential alternative to the "accountability and independence" approach. Whilst some participants indicated that they would give merits to this approach, others highlighted that the "public interest" is difficult to define and highlighted for instance the risk to be confused with the "interest of public authorities".

Objectives of the financial statements

Several views were mentioned. Some participants would prefer to stick to the current approach (i.e. financial statements should provide useful information to existing and potential
capital providers). They thought that the financial stability should not be an objective by itself, because it can be achieved through information transparency.

Other participants expressed the opposite view, for several reasons. Some argued that the recent financial crisis has demonstrated the importance of financial information and therefore rules supporting them cannot be designed without giving appropriate consideration to macro-economic issues, such as the financial stability. Others stated that preparers are as important as users.

Whatever the approach favoured, many participants agreed that the definition of financial information objectives has to be considered when discussing the composition and the respective competences of the Monitoring Board and the Trustees.

The IASB's governance structure

There was a general agreement to keep the "three-tier" structure. Many participants stressed that both the Monitoring Board (especially through its role of monitoring the IASB's accountability towards public authorities) and the Trustees (oversight of IASB's work) have their own agenda. Mixing them would not help to enhance the overall governance.

At the same time, a consensus emerged on the need (i) to more clearly define the respective role of the Trustees and of the Monitoring Board and (ii) to enhance their collaboration.

Some participants stressed that the participation in the IASB's governance should be linked to the application or the commitment to apply IFRS.

It was also emphasised that the work of the Trustees should be more visible, e.g. by providing regular updates.

The composition of the Monitoring Board

Generally speaking, there was a consensus about the need to increase the diversity of the members of the Monitoring Board, without impairing the efficiency of its decision making process. In particular, size is a constraint on the ability to operate by consensus.

More specifically, representatives from emerging markets should be appointed as Monitoring Board Members. Some participants stressed that this was very important to ensure that IFRS become world standards. In addition, participants who support the addition of financial stability as an objective for the financial information strongly advocated that some supervisors (the Basel Committee and/or the FSB…) should become full members as well.

The powers of the Monitoring Board (Agenda setting)

Some participants do not support the right for the Monitoring Board to impose items on the IASB agenda, considering the fact that mechanisms to ensure proper public consultations on the agenda have already been put in place.

The IASB

The following points were raised in the context of the discussions on the IASB functioning:
Appointment of more part-time Board members. On the one hand, some would support this approach, as part-time members would stay closer in touch with the "practice". On the other hand, if the IASB shall remain accountable towards the public authorities, too much power should not be transferred to the staff, which could happen if Board members have less time available to contribute to standards development. With respect to this latter comment, many participants were not convinced by the opportunity to appoint part-time Board Members.

Split of the IASB Chairman / CEO of the Foundation positions. Some stakeholders stressed that rather than focusing on the position, the efficiency of the process could be improved through the allocation of staff directly to the Foundation.

One participant also said that the geographical balance of the (senior) staff of the IASB needed to be assessed.