



Via Email: rule-comments@sec.gov

20 April 2009

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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United Kingdom
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Web: www.icgn.org

Dear Ms. Murphy and Commissioners:

Re: File Number S7-27-08 Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

We are writing on behalf of the International Corporate Governance Network (ICGN). The ICGN is a global membership organisation of institutional and private investors, corporations and advisors from 47 countries. Our investor members are responsible for global assets of U.S. \$15 trillion. The mission of the ICGN is to meaningfully contribute to the continuous improvement of corporate governance best practices through the exchange of ideas and information across borders. Information about the ICGN, its members, and its activities is available on our website: www.icgn.org.

The purpose of the Accounting and Auditing Practices Committee is to address and comment on accounting and auditing practices from an international investor and shareowner perspective. The Committee through collective comment and engagement strives to ensure the quality and integrity of financial reporting around the world.

http://www.icgn.org/organisation/committee_membership.php?name=AAP

The ICGN is pleased to provide comment to the Securities and Exchange Commission (SEC) on the proposed Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards (IFRS) by U.S. Issuers. The ICGN supports the use of quality, fully transparent, timely, (ensuring quality and reliability) and comparable financial reporting.¹ We believe this may be accomplished through the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) working together towards convergence to develop a single set of high-quality accounting standards. We agree that as capital markets have become increasingly global, U.S. investors have

¹ ICGN letter to SEC (Nancy M. Morris) regarding File No. S7-13-07, Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with IFRS without Reconciliation to U.S. GAAP, 24 September 2007.

a corresponding increase in international investment opportunities.² However, it is of critical importance that financial reporting provide for reliable, high-quality, transparent and comparable information for the company³ and other users in making stewardship decisions, as well as investment decisions. We therefore are somewhat concerned with the proposed roadmap as the SEC is proposing amendments to various regulations, rules and forms that would permit early use of IFRS. We fully support the convergence project, but believe the decision to have a concrete final timetable may not necessarily provide for different evolving scenarios to accomplish the critical goal of a single set of high-quality accounting standards applied throughout the globe .

Overview – Milestones

ICGN supports the need to establish an overall plan in moving towards the adoption of a single set of high-quality, transparent and comparable accounting standards, and are in general agreement with developing a framework to accomplish this. We do not, however, believe that a go-or-stop decision set in this framework is helpful, but rather prefer the SEC annually review the current state of each of the milestones and assess what steps are needed to reach satisfactory achievement of a global single set of high-quality accounting standards.

Milestone 1 – Improvements in Accounting Standards

ICGN agrees the SEC can play a key role to support the IASB in its ambition to achieve global accounting standards, but the SEC should simultaneously make sure that the IASB does not deviate from its stated mandate. We are not convinced that the IASB actually has the correct mandate, and have commented on this several times. We feel that a clear commitment of the SEC to the success of the IASB and to eventual adoption is in the interest of quality of financial reporting in all jurisdictions which have already adopted IFRS, or are in the process of adopting them.

We are concerned that the aim of convergence between IFRS and U.S. GAAP has in some instances been placed above that of quality of financial reporting. For example, with IAS 39, IFRS 8, and IFRS 7, there are also major issues remaining with the Conceptual Framework, such as “the reporting entity concept,” and other issues. We feel that beyond convergence, other objectives are worth considering, such as reducing some unnecessary complexity that has already developed under IFRS and shows no sign of alleviating, (i.e. in being modeled on key aspects of the Conceptual Framework of U.S. GAAP, it is increasingly becoming as complex as U.S. GAAP). In any case, the reduction of differences between IFRS and U.S. GAAP should in no instance be considered a higher priority than the objective of establishing a single set of high-quality standards.

² ICGN letter to SEC (Nancy M. Morris) regarding File No. S7-20-07 Concept Release – Allowing U.S. Issuers to Prepare Financial Statements in Accordance with IFRS, 14 November 2007.

³ The Company is the directors and its shareholders.

We agree that it is important that accounting standards be established under a robust, independent process that includes due process which allows input from investors and other affected parties. We agree and feel it is imperative that accounting standards improve the accuracy and effectiveness of financial reporting, do not undermine the control of the company itself, and the protection of investors, resulting in higher quality financial reporting relative to the standards being replaced. We feel strongly that political influences should not influence the role of the independent accounting standard-setter. We are concerned that accounting standards are having consequences for the accounting profession and its duty of care (liability position), and that this is not being assessed properly when standards are being produced. We note that the FASB Foundation submission to the SEC refers to this problem.

Milestone 2 – Accountability and Funding of the IASC Foundation

We feel strongly that the mandate, governance and funding of the International Accounting Standards Committee Foundation (IASC Foundation) be clarified and significantly improved.⁴ We believe the IASC Foundation's current governance framework has serious shortcomings which the SEC should encourage the IASCF to correct. We do not necessarily agree that the current governance and responsibilities of the Monitoring Group represent global stakeholders. We believe that the Monitoring Group's role should be limited to monitoring the IASC Foundation's operations. We believe a functional Monitoring Group would entail a high degree of accountability and representation from the investment community, analysts, auditors, preparers and national and regional regulators.

Moreover in our opinion, the true priority is the establishment of a stable, independent funding framework for the IASC Foundation to enhance independence. Establishing a stable, transparent funding framework for the IASC Foundation would significantly reduce the concern that financial pressure could compromise the independence of the IASB's decision-making. We find it inappropriate that the establishment of a Monitoring Group is envisaged without having established a link to the key issue of sustainable funding for the IASC Foundation. However, this natural solution could still be grasped.

Milestone 3 - Improvement in the Ability to Use Interactive Data for IFRS Reporting

The ICGN sees potential benefits in interactive data (Extensible Business Reporting Language – XBRL) as a process. However, we are concerned that the SEC's content neutral position on what disclosures should be made is unhelpful and that the SEC should reconsider this in the interests of better and more transparent reporting.

⁴ ICGN letters to the IASC Foundation regarding the Review of the Constitution, Public Accountability and the Composition of the IASB, 20 September 2008 and Review of the Constitution Identifying Issues for Part 2 of the Review, 2 April 2009.

Milestone 4 – Education and Training

ICGN agrees that significant training will need to take place to ensure U.S. investors, accountants, auditors, students and all users of financial reporting are fully trained and understand IFRS. The experiences in the European Union and other parts of the world are exemplary. With the right pressure and collective approach involving all stakeholders a sound foundation for successful adoption of IFRS in the U.S. can be achieved.

