

Invitation to Comment

1. The Trustees of the International Accounting Standards Committee Foundation (IASC Foundation) have published proposed changes in the IASC Constitution (as agreed in May 2000) for public comment. These changes relate to the Standing Interpretations Committee (SIC) in paragraphs 38-41. Proposed additions are indicated by underlining and shading and proposed deletions are shaded and struck through – see overleaf.
2. Comments should be submitted in writing so as to be received by 15 February 2002. The Trustees invite comments on any aspect of the proposed Constitutional changes. Commentators should note that the Trustees have substituted the acronym of IASB for IASC in the text to reflect the organisation's new structure.
3. The proposed revisions of the Constitution reflect:
 - a. **A change of the name of the committee.** The Trustees propose changing the name of the SIC to the *International Financial Reporting Interpretations Committee* (IFRIC) in order to emphasise:
 - i. Its relationship to the new International Financial Reporting Standards (IFRS)
 - ii. The proposed expansion of the mandate to include guidance on financial reporting issues not specifically addressed in IFRS
 - b. **An expansion of the Committee's mandate.** As mentioned above, the Trustees propose an expansion of the mandate to allow the committee to address issues not specifically addressed by IFRS. The guidance shall be provided within the parameters of the IASB Framework and existing IFRS. This will enable consistent interpretations to be developed for use throughout the world.

To ensure consistency between the body of standards and interpretations, the Trustees have also approved procedures for the IASB to have significant oversight responsibility for the

interpretations committee. The IASB will monitor and provide input into the discussions of the IFRIC. The IASB shall clear draft interpretations before their public release, and final interpretations shall require the approval of eight members of the IASB.

- c. **The establishment of the position of a non-voting Chair.** The existing Constitution provides for a committee of 12 members, one of whom will be selected by the Trustees to serve as Chair. The Trustees have recommended that they appoint one of the members of the IASB, the Director of Technical Activities, or a member of the IASB's senior technical staff or another appropriate individual to serve as a non-voting Chair for several reasons:
 - i. Given the administrative demands of chairing the Committee, appointing one of the voting members as chair largely could deprive that member of his ability to participate in the technical debate.
 - ii. The IFRIC will develop guidance on new issues as well as interpreting existing standards. Close cooperation between the IFRIC and the IASB is essential. Having a member of the IASB or the IASB's staff in the chair's role will facilitate the necessary coordination.
 - iii. The demands of the IFRIC will, at some point, greatly exceed those of the SIC under the old IASC structure. It is unlikely a volunteer with other full-time professional duties could be expected to provide the amount of time necessary to move the IFRIC's work programme forward in an effective manner.
4. Comments should be sent either by mail (IASC Foundation Trustees, 30 Cannon Street, London, EC4M 6XH, United Kingdom) or by email (iasb@iasb.org.uk).

PROPOSED CHANGES IN THE CONSTITUTION

~~Standing International Financial Reporting~~ Interpretations Committee

38. The ~~Standing International Financial Reporting~~ Interpretations Committee shall comprise twelve voting members, appointed by the Trustees under Section 20(b) for a renewable terms of three years. ~~The Trustees shall appoint a member of the IASB, the Director of Technical Activities or another senior member of the IASB staff, or another appropriately qualified individual to chair the Committee. The Chair has the right to speak to the technical issues being considered but not to vote. One of the twelve members shall be appointed by the Trustees to be Chairman.~~ Expenses of travel on ~~IASC-IASB~~ business shall be met by ~~the~~ IASC Foundation.

39. The ~~Standing International Financial Reporting~~ Interpretations Committee shall meet as and when required and nine voting members present in person or by telecommunications shall constitute a quorum: one or two ~~Board~~ members shall be designated by the Board to attend meetings as non-voting observers and ~~the Chairman~~ other members of the Board may attend the meetings. On exceptional occasions, members of the ~~Standing International Financial Reporting~~ Interpretations Committee may be allowed to send non-voting alternates, at the discretion of the ~~Chairman~~ of the Committee. Members wishing to nominate an alternate should seek the consent of the ~~Chairman~~ in advance of the meeting concerned. Meetings of the ~~Standing Interpretations Committee~~ ~~International Financial Reporting Interpretations Committee~~ shall be open to the public, but certain discussion (normally only about selection, appointment and other personnel issues) may be held in private at the discretion of the ~~Standing International Financial Reporting~~ Interpretations Committee.

40. Each member of the ~~Standing International Financial Reporting~~ Interpretations Committee shall have one vote. ~~Members vote in accordance with their own independent views, not as representatives voting according to the views of any firm, organisation or constituency with which they may be associated.~~ Proxy voting shall not be permitted. Approval of Draft or final Interpretations shall

require that not more than three voting members vote against the Draft or final Interpretation.

41. The ~~Standing International Financial Reporting~~ Interpretations Committee shall:

- (a) interpret the application of ~~International Accounting Standards~~ ~~International Financial Reporting Standards (IFRS)~~ and provide timely guidance on financial reporting issues not specifically addressed in IFRS, in the context of ~~IASC's-IASB's~~ framework, and undertake other tasks at the request of the Board;
- (b) publish Draft Interpretations for public comment and consider comments made within a reasonable period before finalising an Interpretation; and
- (c) report to the Board and obtain Board approval for final Interpretations.