14 September 2018

IFRS Foundation Trustees
IFRS Foundation
Columbus Building
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

RE: Exposure Draft: Amending the Terms of Appointment for the IFRS Foundation Trustee Chair and Vice-Chairs (June 2018)

Our ref: 2018/PK/C1/IFRS/68

Dear Trustees,

The International Organization of Securities Commissions (“IOSCO”) Committee on Issuer Accounting, Auditing and Disclosure (“Committee 1”) thanks you for the opportunity to provide our comments regarding the IFRS Foundation’s Exposure Draft: Amending the Terms of Appointment for the IFRS Foundation Trustee Chair and Vice-Chairs (June 2018).

IOSCO is committed to promoting the integrity of the international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of Committee 1 seek to further IOSCO’s mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect the general consensus among the members of Committee 1 and are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

General Comments:

We note that the Exposure Draft includes three proposals:

- Proposal 1: Extending the maximum length of service of the Trustee Chair and Vice-Chairs—Proposed amendments to Section 10 of the Constitution
• Proposal 2: Consequential amendment to Section 10—External appointments

• Proposal 3: Clarifying amendment to Section 8 of the Constitution—Trustee Reappointments

Committee 1 is supportive of the Trustees’ proposed amendments for the reasons provided in the Exposure Draft. However, we believe there may be an inconsistency in the clarifying amendments to Section 8 of the Constitution, as described further below.

Proposal 3: Clarifying amendment to Section 8 of the Constitution—Trustee Reappointments

The proposal states that “A Trustee may be reappointed after a lapse of six years, but such a reappointment shall be limited to a term of three years, renewable only once. Thereafter, no further reappointment shall be permitted.”

Under this proposal, it appears that a trustee could serve for a total of 12 years. For example, a trustee that is appointed for the first time can be renewed once for a total of 6 years (i.e., 3 years initial term, 3 years upon renewal). After a lapse of 6 years, that trustee may be reappointed for another term that can be renewed once, which would equal another 6 years. This could lead to the possibility of a trustee serving for a total of 12 years. If this trustee was also named Vice Chair during any of the three-year terms, he or she could still serve for a total of 12 years, with the 6 year lapse in between.

However, under proposed section 10(b) of the Constitution, a Vice Chair cannot exceed 9 years in total length of service as a Trustee. It is unclear whether this is only if he/she serves as Vice Chair during all of the 3-year terms or just one of them.

C1 members believe that one appropriate way to remedy this inconsistency is to change the proposed amendments to Section 8 of the Constitution to limit the term after the 6 year lapse to just a single term, with no renewal if the Trustee had previously served for 6 years before the 6 year lapse. You may also consider clarifying this position in any other suitable manner.

We appreciate your thoughtful consideration of the responses provided in this letter. If you have any questions or need additional information, please do not hesitate to contact Jenifer Minke-Girard, Vice Chair of Committee 1 at +1 202-551-5300. In case of any written communication, please mark a copy to me.

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Sincerely,

Parmod Kumar Nagpal
Chair
Committee on Issuer Accounting, Audit and Disclosure
International Organization of Securities Commissions