Since sufficient resources and incentives are key to training, it may be appropriate for the SEC to address how this would be accomplished. The costs could include: hiring additional competent people trained in IFRS, training existing people, making necessary modifications to companies' information technology systems to address the differences in accounting conventions, funding major changes in accounting education, and recruiting and training IFRS accounting professors and public company auditors.

Also, auditors play a vital role in the integrity of financial reporting and it is this role that provides investors with confidence in the efficiency of capital markets. U.S. auditors would need to be as well versed in IFRS as they are currently in U.S. GAAP. It is important to ensure that an independence standard for auditors is defined and consistently applied. The independence of the auditor is critical to the gate keeping/investor protection role of auditors.

ICGN believes that joint regulatory bodies, such as the International Organization of Securities Commissions (IOSCO) developing an information-sharing infrastructure among securities regulators through both multilateral and bilateral platforms will improve securities regulators' ability to identify and address inconsistent and inaccurate application of IFRS.

Milestone 5 – Limited Early Use of IFRS Where This Would Enhance Comparability for U.S. Investors

The ICGN does not support the SEC's proposal regarding the limited early use of IFRS. We can understand that there may be some benefit accrued to the SEC through this as issues can be addressed at a smaller level with only 110 companies versus 10,000 firms at one time. However, we are not convinced that the reduction in the comparability among U.S. issuers and the need for familiarity with both sets of accounting standards is overall beneficial to investors.

Milestone 6 – Anticipated Timing of Future Rulemaking by the SEC

We support and agree with a mandatory, rather than an optional use of IFRS by U.S. issuers. The ICGN is concerned that two set of standards may inevitable lead to companies arbitraging which standard to use and this may negatively impact both the quality of financial reporting and the reputation of both IFRS and U.S. GAAP.

Milestone 7 - Implementation of the Mandatory Use of IFRS

Comparability is a crucial promise of IFRS along with the importance of consistency of adoption and enforcement practices across jurisdictions. The ICGN does not necessarily see the benefit of a proposed phase-in of mandatory implementation of IFRS. We understand from some of our members that there is concern with the phasing in the Sarbanes-Oxley Section 404 internal controls reporting requirements for all U.S. companies that is still not complete. We are concerned that this example of phasing in, after six years where there are still significant numbers of U.S. companies that do not yet report on the adequacy of their internal controls and include their auditor's opinion may be reflective of the SEC's current proposal on phasing in IFRS.

Transition and Timing

We investors, very much support the roadmap. However, the SEC's proposed roadmap still has aspects that need to be studied, vetted and addressed before allowing U.S. issuers to adopt filing its financial statements using only IFRS. Imperative to this process is the need for shareowner and investor input as the SEC determines what would be necessary to reach an appropriate level of acceptance and understanding to allow U.S. issuers the choice to prepare its financial statements in accordance with IFRS as published by the IASB. However, we do not support indefinitely postponing decisions on adopting IFRS and believe after the SEC has gained comfort with a reformed IASC Foundation and IASB that the SEC should signal through the joint work of the FASB and IASB the importance of moving toward a single set of high-quality, fully transparent, timely, comparable and robust standards. The ICGN hopes that considerable cooperation between the boards will facilitate this objective.

To facilitate providing the SEC ICGN's perspective we have included copies of the letters referenced in the footnotes to this letter.

If you would like to discuss any of these points, please do not hesitate to contact Anne Simpson, our Executive Director, at +44 207 612 7098 or execdirector@icgn.org. Thank you for your attention and we look forward to your response on the points above.

Yours sincerely,



Christianna Wood
Co-Chair, ICGN Accounting and
Auditing Practices Committee



Louis F. Moret
Co-Chair, ICGN Accounting and
Auditing Practices Committee

Cc: ICGN Board Members
ICGN Accounting & Auditing Practices Committee

Elizabeth Murphy, Secretary
Securities and Exchange Commission
20 April 2009
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Enclosures: ICGN letter to SEC (Nancy M. Morris) regarding File No. S7-13-07 Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with IFRS without Reconciliation to U.S. GAAP, 24 September 2007.

ICGN letter to SEC (Nancy M. Morris) regarding File No. S7-20-07 Concept Release – Allowing U.S. Issuers to Prepare Financial Statements in Accordance with IFRS, 14 November 2007.

ICGN letters to the IASC Foundation regarding the Review of the Constitution, Public Accountability and the Composition of the IASB, 20 September 2008 and Review of the Constitution Identifying Issues for Part 2 of the Review, 2 April 2009.



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Due Date September 24, 2007

***File Number S7-13-07 Acceptance from Foreign Private Issuers of
Financial Statements Prepared in Accordance with International Financial
Reporting Standards without Reconciliation to U.S. GAAP***

Dear Ms. Morris:

I am writing on behalf of the International Corporate Governance Network (ICGN). The ICGN is a global membership organisation of institutional and private investors, corporations and advisors from 38 countries with capital under management in excess of U.S. \$10 trillion. The aim of the ICGN is to contribute to raising standards of corporate governance through the exchange of ideas and information across borders and development of best practices. Information about the ICGN, its members and its activities is available on our website: www.icgn.org.

The purpose of the Accounting and Auditing Practices Committee is to address and comment on accounting and auditing practices from an investors' and shareowners' perspective. The Committee through collective comment and engagement strives to ensure the quality and integrity of financial reporting around the world.

http://www.icgn.org/organisation/committee_membership.php?name=AAP

Thank you for the opportunity to comment on whether the SEC should accept from foreign private issuers financial statements prepared in accordance with International Financial Reporting Standards without reconciliation to U.S. GAAP. The ICGN and its members have a vested interest in maintaining the efficiency of the capital markets and the integrity of financial statements. We believe that all investors would benefit from having consistent high quality financial reporting standards and support the goal of convergence to International Financial Reporting Standards (IFRS). Being of global membership, many of our members are very familiar with financial statements using IFRS. The development of a single set of high-quality globally accepted accounting standards which enhance comparability and provide needed transparency are important to investors.

