

Mr. Michel Prada, *Chairman*
IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

9 October 2012

Dear Mr Prada

IFRS Foundation Constitution—Drafting Review: separating the role of the IASB Chair and the Executive Director

Deloitte Touche Tohmatsu Limited ('Deloitte') is pleased to respond to the IFRS Foundation Trustees' document 'IFRS Foundation Constitution—Drafting Review: separating the role of the IASB Chair and the Executive Director.' Noting that the Trustees will commence a full review of the IFRS Foundation Constitution in 2013, we have restricted our comments to those changes necessary to give effect to separating the roles of IFRS Foundation Chief Executive/ Executive Director and the IASB Chair.

We commend the IFRS Foundation for acting quickly to implement the change recommended both by the Trustees' Strategy Review Report and by the IFRS Foundation Monitoring Board in February 2012 as part of their governance review, a change for which we had advocated and which we support. As such we support the changes to the IFRS Foundation's Constitution, subject to our proposed changes that aim to reinforce the separation between the IFRS Foundation Executive Director and the IASB Chair.

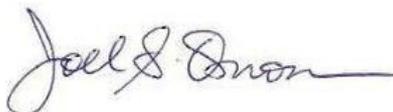
Our detailed responses are included in the Appendix to this letter.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 207 007 0884 or Joel Osness in New York at +1 212 492 3910.

Yours sincerely,



Veronica Poole
Global Managing Director
IFRS Technical



Joel Osness
Global Managing Director
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Appendix

Section 15

We suggest that paragraph 15(b) be re-worded to reinforce the separation between the IFRS Foundation Executive Director and the IASB Chair. We propose this change because we perceive an inherent conflict if the IASB Chair has an explicit right of veto over the appointment of the Executive Director, which the proposed wording suggests. Whilst recognising that the assessment of the IASB Chairman would be taken into account, we suggest Constitution be explicit that the IFRS Foundation Trustees make the appointment. This would provide consistency with the approach that the Monitoring Board took with respect to their involvement with the appointment of the IASB Chair.

15 In addition to the duties set out above, the Trustees shall:

...

(b) appoint the Executive Director, after consultation with the IASB Chair, and establish his or her contract of service and performance criteria;

....

Section 47

We think that this Section should be clarified to remove the perception that the Executive Director has any involvement with ‘matters relating to the IASB’s standard-setting activities.’ We understand that the purpose of this paragraph is to provide for the liaison and cooperation between the Executive Director (acting on behalf of the Trustees) and the IASB Chair on matters related to the IASB’s standard-setting activities that have been raised directly with the IFRS Foundation Trustees. In addition, we think that using ‘report’ confuses this activity with the Executive Director’s operational reporting responsibilities to the IFRS Foundation Trustees. We would split the two ideas and suggest wording to effect this below.

Taking our comments on Sections 15 and 47 into consideration, we would amend the proposed Section 47 as follows:

47 An Executive Director of the IFRS Foundation, appointed by the Trustees ~~and after~~ consultation with the IASB chair, shall be responsible for overseeing operational decisions affecting the day-to-day management of the IFRS Foundation and staff. The Executive Director shall report to ~~the IASB Chair on matters relating to the IASB’s standard-setting activities and to the Trustees on all other matters.~~ The Executive Director shall provide liaison and cooperation with the IASB Chair on matters relating to the IASB’s standard-setting activities that have been raised with the Trustees.