IFRS Foundation Monitoring Board / IFRS Foundation Trustees

Press release

9 February 2012

Monitoring Board and the Trustees of the IFRS Foundation announce conclusions of their Governance and Strategy Reviews

The Monitoring Board and the Trustees of the IFRS Foundation today jointly announced the conclusions of their separate reviews of the governance and strategy of the IFRS Foundation.

The reviews build upon the achievements of the last 11 years, during which International Financial Reporting Standards (IFRSs) have become the internationally accepted language of financial reporting, required or permitted for use by companies in more than 100 countries. Together, the reviews propose a clear strategy and sound governance platform on which the IFRS Foundation and the International Accounting Standards Board (IASB) can continue to work towards their goal of becoming the global accounting standard-setter.

Independent but co-ordinated reviews

The Monitoring Board conducted a wide-ranging review focusing primarily on institutional aspects of governance, particularly the composition and respective roles and responsibilities of the Monitoring Board, the Trustees and the IASB. The Trustees' strategy review sought to articulate a clear strategy and vision for the organisation as it enters its second decade by considering the mission, governance, standard-setting process and financing of the IFRS Foundation.

The reviews have been conducted in an independent but co-ordinated manner that recognises the two bodies' separate responsibilities. The Monitoring Board and the Trustees are publishing the conclusions of the two reviews as a package to reflect a shared desire to co-ordinate their activities in a way that promotes the primary mission of the Foundation to set high quality, globally accepted financial reporting standards.

Extensive public consultation

Both sets of reviews were subjected to extensive global public consultation and discussions with interested parties.

The Monitoring Board began its Governance Review in April 2010. In February 2011 it published a consultation document with a two-month comment period, receiving 80 comment letters that not only offered detailed responses to the questions that had been asked, but also made broader suggestions regarding the governance arrangements. In March 2011 the Monitoring Board held a series of public stakeholder meetings in Asia, Europe and the Americas. A summary of comments received from these activities was published in September 2011.

The Trustees initiated their strategy review in January 2010 following the completion of their normal five-yearly constitution review. In November 2010 the Trustees published a consultation document with a two-month comment period, which was subsequently extended to four months. The Trustees held five public round-table discussions and received almost 100 comment letters in response to their proposals. In April 2011, the Trustees published for public comment the preliminary conclusions of their review. The consultation period closed in July 2011. Further public round-table discussions were held in Asia, Europe and North America. The Trustees received more than 70 comment letters in response to their preliminary conclusions. A draft of the conclusions of the strategy review was published as an observer note to the Trustees meeting in January 2012.

Next steps

The Monitoring Board will proceed with steps to put into operation the improvement measures, while the Trustees will initiate the process for considering revisions to the Constitution. The two bodies will follow through with actual implementation of the recommendations in a closely coordinated manner, referring to the timelines in the action plan appended to the Monitoring Board's report.

Commenting on the Governance and Strategy Reviews, Masamichi Kono, Acting Chair of the IFRS Foundation Monitoring Board, said:

> This joint package of governance improvements is a remarkable achievement resulting from close coordination between the Monitoring Board and the Trustees in order to improve various aspects of the Foundation's governance. We strongly believe that the measures identified herein will further improve the current governance mechanism while enhancing transparency of its performance. We hope that increased accountability will be reflected through stakeholders' confidence in the standard-setter and hence IFRSs. The two bodies will continue to work closely for a full implementation of the ideas contained in this joint package.

Commenting on the Governance and Strategy Reviews, Michel Prada, Chair of the IFRS Foundation Trustees, said:

> The strategy review seeks to consolidate the successes of the first 11 years of the IFRS story while establishing firm foundations for the IFRS Foundation and the IASB to complete the task of becoming the global accounting standard-setter.
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> I would like to thank the Monitoring Board for their close co-operation on this project, but also mention my close friend and predecessor as Chairman of the Trustees, Tommaso Padoa-Schioppa, who sadly passed away before the review that he began could be completed.

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Notes to editors

About the Monitoring Board of the IFRS Foundation

The members of the Monitoring Board are the Emerging Markets and Technical Committees of the International Organization of Securities Commissions (IOSCO), the Financial Services Agency of Japan (JFSA), the European Commission, and the US Securities and Exchange Commission (SEC). The Basel Committee on Banking Supervision is an observer.

Through the Monitoring Board, capital markets authorities responsible for setting the form and content of financial reporting in respective jurisdictions will be able to carry out more effectively their mandates regarding investor protection, market integrity and capital formation.

About the IFRS Foundation

The IFRS Foundation is the oversight body of the International Accounting Standards Board (IASB). The Foundation, through the IASB, is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements.

The Trustees of the IFRS Foundation promote the work of the International Accounting Standards Board (IASB) and the rigorous application of IFRSs but are not involved in any technical matters relating to the standards. This responsibility rests solely with the IASB.

Trustees are appointed for a renewable term of three years. Six of the Trustees are selected from the Asia/Oceania region, six from Europe, six from North America, one from Africa, one from South America and two from the rest of the world.