ICGN supports the change to allow the acceptance of IFRS-based accounting standards for foreign private issuers without reconciliation to U.S. GAAP. However, we caution the Commission to consider the following issues:

- ***We recommend the reconciliation not be to U.S. GAAP but to the IASB published IFRS.*** More than 100 countries have adopted IFRS, however many countries use country-specific versions, or carve out versions or jurisdiction-based or “endorsed” IFRS. Many of these differences occur because of Company Law adopted by countries. We would suggest a different approach to incentivize versus penalizing these foreign private issuers (i.e. requiring the reconciliation to U.S. GAAP) that have not adopted IFRS as published by the International Accounting Standards Board. We would ask whether the Commission and joint regulatory bodies such as the International Organization of Securities Commissions (IOSCO) provide guidance that would enhance the movement towards a more uniform IFRS. However, in the meantime accepting jurisdiction-based IFRS with reconciliation to IFRS as published by IASB is a good step approach toward more uniform IFRS.
- ***Is there a need for industry specific standards that should be developed by IASB for IFRS?*** Industry accounting guidelines and standards are defined by FASB whereas there is not current industry accounting standards developed in IFRS. *However, we do not believe that this difference should delay the move toward IFRS.*
- ***What steps could be taken to ensure that no perceived conflict of interest exists with standard setters?*** Addressing the funding of the two standard setters – FASB since 2003 has been receiving funding through fees levied on Commission registrants whereas IASB is funded privately through contributions. We note the funding for the IASB could have a perceived negative effect on the quality of the standards as it may appear that the IASB’s independence is compromised with its operations being funded by donor contributions. *Should the IASB move toward being funded through public fees?*
- ***ICGN believes there is a balance in standardization of accounting and the development of professional judgment and the educational consequences in developing accountants’ and auditors’ expertise in the use of IFRS should be addressed. We agree that a significant education drive in the U.S. should include professional training and education of accountants and auditors especially as IFRS becomes more integral with the movement toward convergence.***

ICGN Accounting & Auditing Practices Committee Response --
SEC – File No. S7-13-07
September 24, 2007

The ICGN would encourage the SEC to consider these comments prior to the proposed transition.

We appreciate the opportunity to comment. If you would like to discuss any of these points, please do not hesitate to contact Anne Simpson our Executive Director at +44 207 612 7098 or execdirector@icgn.org. Thank you for your attention and we look forward to your response on the points above.

Yours sincerely,



Christianna Wood
Chair, ICGN Accounting
and Auditing Practices Committee

cc: ICGN Board Members
ICGN Accounting & Auditing Practices Committee



Via Email

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November 14, 2007

File Number S7-20-07 Concept Release - Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial Reporting Standards (IFRS)

Dear Ms. Morris,

We are writing on behalf of the International Corporate Governance Network (ICGN). The ICGN is a global membership organisation of institutional and private investors, corporations and advisors from 38 countries with capital under management in excess of U.S. \$10 trillion. The aim of the ICGN is to contribute to raising standards of corporate governance through the exchange of ideas and information across borders and development of best practices. Information about the ICGN, its members and its activities is available on our website: www.icgn.org.

The purpose of the Accounting and Auditing Practices Committee is to address and comment on accounting and auditing practices from an international investor and shareowner perspective. The Committee through collective comment and engagement strives to ensure the quality and integrity of financial reporting around the world. http://www.icgn.org/organisation/committee_membership.php?name=AAP

Thank you for the opportunity to comment on the concept release, which would allow U.S. issuers, the choice to prepare financial statements in accordance with IFRS. The ICGN and its members have an interest in maintaining the efficiency of the capital markets and the integrity of financial statements. We believe that all investors would benefit from having a single set of high quality financial reporting standards and support the ultimate goal of convergence by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB). Being of global membership, many of our European members are very familiar with financial statements using the various country versions of the International Financial Reporting Standards (IFRS).

The development of a single set of high quality globally accepted accounting standards, which enhance comparability and provide needed transparency is an important aspirational goal for all investors. However, at this time, material differences remain between IFRS and U.S. GAAP. In addition, there are a number of areas where IFRS either does not have comprehensive standards or standards do not exist in such areas as common control mergers, recapitalizations, reorganisations, acquisitions of minority

interests, insurance contracts and exploration activities by the extractives industries, to name a few. IFRS also does not require a standardized format for the presentation of the income statement, which is not investor friendly and likely to lead to a reduction in comprehension of information.

ICGN believes the development of a single set of high quality globally accepted accounting standards, which would enhance comparability and provide needed transparency would facilitate cross-border capital accessibility and formation. However, we believe that standards must ensure adequate disclosure and enforcement for the protection of investors and believe there are ***a number of key issues that need to be addressed prior to giving U.S. issuers the option to file financial statements using IFRS rather than U.S. GAAP.*** In addition, investors have had concerns about the accountability and independence of the IASB. They welcome recent steps to address this but would like to be sure that they are effective before moving to the stage of allowing U.S. issuers to file using IFRS.

The Effect of IFRS on the U.S. Public Capital Markets

ICGN believes maintaining high quality financial reporting is important to the competitiveness of the U.S. markets. ICGN supports convergence to a single set of high quality international financial reporting and disclosure standards provided these standards command robust international consensus. We believe the cost of capital is related to the quality of a company's financial reporting. However, we believe there is no competitive disadvantage to U.S. issuers or the U.S. public capital markets if the SEC maintains the current regulatory regime at this time and continue for the present to require U.S. issuers to report in accordance with U.S. GAAP. ICGN appreciates the fact that some U.S. multi-nationals with a majority of operations in countries that require IFRS may find it beneficial to prepare financial statements using only IFRS.

Convergence of IFRS and U.S. GAAP

ICGN supports the convergence process and agrees with the Commission's premise that if there is a robust and active process in place for converging IFRS and U.S. GAAP, then it is likely that the current differences between the two standards will be minimized over the long term. The 2006 Memorandum of Understanding between the FASB and IASB indicated that a common set of high quality global standards remains the long-term strategic priority and set out a work plan with specific long- and short-term projects. Achievement of this ambition will, however, also mean a critical examination of both FASB standards and IFRS to ensure that convergence involves moving to the higher standard. Our members are also looking for standards, which enable them to exercise their stewardship responsibilities as co-owners of companies in which they invest. ICGN does not therefore believe that convergence should occur with a premature, artificial completion date. We do, however, believe that setting a realistic target date with specific milestones may provide the impetus to address and resolve the many issues that still exist to date that have investors concerned with whether the convergence process is robust, effective, and enforceable. However, we do not agree that a moratorium on the issuance of new accounting standards at this time is in the best interest of investors and shareowners.

Enforcement Infrastructure

ICGN believes that an enforcement infrastructure that is applicable and acceptable to investors is important to ensure consistent compliance with international standards. Further work is needed to ensure consistent enforcement at the international level.

Education and Training

ICGN agrees that significant training will need to take place to ensure U.S. investors, accountants, auditors, students and all users of financial reporting are fully trained and understand IFRS. We believe this is a major challenge and believe significant progress needs to be achieved in order to establish a sound foundation for successful adoption of IFRS in the U.S.

