



Press Release

15 February 2010

Trustees announce further governance enhancements

The Trustees of the International Accounting Standards Committee (IASC) Foundation, the oversight body of the International Accounting Standards Board (IASB), today announced enhancements to their governance arrangements. These changes, which are aimed at enhancing public accountability, stakeholder engagement and operational effectiveness, complete the second part of the IASC Foundation's five-yearly Constitution Review. The Trustees reached their conclusions at their meeting in Brazil on 26 and 27 January 2010.

Following more than a year of global public consultation, the Trustees agreed to the following major changes in the Constitution:

- **Introduction of three-yearly public consultations on the IASB's technical agenda:** In addition to consulting the Trustees and its advisory council annually on the existing and future agenda, the IASB will undertake a three-yearly public consultation on its future technical agenda.
- **Emphasis on adoption of International Financial Reporting Standards (IFRSs):** The Constitution will emphasise that convergence is a strategy aimed at promoting and facilitating the adoption of IFRSs, but is not an objective by itself.
- **A commitment to a 'principle-based' approach:** The Constitution will call for IFRSs 'based upon clearly articulated principles'.
- **Specific designation of investors:** The new Constitution specifically identifies investors as a target audience for financial information (in addition to other participants in the world's capital markets and other users of financial information).
- **A requirement for due process and the introduction of an emergency procedure:** The Constitution will include a provision for an accelerated due process only in the

most exceptional circumstances and only after approval by at least 75 per cent of the Trustees.

- **Creation of vice chairs for both the Trustees and the IASB:** The new Constitution will establish the possibility of two vice chairs for both the Trustees and the IASB. This will both ease the burden on the chair, and give the option of wider geographical distribution in the leadership.
- **Improved language to account for a broad range of stakeholders, both by type and location:** The Constitution will note the need to ‘take account of, as appropriate, the needs of a range of sizes and types of entities in diverse economic settings’.
- **Reduction in duration of possible second term of IASB members to ensure practical experience:** While the Constitution will still permit the possibility of a second term for IASB members, the Trustees have reduced the second term from five years to three for IASB members not serving as the chair or a vice chair.
- **Names in use across the organisation to be streamlined:** The names in use across the organisation will be more closely aligned with the standards. The IASC Foundation will become the IFRS Foundation, as soon as the practical arrangements can be made. The interpretations committee and advisory council will be known as the IFRS Interpretations Committee and IFRS Advisory Council, respectively. Stakeholders supported retaining the name of the IASB, and the Trustees concurred.

The new Constitution will be put into effect on 1 March 2010. The Trustees will shortly issue a report explaining their conclusions and providing feedback to the over 100 organisations and individuals that took part in the consultation. (A staff summary of the Constitution changes can be found by [clicking here](#)).

In addition to the Constitution changes, and in response to comments received, the Trustees will undertake the following reviews:

- **Strategic review:** With a number of jurisdictions in the process of adopting IFRSs, and with the impending conclusion of the convergence programme, the Trustees will review this year future strategy for the period post mid-2011. The Trustees have indicated their desire to consult external stakeholders as a part of the review.

- **Review of the IFRS Advisory Council:** The Trustees will undertake and complete, by year-end, a review of the IFRS Advisory Council to assess the recent reforms to its structure and operations, and determine whether further reforms are necessary. The Trustees will work with the existing Advisory Council membership on this review.
- **Review of Trustee oversight effectiveness:** The Trustees' Due Process Oversight Committee will review this year the oversight framework and the Trustees' fulfilment of their oversight objectives.

The next meeting of the Trustees will take place in London on 30 and 31 March 2010.

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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 primarily 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.
3. In January 2009 the Trustees enhanced the public accountability of the IASC Foundation by establishing a link to a Monitoring Board of public authorities. The Monitoring Board's main responsibilities are to ensure that the Trustees continue to discharge their duties as defined by the IASC Foundation's Constitution, as well as approving the appointment or reappointment of Trustees.
4. The members of the Monitoring Board are, at present, the Chairmen of the Emerging Markets and Technical Committees of the International Organization of Securities Commissions (IOSCO), the European Commissioner for Internal Markets, the Commissioner of the Financial Services Agency of Japan (JFSA), and the Chairman of the US Securities and Exchange Commission (SEC). The Chairman of the Basel Committee on Banking Supervision participates in the Monitoring Board as an observer. Through the Monitoring Board, securities regulators that allow or require

the use of IFRSs in their jurisdictions will be able to carry out more effectively their mandates regarding investor protection, market integrity, and capital formation.