



IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

19 December 2012

Dear Sirs,

Re: Proposal to Establish an Accounting Standards Advisory Forum

BUSINESSEUROPE welcomes the opportunity to comment on the proposal to establish an Accounting Standards Advisory Forum.

The period for giving comments on the proposal has been short – only 45 days. BUSINESSSEUROPE considers that, even though the proposal is not dealing with standard-setting, a longer comment period should be allowed for proper consultation and consideration of these amendments relating to the relationship between the IASB and other bodies within or outside the IFRS organisation.

BUSINESSEUROPE believes that it is imperative that the IASB consult with all stakeholders on a regular basis in order to take all relevant views into account in the standard-setting process. We are, in principle, supportive of the proposal to establish an Accounting Standards Advisory Forum (ASAF) as a part of this process. However, before the forum is established we consider that the IFRS Foundation should address a number of questions that are not adequately covered by the proposal. These issues are discussed below.

The role of the ASAF

The role of the ASAF (which is explained in paragraph 6.4 on page 9 of the proposal) is to provide advice and views to the IASB on major technical issues related to its standard-setting activities and to provide input on national and regional issues. Even with this description, the exact purpose of the ASAF is not sufficiently clear. For example, is its purpose to discuss agenda setting in a very preliminary phase for new standards or amendments to existing standards?

It is also not clear how the IASB can make use of the views presented by ASAF members, given the fact that members must take their own due processes for formulating positions into account. How can discussions within the forum add to what is stated in comment letters by the members? What the IASB might end up with is the personal opinions from individual members or staff of a standard-setter or regional body.

Adding to this, we also believe that the IFRS foundation should clarify how the ASAF will fit in with other IASB advisory bodies (i.e. the IFRS Advisory Council, Capital Markets Advisory Committee and Working Groups). This is not clear from reading the proposal. Is there a risk of duplication of work?

Commitments

BUSINESSEUROPE believes that the success of the ASAF will depend upon a number of conditions being satisfied. In particular, it is important that the members of the ASAF commit themselves to participate fully and constructively in its work. The Memorandum of Understanding as proposed is, in our view, not the best way to achieve this. Instead, this could take the form of a specific commitment to devote adequate resources, to prepare thoroughly, to act as a faithful conduit for communication in both directions between the ASAF and constituents, and to participate in the discussions in an open-minded way. Similarly, the IASB representatives should commit themselves to the same behaviors and additionally to conducting the meetings in a transparent manner with a clear record being made of what was said by whom, and how the IASB proposes to take forward the product of the discussion.

In summary, it is essential, in our view, that the objectives of the ASAF are clearly stated and that there is a clear set of rules governing the behaviour of all the participants in the forum. Participation in the ASAF should imply acceptance of the objectives and rules, as is the case in any such form.

Furthermore, other than the commitment to support the IFRS Foundation's mission to develop, in the public interest, a single set of globally accepted financial reporting standards (paragraph 6.4 on page 9) we are uncomfortable with most of the specific commitments that are identified in the proposed Memorandum of Understanding. We do not think that the other commitments are appropriate for independent members of the ASAF as they are far too restrictive. Indeed, requiring members to commit themselves positively to promoting the adoption of IFRS, for example, may actually discredit the ASAF in its intended role as the forum might then be perceived as a subordinate body of the IASB. IASB and non-IASB representatives in the ASAF should be truly equal in status, and the independence of each should be respected.

We believe that it would be preferable if the role of the ASAF and the responsibilities of its members were clarified as described above in order for members of the ASAF and other interested parties to better understand the relationship between ASAF and the IASB.

If you require any further information or explanation, please do not hesitate to contact us.

Yours sincerely,



Jérôme P. Chauvin
Director
Legal Affairs Department
Internal Market Department