Since sufficient resources and incentives are key to training, it may be appropriate for the Commission to address how this would be accomplished. The costs could include: hiring additional competent people trained in IFRS, training existing people, making necessary modifications to companies' information technology systems to address the significant differences in accounting conventions, funding major changes in accounting education, and recruiting and training IFRS accounting professors and public company auditors. It is difficult to assess the overall costs, but even under a best case scenario the costs related to the transition from U.S. GAAP to IFRS would be sizeable. Will future accounting students and auditors learn only IFRS, and in effect force all U.S. companies to make expensive changes based on adoption of IFRS over U.S. GAAP within a short time frame?

Auditing

Auditors play a vital role in the integrity of financial reporting and it is this role that provides investors with confidence in the efficiency of capital markets. U.S. auditors would need to be as well versed in IFRS as they are currently in U.S. GAAP. It is important to ensure that an independence standard for auditors is defined and consistently applied. The independence of the auditor is critical to the gate keeping/investor protection role of auditors.

Auditors by the nature of their responsibilities should be able to facilitate global consistency in the application of IFRS. However, in practice, with various jurisdiction-based IFRS standards, unless reconciliation to one global set of standards is required, then global consistency will be difficult if not impossible to achieve.

Regulation

ICGN agrees that joint regulatory bodies, such as the International Organization of Securities Commissions (IOSCO) developing an information-sharing infrastructure among securities regulators through both multilateral and bilateral platforms will improve securities regulators' ability to identify and address inconsistent and inaccurate application of IFRS.

Transition and Timing

The Commission's concept release focuses on many issues that need to be studied, vetted and addressed before allowing U.S. issuers to adopt filing its financial statements using only IFRS. Imperative to this process is the need for shareowner and investor input as the Commission determines what would be necessary to reach an appropriate level of acceptance and understanding to allow U.S. issuers the choice to prepare its financial statements in accordance with IFRS as published by the IASB.

ICGN Accounting & Auditing Practices Committee Response
SEC – File No. S7-20-07
November 14, 2007
Page 4 of 4

ICGN would encourage the SEC to consider these comments prior to the proposed transition.

We appreciate the opportunity to comment. If you would like to discuss any of these points, please do not hesitate to contact Anne Simpson our Executive Director at +44 207 612 7098 or execdirector@icgn.org. Thank you for your attention and we look forward to your response on the points above.

Yours sincerely,



Christianna Wood
Chair, ICGN Accounting
and Auditing Practices Committee



Peter Montagnon
ICGN Chairman

cc: ICGN Board of Governors
ICGN Accounting & Auditing Practices Committee

Via Email: constitutionreview@iasb.org

20 September 2008

Ms. Tamara Oyre
Assistant Corporate Secretary
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Dear Ms. Oyre,

Re: July 2008 International Accounting Standards Committee Foundation, Review of the Constitution, Public Accountability and the Composition of the IASB, Proposals for Change, Request for Comments by September 20, 2008

We are writing on behalf of the International Corporate Governance Network (ICGN). The ICGN is a global membership organisation of institutional and private investors, corporations and advisors from 40 countries. Our investor members are responsible for global assets of U.S. \$15 trillion. The mission of the ICGN is to meaningfully contribute to the continuous improvement of corporate governance best practices through the exchange of ideas and information across borders. Information about the ICGN, its members, and its activities is available on our website: www.icgn.org.

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http://www.icgn.org/organisation/committee_membership.php?name=AAP

The ICGN is pleased to provide comment to the International Accounting Standards Committee (IASC) Foundation on its request for comments on the review of its constitution. We have written to Chairman Zalm recently and expressed concerns on the IASC Foundation's Constitution and formation of the Monitoring Group. Please see attached letters dated 19 March and 17 June 2008.

The ICGN sees enormous potential in the recognition granted to IFRS with the convergence of standards and the adoption of IFRS. Beyond the diverse specific interests of its members, the ICGN considers that placing investor viewpoints at the core of IFRS standard setting has been in the past, and should continue being in the future, a crucial driver of IFRS' success. Therefore, the ICGN takes a keen interest in the governance of IFRS standard setting, and especially in the role granted to investors and their representatives in that governance. Unfortunately, the perspective provided in the Review of the Constitution does not sufficiently address the role of investors and shareholders in their capacity as providers of long-term capital to the global capital markets. It should be a fundamental principle that the standard setters are accountable to those that use their standards. We urge the Constitution Review Committee, particularly with respect to its proposal to establish a Monitoring Group, to take into consideration the inclusion of an effective governance mechanism to ensure that investors and other users

are significantly and properly represented in the governance of the IASB. Investors, not preparers or auditors, must be recognized as the key stakeholders in the area of accounting – putting their trust in the hands of the standard setters to ensure the quality, relevance and appropriateness of those standards.

We therefore strongly recommend that the Trustees and their Constitution Committee carefully consider and provide for the integration of investors, in a meaningful way, into the constitutional provisions of the IASC Foundation. Please see the following responses to the questions presented:

I. QUESTIONS RELATED TO THE MONITORING GROUP

Q1 Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions?

Q1 Response:

While the ICGN strongly supports the requirement that each IASB member contractually agree to act in the public interest in deciding on and revising standards, we believe the formation of a Monitoring Group has not been given sufficient thought and raises serious doubts in its proposed form. The formation of a Monitoring Group will needlessly usurp the authority and effective functioning of the Trustees and create unnecessary confusion. In our opinion, the true priority is the establishment of a stable, independent funding framework for the IASC Foundation to enhance independence and vastly improve the current funding mechanism. Establishing a stable, transparent funding framework for the IASC Foundation would significantly reduce the concern that financial pressure could compromise the independence of the IASB's decision-making. We find it inappropriate that the establishment of a Monitoring Group is envisaged without a link to the key issue of establishing sustainable funding for the IASC Foundation.

We agree that the accountability of the IASB and Trustees needs to improve; however, not vis-à-vis 'official institutions,' but improve towards all stakeholders of accounting standard setting, and in particular investors and other users. The formation of a Monitoring Group is likely to politicize the process needlessly and result in having formal representatives that may not possess the necessary and desired expertise. The focus should and must be on the users of financial information. However, we strongly recommend that if a Monitoring Group is established, at a minimum, the Group should have a clear and *limited scope*, should not be able to influence the standard setting process and should publicly commit to providing for significant IASC Foundation Trustee level investor representation. Its governance arrangements need to be transparent and ensure that it is free from political interference. This limited scope is not provided for in the current proposal, under which neither the Monitoring Group's Charter nor its members' memorandums of understanding with the IASC Foundation are governed by the Constitution, which is in our opinion a recipe for future dysfunction.

