



International Accounting Standards  
Committee Foundation

# Press Release

FOR IMMEDIATE RELEASE

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## **Trustees announce IASC Foundation/IASB leadership team and process for consideration of IASB appointments**

Paul A Volcker, outgoing Chairman of the International Accounting Standards Committee (IASC) Foundation, announced today a number of decisions with respect to the Trustees of the IASC Foundation and the members of the International Accounting Standards Board (IASB):

- Tommaso Padoa-Schioppa, a founding member of the Executive Board of the European Central Bank, has accepted the Trustees' invitation to chair the IASC Foundation, beginning on 1 January 2006.
- The Trustees have reappointed Sir David Tweedie as Chairman of the IASB, thereby providing continuity in the effort that Sir David has led to achieve common accounting standards around the world.
- Reflecting the requirements of the revised IASC Foundation Constitution for 22 Trustees, seven new Trustees are being appointed for three-year renewable terms to replace four retiring members and fill three newly-created positions. These appointments also provide appropriate professional experience and geographical backgrounds. The appointments of the new Trustees received the support of the recently-created Trustee Appointments Advisory Group, consisting of leaders of official international and regional organisations. The other new Trustees are:
  - **Marvin Cheung**, retired Chairman of KPMG Hong Kong, Hong Kong SAR, People's Republic of China
  - **Samuel DiPiazza**, CEO, PricewaterhouseCoopers, United States
  - **Liu Zhongli**, President, Chinese Institute of Certified Public Accountants; former Minister, Ministry of Finance, People's Republic of China
  - **William McDonough**, former Chairman, US Public Company Accounting Oversight Board, United States; former President, Federal Reserve Bank of New York
  - **Sir Bryan Nicholson**, outgoing Chairman, Financial Reporting Council, United Kingdom

- **T. V. Mohandas Pai**, Member of the Board and Chief Financial Officer, Infosys Technologies Limited; Chairman of the Board, Progeon Limited, India
- **Junichi Ujiie**, Chairman, Nomura Holdings Inc, Japan.
- The Trustees reappointed Max Dietrich Kley, a member of the Supervisory Board of BASF AG, for a three-year term. After these appointments and reappointment, one Trustee position remains vacant, and the Trustees are now completing arrangements to fill that vacancy. When the final position is filled, there will be eight Trustees from Europe, six from North America (four from the United States), six from the Asia/Oceania region, and one each from Africa and South America.
- The Trustees have also initiated a process for considering the appointment and/or reappointment of members of the IASB. The Trustees will invite applications and nominations for four IASB positions for which terms will expire on 30 June 2006.

In making these announcements, Mr Volcker expressed his delight, and that of other Trustees, at Mr Padoa-Schioppa's willingness to assume the chairmanship. He noted:

Mr Padoa-Schioppa has been a strong proponent of the need for international accounting standards. He brings broad and highly relevant experience to the work of the IASC Foundation, including serving as Chairman of both the Italian securities regulator and the Basel Committee on Banking Supervision. I know from long observation that he has earned the respect of financial officials and market participants not only in his home country of Italy and in Europe generally, but in the world at large, all further confirmed by the strong support of the Trustee Appointments Advisory Group.

At the same time, the reappointment of Sir David Tweedie will assure continuity in the effort to achieve consistent and widely-applicable international accounting standards. Sir David has spearheaded that effort, which is at a crucial point of development now with a target date for the removal of the US GAAP reconciliation by no later than 2009.

Phil Laskawy, chairman of the Trustee Selection Committee, added:

My fellow Trustees look forward to working with Tommaso Padoa-Schioppa and our new colleagues in the months ahead. They join an organisation that is well placed to broaden the acceptance of international accounting standards. In large part, that is due

to the leadership and work of Paul Volcker. Paul Volcker leaves the Trustees with an important legacy as its first Chairman, and we greatly appreciate his efforts on behalf of the organisation. For that reason, we are delighted with his willingness to continue to serve the organisation as Chairman of the Trustee Appointments Advisory Group, an idea strongly endorsed by the Advisory Group itself.

Speaking after his appointment, Tommaso Padoa-Schioppa said:

I am looking forward to working with my fellow Trustees and with David Tweedie with whom I have had constructive contact in the past. More than ever there is a compelling need to accept international accounting standards as the basis of financial reporting for the world's rapidly integrating capital markets. Under the leadership of Paul Volcker, the Trustees and the IASB, progress has been made towards that goal. There is more work to be done if the world's capital markets are to reap the full benefits of international standards, and I am dedicated to achieving that goal. I am delighted that Paul Volcker is willing to continue to assist us in that effort.

### **IASB selection and reappointments process**

Each of the members of the IASB with terms expiring in June 2006 is eligible for reappointment. However, Professor Geoffrey Whittington, a present IASB member, has indicated that he will not be seeking a second term when his term expires on 30 June 2006.

Consistently with the processes contemplated as part of the recent Constitutional change, candidates will be invited to put their names forward for the four positions. While inviting new applications and nominations, the Trustees have indicated that the three current members of the IASB available for reappointment will be given particular consideration in the process. The qualifications of the three IASB members and other candidates will be considered on the basis of the criteria listed in the Annex of the IASC Foundation Constitution. (The Annex of the Constitution is attached to the press release.)