The revised Constitution should ensure that the Trustees should include significant representation of investors' viewpoints, which is indispensable to further legitimize the organization, the process, and to ensure a firm commitment to serving the IASC Foundation's commitment to developing, in the public interest and through the IASB, a single set of high quality, international financial reporting standards for general purpose financial statements. As demonstrated by the following list of current Trustees, implementation of the core principle of having significant investor representation at the

Trustee level has not been achieved to date. This is equally true of the Constitution Committee members consisting of Gerrit Zalm, Philip Laskawy, Bertrand Collomb, Samuel DiPiazza, Aki Fujinuma, Pedro Malan, and Antonio Vegezzi.

Current Trustees of the IASC Foundation

1) Gerrit Zalm, Chairman

Former Deputy Prime Minister and Finance Minister, The Netherlands
(Netherlands)
Term expires: December 2010

4) Bertrand Collomb

Chairman Emeritus, Lafarge;
Chairman, Association Française des Entreprises Privées
(France)
Term expires: December 2009

7) Tsuguoki (Aki) Fujinuma

Immediate Past Chairman and President, Japanese Institute of Certified Public Accountants
(Japan)
Term expires: December 2010

10) Alicja Kornasiewicz

Member of the Board, CA IB Corporate Finance GmbH, Vienna; CEO and Chairman, CA IB Group, Poland
(Poland)
Term expires: December 2010

13) Sir Bryan Nicholson

Former Chairman, Financial Reporting Council
(United Kingdom)
Term expires: December 2008

16) David Sidwell

Former Chief Financial Officer, Morgan Stanley; Director, MSCI Inc; Director, UBS
(United States)
Term expires: December 2009

19) Junichi Ujile

Chairman, Nomura Holdings Inc.
(Japan)
Term expires: December 2008

22) Liu Zhongli

President, Chinese Institute of Certified Public Accountants; former Minister, Ministry of Finance
(People's Republic of China)
Term expires: December 2008

2) Philip A Laskawy, Vice Chairman

Retired Chairman, Ernst & Young International
(United States)
Term expires: December 2009

5) Samuel A DiPiazza, Jr

CEO, PricewaterhouseCoopers
(United States)
Term expires: December 2008

8) Robert Glauber

Retired Chairman and CEO, NASD (the private sector regulator of the U.S. securities market); former Under Secretary of the Treasury for Finance
(United States)
Term expires: December 2008

11) Jeffrey Lucy

Chairman, Financial Reporting Council
(Australia)
Term expires: December 2010

14) T V Mohandas Pai

Director of Human Resources and Member of the Board, Infosys Technologies Limited; Chairman, Infosys BPO Limited
(India)
Term expires: December 2008

17) Luigi Spaventa

Former Chairman, Commissione nazionale per le società e la borsa (Consob); former Minister of the Budget
(Italy)
Term expires: December 2009

20) Jeff van Rooyen

Chief Executive, Uranus Investment Holdings; former Vice Chairman, Executive Committee, International Organization of Securities Commissions (IOSCO); former CEO, South African Financial Services Board
(South Africa)
Term expires: December 2009

3) Marvin Cheung

Retired Chairman, KPMG Hong Kong SAR
(People's Republic of China)
Term expires: December 2008

6) Oscar Fanjul

Vice Chairman, Omega Capital; Former Chairman, Founder and CEO, Repsol, SA
(Spain)
Term expires: December 2010

9) Max Dietrich Kley

Member of the Supervisory Board, BASF AG
(Germany)
Term expires: December 2008

12) Pedro Malan

Chairman, Unibanco; former Finance Minister of Brazil; former President, Central Bank of Brazil
(Brazil)
Term expires: December 2010

15) David L. Shedlarz

Former Vice Chairman, Pfizer Inc
(United States)
Term expires: December 2008

18) Paul Tellier

Former President and CEO, Bombardier and CN; former Clerk of the Privy Council and Secretary of the Cabinet
(Canada)
Term expires: December 2009

21) Antonio Vegezzi

Former President and Director, Capital International
(Switzerland)
Term expires: December 2010

Current Member of the IASB

1) Sir David Tweedie, Chairman

Appointed: January 2001
Term expires: 30 June 2011

2) Thomas E Jones, Vice Chairman

Appointed: January 2001
Term expires: 30 June 2009

3) Mary E Barth

Appointed: January 2001
Term expires: 30 June 2009

4) Stephen Cooper

Appointed: July 2007
Term expires: 30 June 2012

5) Jan Engström

Appointed: May 2004
Term expires: 30 June 2009

6) Robert P Garnett

Appointed: January 2001
Term expires: 30 June 2010

7) Philippe Danjou

Appointed: November 2006
Term expires: 30 June 2011

8) Gilbert Gélard

Appointed: January 2001
Term expires: 30 June 2010

9) James J Leisenring

Appointed: January 2001
Term expires: 30 June 2010

10) Warren J McGregor

Appointed: January 2001
Term expires: 30 June 2011

11) Tatsumi Yamada

Appointed: January 2001
Term expires: 30 June 2011

12) Wei-Guo Zhang

Appointed: July 2007
Term expires: 30 June 2012

13) John T Smith

Appointed: September 2002
Term expires: 30 June 2012

Q2 The proposals contemplate a Monitoring Group comprising representatives of seven public authorities and international organizations with a link to public authorities. While recognizing that the Monitoring Group is an autonomous body, the Trustees would welcome comments regarding the Monitoring Group's membership and whether other organizations accountable to public authorities and with an interest in the functioning of capital and other financial markets should be considered for membership.

Q2 Response:

Please see Q1 Response above.

Q3 The Trustees will remain the body primarily responsible for the governance of the organization and the oversight of the IASB. Their responsibility to a Monitoring Group will enable regulatory and other authorities responsible for the adoption of IFRS to review the Trustees' fulfillment of their constitutional duties. Does the formation of the Monitoring Group's mandate and the Trustees' reporting responsibilities, as described in the proposed Section 19, appropriately provide that link, while maintaining the operational independence of the IASC Foundation and the IASB?

For reference, we have included the new sections (18-23) creating the Monitoring Group:

18. A Monitoring Group will provide a formal link between the Trustees and public authorities. A Memorandum of Understanding will be agreed between the Monitoring Group and the Trustees describing the interaction of the Monitoring Group with the Trustees. This Memorandum of Understanding will be made available to the public.

19. *The responsibilities of the Monitoring Group shall be:*
- a. *to participate in the process for appointing Trustees and to approve the appointment of Trustees according to the guidelines in Sections 5-8.*
 - b. *to review and provide advice to the Trustees on their fulfillment of the responsibilities set out in Sections 13 and 15. The Trustees shall make an annual written report to the Monitoring Group.*
 - c. *to meet the Trustees or a subgroup of the Trustees at least once annually, and more frequently as appropriate. The Monitoring Group shall have the authority to request meetings with the Trustees or separately with the chairman of the Trustees (with the chairman of the IASB as appropriate) about any area of work of either the Trustees or the IASB. These meetings may include discussion of, and any IASC Foundation or IASB proposed resolution of issues that the Monitoring Group has referred for timely consideration by the IASC Foundation or the IASB.*
20. *The Monitoring Group shall develop a charter that sets out its organizational, operating and decision-making procedures. The charter shall be made public.*
21. *Initially, the Monitoring Group shall comprise:*
- a. *the responsible member of the European Commission,*
 - b. *the managing director of the International Monetary Fund,*
 - c. *the chair of the IOSCO Emerging Markets Committee,*
 - d. *the chair of the IOSCO Technical Committee (or vice chairman or designated securities commission chair in cases where either the chair of an EU securities regulator, commissioner of the Japan Financial Services Agency or chairman of the U.S. Securities and Exchange Commission is the chair of the IOSCO Technical Committee),*
 - e. *the commissioner of the Japan Financial Services Agency,*
 - f. *the chairman of the U.S. Securities and Exchange Commission, and*
 - g. *the president of the World Bank.*
22. *The Monitoring Group shall reconsider its composition from time to time relative to its objectives.*
23. *The Monitoring Group shall reach decisions to approve the appointment of Trustees and establish any common positions by consensus.*

Q3 Response:

Please see Q1 Response above.

- Q4** **Given the proposed creation of a Monitoring Group, would there be a continued need for the Trustee Appointments Advisory Group in the selection of Trustees? If so, what should be the role and composition of the Trustees Appointments Advisory Group?**

The Trustees would welcome any additional comments related to the Monitoring Group proposal.

Q4 Response:

If a Monitoring Group is established, the Group should have a clear and limited scope and should not be able to influence the standard setting process. ICGN does not believe a Trustee Advisory Group is necessary with the creation of a Monitoring Group. However, ICGN strongly supports the significant involvement of investors in the Trustee body.

II. QUESTIONS RELATED TO THE IASB'S COMPOSITION

Q5 Do you support the principles behind expanding the IASB's membership to 16 members in order to ensure its geographic diversity, its ability to consult, liaise and communicate properly across the world, and its legitimacy?

Q5 Response:

While these are laudable goals, the ICGN has not seen convincing evidence that expanding the IASB's membership from 14 to 16 members is prudent. A smaller board size contributes to efficient and effective functioning. We also firmly believe that professional competence, practical experience, including but not limited to knowledge of corporate governance best practices, and a demonstrated commitment to serve in the public interest are paramount considerations. To further create geography quota would be counterproductive and border on becoming unwieldy and inefficient. The ICGN strongly recommends that members should have sufficient time and attention to devote to the important work of this body. The IASB should be comprised only of independent, members with significant investor representation and a demonstrated track record of commitment to serving the public interest.

Q6 Do you agree with the geographical formulation suggested by the Trustees?

Q6 Response:

Please see Q5 response above.

Q7 The Trustees are suggesting that the Constitution should provide flexibility on the matter of part-time membership. Do you support that proposal?

Q7 Response:

Members should be selected based on all required/desired competence and experience criteria. Attention must be given to the need for significant full-time investor representation and active participation as trustees. Moreover, the Board of Trustees should be free to set its own agenda and standards without outside interference. Please see Q5 response above.

Ms. Tamara Oyre
Assistant Corporate Secretary / IASC Foundation
20 September 2008
Page 7 of 7

In conclusion, the ICGN believes the following fundamental principles should be at the core of any process to ensure the integrity and legitimacy of the governing body:

- Ensure an independent board comprised only of full-time members with significant investor representation and a demonstrated track record of commitment to serving the public interest,
- Establish a stable, independent and mandatory funding source for the IASC Foundation to ensure adequate resources to fulfill their important mission, and,
- Significantly revise the Monitoring Group Proposal, to prevent the Group from politicizing and complicating the process in a manner unacceptable to investors, and impair the effective and efficient functioning of the Trustees.

If you would like to discuss any of these points, please do not hesitate to contact Anne Simpson, our Executive Director, at +44 207 612 7098 or execdirector@icgn.org. Thank you for your attention and we look forward to your response on the points above.

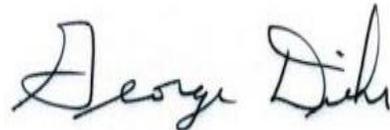
Yours sincerely,



Peter Montagnon
Chairman of the ICGN Board of Governors



Christianna Wood
Chair, ICGN Accounting and
Auditing Practices Committee



George Diehr
Co-Chair, ICGN Accounting and
Auditing Practices Committee

Cc: Gerrit Zalm, Chairman of the Trustees, IASC Foundation
Phillip A. Laskawy, Vice Chairman, IASC Foundation
IASC Foundation Trustees
Tom Seidenstein, Director of Operations, IASC Foundation
ICGN Board Members
ICGN Accounting & Auditing Practices Committee

Encls: 19 March 2008 Letter to Chairman Zalm
17 June 2008 Letter to Chairman Zalm



Via Email: constitutionreview@iasb.org

2 April 2009

Ms. Tamara Oyre
Assistant Corporate Secretary
IASC Foundation
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London
EC4M 6XH

16 Park Crescent
London W1B 1AH
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Tel.: +44 207 612 7098
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Dear Ms. Oyre,

Re: Review of the Constitution Identifying Issues for Part 2 of the Review

We are writing on behalf of the International Corporate Governance Network (ICGN). The ICGN is a global membership organisation of institutional and private investors, corporations and advisors from 47 countries. Our investor members are responsible for global assets of U.S. \$15 trillion. The mission of the ICGN is to meaningfully contribute to the continuous improvement of corporate governance best practices through the exchange of ideas and information across borders. Information about the ICGN, its members, and its activities is available on our website: www.icgn.org.