In addressing the matter of IASB member selection and reappointments, Mr Volcker said:

The Trustees have taken a number of steps as a result of the Constitution Review to improve the transparency of the IASC Foundation's processes. Our efforts on selection and reappointments of IASB members are another step in that direction. Hans-Georg Bruns, Warren McGregor and Tatsumi Yamada, along with

Professor Whittington, have each made outstanding contributions during the IASB's first five years, which the Trustees will take into account during our consideration of reappointments and the vacancy left by Professor Whittington's retirement.

**For Press Enquiries:**

**Tom Seidenstein**, IASC Foundation,

Telephone: +44 (0)20 7246 6450; email: [tseidenstein@iasb.org](mailto:tseidenstein@iasb.org)

**NOTE TO EDITORS**

1. The International Accounting Standards Committee (IASC) Foundation, based in London, is the oversight body of the International Accounting Standards Board (IASB). The governance of the organisation rests with 22 Trustees. Six of the Trustees must be selected from the Asia/Oceania region, six from Europe, six from North America, and four from any region.
2. The IASC 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 IASC Foundation is funded by contributions from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations.

**BIOGRAPHY OF TOMMASO PADOA-SCHIOPPA**

Tommaso Padoa-Schioppa is Senior Fellow of the Institute of International Affairs (Rome) and President of Notre Europe (Paris). He was a member of the Executive Board of the European Central Bank from 1998 until May 2005.

Before joining the European Central Bank, Mr Padoa-Schioppa served as the Director-General for Economic and Financial Affairs at the Commission of the European Communities (1979-83), Deputy Director General of Banca d'Italia (1984-97) and Chairman of Commissione Nazionale per le Società e la Borsa (1997-98).

He has served in a leadership capacity on various European and international committees, including as Joint Secretary to the Delors Committee for the study of European Economic and Monetary Union (1988-89); Chairman of the Banking Advisory Committee of the Commission of the European Communities (1988-91); of the Working Group on Payment Systems of the Central Banks of the European Community (European Monetary Institute) (1991-95); of the Basle Committee on Banking Supervision (1993-97); of the European Regional Committee of IOSCO (1997-98); of the FESCO (Forum of the European Securities Commissions) (1997-98); of the G10 Committee on Payments and Settlement Systems (2000-05).

Mr Padoa-Schioppa is a member of the Group of Thirty since 1979. He is President of the International Center for Monetary and Banking Studies (Geneva), member of the Advisory Board of the Institute for International Economics (IIE, Washington DC), and Senior Adviser and Advisory Board member of Promontory Financial Group, LLC.

He graduated from the Luigi Bocconi University, Milan, Italy, in 1966 and received a Master of Science degree from the Massachusetts Institute of Technology. He holds five honorary degrees.

He is the author of numerous books and articles.

He is Cavaliere di Gran Croce della Repubblica Italiana.

## Annex to the IASC Foundation Constitution

### Criteria for IASB Members

The following would represent criteria for IASB membership:

- 1. Demonstrated Technical Competency and Knowledge of Financial Accounting and Reporting.** All members of the IASB, regardless of whether they are from the accounting profession, preparers, users, or academics, should have demonstrated a high level of knowledge and technical competency in financial accounting and reporting. The credibility of the IASB and its individual members and the effectiveness and efficiency of the organisation will be enhanced with members who have such knowledge and skills.
- 2. Ability to Analyse.** IASB members should have demonstrated the ability to analyse issues and consider the implications of that analysis for the decision-making process.
- 3. Communication Skills.** Effective oral and written communication skills are necessary. These skills include the ability to communicate effectively in private meetings with IASB members, in public meetings, and in written materials such as accounting standards, speeches, articles, memos and correspondence with constituents. Communication skills also include the ability to listen to and consider the views of others. While a working knowledge of English is necessary, there should not be discrimination in selection against those for whom English is not their first language.
- 4. Judicious Decision-making.** IASB members should be capable of considering varied viewpoints, weighing the evidence presented in an impartial fashion, and reaching well-reasoned and supportable decisions in a timely fashion.
- 5. Awareness of the Financial Reporting Environment.** High quality financial reporting will be affected by the financial, business and economic environment. IASB members should have an understanding of the global economic environment in which the IASB operates. This global awareness should include awareness of business and financial reporting issues that are relevant to, and affect the quality of, transparent financial reporting and disclosure in the various capital markets worldwide, including those using International Financial Reporting Standards.
- 6. Ability to Work in a Collegial Atmosphere.** Members should be able to show respect, tact and consideration for one another's and constituents' views. Members must be able to work with one another in reaching consensus views based on the IASB's objective of developing high quality and transparent financial reporting. Members must be able to put the objective of the IASB above individual philosophies and interests.
- 7. Integrity, Objectivity and Discipline.** The credibility of members should be demonstrated through their integrity and objectivity. This includes intellectual integrity as well as integrity in dealing with fellow IASB members and constituents. Members should demonstrate an ability to be objective in reaching decisions.

Members also should demonstrate an ability to show rigorous discipline and carry a demanding workload.

8. **Commitment to the IASC Foundation's Mission and Public Interest.** Members should be committed to achieving the objective of the IASC Foundation of establishing international accounting and financial reporting standards that are of high quality, comparable, and transparent. A candidate for the IASB also should be committed to serving the public interest through a private standard-setting process.