The purpose of the Accounting and Auditing Practices Committee is to address and comment on accounting and auditing practices from an international investor and shareowner perspective. The Committee through collective comment and engagement strives to ensure the quality and integrity of financial reporting around the world.

http://www.icgn.org/organisation/committee_membership.php?name=AAP

The ICGN is pleased to provide comment to the International Accounting Standards Committee (IASC) Foundation on its request for comments on the review of its constitution, Identifying Issues for Part 2 of the Review. The ICGN supports the primary objective to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions.

The ICGN sees enormous potential in the recognition granted to International Financial Reporting Standards (IFRS) with the convergence of standards and the adoption of IFRS. Beyond the diverse specific interests of its members, the ICGN considers that placing investor viewpoints at the core of IFRS standard setting has been in the past, and should continue being in the future, a crucial driver of IFRS' success. Therefore, the ICGN takes a keen interest in the governance of IFRS standard setting and especially in the role granted to investors and their representatives in that governance. Unfortunately, the perspective provided in the Review of the Constitution and in the primary objective as listed above does not sufficiently address the role of investors and shareholders in their capacity as providers of long-term capital to the global capital markets. It should be a fundamental principle that the standard setters are

accountable to those that use their standards. We urge you to take into consideration the inclusion of an effective governance mechanism to ensure that investors and other users are significantly and properly represented in the governance of the IASB and the primary objective outline the importance of investors. Investors, not preparers or auditors, must be recognized as the key stakeholders in the area of accounting – putting their trust in the hands of the standard setters to ensure the quality, relevance and appropriateness of those standards. Additionally the structure of the IASB must provide for a secure, stable and mandatory funding source to ensure the independence of the IASB.

I. OBJECTIVES OF THE IASB

Q1 Does the emphasis on helping ‘participants in the world’s capital markets and other users make economic decisions’, with consideration of ‘the special needs of small and medium-sized entities and emerging economies’ remain appropriate ?

Q1 Response:

Although, the needs of small and medium-size entities and emerging economies may be diverse, we would not support different recognition or carve-out measurement standards for any size entity.

Q2 In the opinion of the Trustees, the commitment to drafting standards based upon clear principles remains vitally important and should be enshrined in the Constitution. Should the Constitution make specific reference to the emphasis on a principles-based approach?

Q2 Response:

Although we support the need for clear principles in accounting standards, we do not believe the Constitution should make specific reference to the emphasis on a principle-based approach. We believe standards should be based on the best transparent standard and believe that standards should produce robust, investor-useful reporting.

Q3 The Constitution and the IASB’s Framework place priority on developing financial reporting standards for listed companies. During the previous review of the Constitution some commentators recommended that the IASB should develop financial reporting standards for not-for-profit entities and the public sector. The Trustees and the IASB have limited their focus primarily to financial reporting by private sector companies, partly because of the need to set clear priorities in the early years of the organisation. The Trustees would appreciate views on this point and indeed whether the IASB should extend its remit beyond the current focus of the organization.

Q3 Response:

We have to-date limited involvement in commenting on the financial accounting and reporting for not-for-profit entities and the public sector, we would not object to the IASB extending its remit to include the development of standards for those enterprises. We, however, would not support the IASB taking on those additional responsibilities at this time given their limited resources.

- Q4** There are other organizations that establish standards that are either based upon or have a close relationship with IFRSs. The IASC Foundation already recognises the need to have close collaboration with accounting standard-setting bodies. Should the Constitution be amended to allow the possibility of closer collaboration with a wider range of organizations whose objectives are compatible with the IASC Foundation's objectives? If so, should there be any defined limitation?

Q4 Response:

As indicated in the covering letter, the Constitution should be amended to require closer collaboration, greater input, and greater consideration of the views of investors ? the primary users of financial reports.

- Q5** The first part of the review of the Constitution proposed the establishment a formal link to a Monitoring Group. Under this arrangement, the governance of the organization would still primarily rest with the Trustees. Although the first part of the review has not yet been completed, the Trustees would welcome views on whether the language of Section 3 should be modified to reflect more accurately the creation of the Monitoring Group and its proposed role.

Q5 Response:

In principle, we support the creation of a Monitoring Group/Board in order to create a direct link of public accountability to official institutions and on this basis consider that the language of section 3 should be modified to reflect its creation and proposed role. But, we consider it important that the Group's governance arrangements are transparent and that there are checks and balances to prevent political interests exercising undue influence over the Group, inclusion of investors to guard against mission creep – we believe that the Group's role should be limited to monitoring the IASCF's operations and not those of the IASB.

Moreover in our opinion, the true priority is the establishment of a stable, independent funding framework for the IASC Foundation to enhance independence. Establishing a stable, transparent funding framework for the IASC Foundation would significantly reduce the concern that financial pressure could compromise the independence of the IASB's decision-making. We find it inappropriate that the establishment of a Monitoring Group is envisaged without a link to the key issue of establishing sustainable funding for the IASC Foundation.

II. QUESTIONS RELATED TO TRUSTEES

- Q6** The Trustees are appointed according to a largely fixed geographical distribution. Is such a fixed distribution appropriate, or does the current distribution need review?

Q6 Response:

We believe a geography quota can be counterproductive and borders on becoming unwieldy and inefficient. We support that Trustees include significant representation from the investor

community and that the Trustees demonstrate a commitment to actively supporting the improvement of financial accounting and reporting for the benefit of investors. We believe the Trustees should demonstrate a commitment to actively supporting and defending the independence of the IASB.

Finally, we are concerned that the geographical quota system may also create “representative” Trustees composed of individuals that are more likely to perceive their roles as promoters of the narrow public interests of the region they represent, rather than improving financial accounting and reporting that best serves the needs of investors.

Q7 Sections 13 and 15 set out the responsibilities of the Trustees. The intention of these provisions is to protect the independence of the standard-setting process while ensuring sufficient due process and consultation—the fundamental operating principle of the organization. In addition to these constitutional provisions, the Trustees have taken steps to enhance their oversight function over the IASB and other IASC Foundation activities. The Trustees would welcome comments on Sections 13 and 15, and more generally on the effectiveness of their oversight activities.

Q7 Response:

We support the Trustees enhancing their oversight function of the IASB. We, however, strongly object to the Trustees having involvement in the IASB’s agenda setting process as suggested by Section 15(c).

Whereas we acknowledge that the IASCF’s decision to suspend due process and IASB’s decision to give greater flexibility in accounting for financial assets at fair value, bringing IFRS into line with US GAAP last October, were pragmatic responses to pressure from the EU and preferable to rules being written by the EU Commission. However, they were an unwelcome precedent in that making changes to such complex areas in such a condensed time frame could result in unhelpful reporting and have unintended consequences. These measures also risked damaging the whole process of convergence in that in adopting some of the worst features of a US standard, features for which the US is often criticised, the IASB risked a rush to the bottom in terms of standards and less transparent reporting to investors. If current IFRS is better then the IASB should maintain the difference and it should be US GAAP that changes. Applying principles of due process is of key importance for sustaining high quality standards that work on the ground. Without a significant change in the selection criteria and composition of the Trustees, as described in response to question 6, we believe that providing the Trustees a role in the IASB’s agenda setting process will only result in even greater special interest group influence over the standard setting process to the detriment of investors and the capital markets. There will be greater confidence in the role that the Trustees can perform if they are seen to be representative of the interest of investors, users of financial reporting.

Q8 The Trustees are responsible for ensuring the financing of the IASC Foundation and the IASB. Since the completion of the previous review of the Constitution, the Trustees have made progress towards the establishment of a broad-based funding system that helps to ensure the independence and sustainability of the standard-setting process. (For an update

on the funding status, see <http://www.iasb.org/About+US/About+the+IASC+Foundation/Funding.htm>)

However, the Trustees have no authority to impose a funding system on users of IFRSs. The Trustees would welcome comments on the progress and the future of the organization's financing.

Q8 Response:

We remain concerned with the IASCF's financing. Although we feel there have been improvements, we agree with those experts who have concluded that "economic . . . independence is an important guiding principle in institutionalizing a standard setting body that is responsive to the needs of investors and capital markets."¹

III. QUESTIONS RELATED TO THE IASB

Q9 Commentators have raised issues related to the IASB's agenda-setting process. The Constitution gives the IASB 'full discretion in developing and pursuing its technical agenda'. The Trustees have regularly reaffirmed that position as an essential element of preserving the independence of the standard-setting process. However, they would welcome views on the IASB's agenda-setting process and would appreciate it if, in setting out views, respondents would discuss any potential impact on the IASB's independence.

Q9 Response:

As indicated in response to question 7, we agree that providing the IASB with the full discretion in developing and pursuing its technical agenda is an essential element of preserving the independence of the standard-setting process. We believe allowing the Trustees to have authority to remove a project from the IASB's technical agenda would impair the independence to the detriment of investors and the capital markets

Q10 The Constitution describes the principles and elements of required due process for the IASB. The IASB's procedures are set out in more detail in the IASB Due Process Handout. If respondents do not believe the procedures laid out in the Constitution are sufficient, what should be added? If respondents believe that the procedures require too much time, what part of the existing procedures should be shortened or eliminated? The Trustees would also welcome comments on recent enhancements in the IASB's due process (such as post-implementation reviews, feedback statements, and effect analyses) and on the IASB Due Process Handbook.

Q10 Response:

¹ Luzi Hail et al., Global Accounting Convergence and the Potential Adoption of IFRS by the United States: An Analysis of Economic and Policy Factors 78 (Feb. 2009), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1357331

As indicated in our general comments, we believe that the procedures of the IASB should focus primarily on the needs of investors. We, therefore, believe that investor perspectives should be given pre-eminence in the Constitution's description of the principles and elements of the IASB's required due process. We believe the related procedures included in the IASB Due Process Handbook should be revised to make explicit that, at each and every stage within the IASB's due process the needs of investors are addressed.

Q11 Should a separate 'fast track' procedure be created for changes in IFRSs in cases of great urgency? What elements should be part of a 'fast track' procedure?

Q11 Response:

We acknowledge that there may be some limited "cases of great urgency" in which it may be appropriate for the IASB to pursue a 'fast track' procedure. Unlike the situation in October, however, 'fast track' procedures should not be permitted: (1) to completely eliminate the solicitation and consideration of investor input; and (2) to be used to promulgate a standard that, from the perspective of most investors, is clearly not an improvement to financial accounting and reporting.

IV. QUESTIONS RELATED TO THE STANDARDS ADVISORY COUNCIL

Q12 Are the current procedures and composition, in terms of numbers and professional backgrounds, of the Standards Advisory Council (SAC) satisfactory? Is the SAC able to accomplish its objectives as defined in Section 38?

Q12 Response:

Consistent with our general comments, we compliment the IASCF for their recent efforts to increase the investor representation on the SAC, including inviting members of ICGN to participate on the SAC. That said, whilst we appreciate the willingness of the IASB staff and Board members to call in on our conference calls we still consider that there is a need for the IASB to meet with investors regularly and that in future revisions of the SAC it would be better to limit the amount of members to 20, including at least 7 investor representatives.

Q13 Attached to this discussion document are the terms of reference for the SAC, which describe the procedures in greater detail. Are there elements of the terms of reference that should be changed?

Q13 Response:

We propose no changes to the elements of the terms of reference for the SAC at this time, with the exception of increasing the investor representation on the SAC as discussed in response to question 12.

V. QUESTIONS RELATED TO OTHER ISSUES

Q14 Should the Trustees consider any other issues as part of this stage of their review of the Constitution?

Q14 Response:

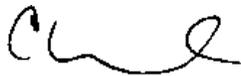
We request that the Trustees carefully review and consider the contents of this letter and other input from investors. We believe decisive actions are necessary to begin the process of regaining investor trust and confidence in the IASCF and the IASB.

In conclusion, the ICGN believes the following fundamental principles should be at the core of any process to ensure the integrity and legitimacy of the governing body:

- Ensure an independent board comprised only of full-time members with significant investor representation and a demonstrated track record of commitment to serving the public interest,
- Establish a stable, independent and mandatory funding source for the IASC Foundation to ensure adequate resources to fulfill their important mission, and,
- Significantly revise the Monitoring Group Proposal, to prevent the Group from politicizing and complicating the process in a manner unacceptable to investors, and impair the effective and efficient functioning of the Trustees.

If you would like to discuss any of these points, please do not hesitate to contact Anne Simpson, our Executive Director, at +44 207 612 7098 or execdirector@icgn.org. Thank you for your attention and we look forward to your response on the points above.

Yours sincerely,



Christianna Wood
Chair, ICGN Accounting and
Auditing Practices Committee



George Diehr
Co-Chair, ICGN Accounting and
Auditing Practices Committee

Cc: Gerrit Zalm, Chairman of the Trustees, IASC Foundation
Phillip A. Laskawy, Vice Chairman, IASC Foundation
IASC Foundation Trustees
Tom Seidenstein, Director of Operations, IASC Foundation
ICGN Board Members
ICGN Accounting & Auditing Practices Committee