

December 2008

International Accounting Standards Committee Foundation

REVIEW OF THE CONSTITUTION

Identifying Issues for Part 2 of the Review

Comments to be submitted by 31 March 2009



International
Accounting Standards
Committee Foundation®

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Review of the Constitution
**Identifying issues for Part 2
of the Review**

Comments to be received by 31 March 2009

This discussion document is published by the Trustees of the International Accounting Standards Committee (IASC) Foundation to invite views on whether the Constitution should be amended. The IASC Foundation publishes this document for comment only. Comments should be submitted in writing so as to be received by **31 March 2009**.

Respondents are asked to send their comments electronically to
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All responses will be put on the public record unless the respondent requests confidentiality. However, such requests will not normally be granted unless supported by good reason, such as commercial confidence.

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Introduction and invitation to comment

The Trustees of the International Accounting Standards Committee (IASC) Foundation, at their meeting in March 2008, initiated their second five-yearly review of the organisation's constitutional arrangements. The IASC Foundation's Constitution sets out both the governance structure and the operating procedures of the Foundation and its independent standard-setting body, the International Accounting Standards Board (IASB).

The Constitution requires the Trustees to undertake:

a review of the entire structure of the IASC Foundation and its effectiveness, such review to include consideration of changing the geographical distribution of Trustees in response to changing global economic conditions, and publishing the proposals of that review for public comment, the review commencing three years after the coming into force of this Constitution, with the objective of implementing any agreed changes five years after the coming into force of this Constitution (6 February 2006, five years after the date of the incorporation of the IASC Foundation [Section 17(b)]); and ... a similar review subsequently every five years [Section 17(c)].

The previous review was concluded in June 2005, which was earlier than required by the Constitution. As a result, the second review must be complete by June 2010.

At their meeting on 17 and 18 March 2008, the Trustees agreed a timetable for this review (see the Appendix to this discussion document).

Following the normal procedures, the review should be complete by the end of 2009 or early 2010. However, the Trustees judged two issues—one relating to the Foundation's governance and public accountability (the proposed creation of a Monitoring Group) and another concerning the composition and size of the IASB—too important for implementation of changes to be delayed until 2010. The Trustees therefore divided the review into two parts and dealt with those two urgent matters separately as the first part of the review in order to make implementation possible on or shortly after 1 January 2009.

First part of the review

The public consultation on the first part of the review was carried out in April–October 2008. This included a round-table meeting in London on 19 June, attended by representatives of public authorities, users and preparers of financial statements, the accountancy profession, national standard-setters and international organisations. The round-table meeting was an opportunity for constructive dialogue and exchange of views.

Proposed amendments to the Constitution on the two limited topics of the first part of the review were published for formal consultation in July–October. The Trustees considered the responses at their meeting on 9 and 10 October and deliberations still continue. It is likely that this first part of the review will be completed in time to permit the changes to take effect in January 2009.

Once the Trustees have reached a conclusion on the first part of the review, they will issue a publication explaining the changes to the Constitution and the reasons for those changes.

Second part of the review

The Trustees began the second part of their review of the Constitution at their meeting in October 2008 in Beijing. The publication of this discussion document, as the first step of the second part of the review, is meant to encourage broad public consultation and to obtain comment on all of the remaining elements of the Constitution. As a preliminary step, the Trustees are now seeking public comment on issues that commentators believe require the attention of the Constitution Committee and the other Trustees.

The consultation on the second part of the review will be progressed in accordance with the timetable in the appendix to this document. The Trustees expect to complete the review in time to permit implementation before 30 June 2010.

The Trustees therefore invite comments on all matters in this discussion document, and any other matters related to the Constitution. They would particularly welcome answers to the questions below on specific aspects of the Constitution. The inclusion of those questions, however, should not be taken to imply that the focus of the second part of the review is predetermined.

Comments should be submitted in writing so as to be received no later than **31 March 2009**.

Questions for consideration

Objectives of the organisation

- 1 The Constitution defines the organisation's primary objective in the following manner:

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

In fulfilling that objective, the organisation is

to take account of, as appropriate, the special needs of small and medium-sized entities and emerging economies

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?

- 2 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 principle-based approach?
- 3 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 organisation.
- 4 There are other organisations 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 for the possibility of closer collaboration with a wider range of organisations, whose objectives are compatible with the IASC Foundation's objectives? If so, should there be any defined limitations?

Governance of the organisation

- 5 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 organisation 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.

Trustees

- 6 The Trustees are appointed according to a largely fixed geographical distribution. Is such a fixed distribution appropriate, or does the current distribution need review?
- 7 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 organisation. 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.
- 8 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 organisation's financing.

International Accounting Standards Board

- 9 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.

- 10 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 Handbook*. 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*.
- 11 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?

Standards Advisory Council

- 12 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?
- 13 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?

Other issues

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

Summary of the Constitution

PART A

Name and objectives

- 1 **Name:** This section sets out the name of the organisation.
- 2 **Objectives:** The objectives of the organisation are:
 - (a) 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;
 - (b) to promote the use and rigorous application of those standards;
 - (c) in fulfilling the objectives associated with (a) and (b), to take account of, as appropriate, the special needs of small and medium-sized entities and emerging economies; and
 - (d) to bring about convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards to high quality solutions.

Governance of the IASC Foundation

- 3 **Governance:** The governance of the IASC Foundation rests with the Trustees, who are required to work within the framework of the Constitution.

Trustees

- 4 **Number of Trustees:** The Trustees shall comprise 22 individuals.
- 5 **Selection of Trustees:** The Trustees are responsible for the selection of new Trustees to fill vacancies.
- 6 **Commitment and distribution:** All Trustees are required to show a firm commitment to the IASC Foundation and the IASB as a high quality global standard-setter, to be financially knowledgeable, and to have an ability to meet the time commitment. Each Trustee should have an understanding of, and be sensitive to, the challenges associated with the adoption and

application of high quality global accounting standards for use in the world's capital markets and by other users. The mix of Trustees should broadly reflect the world's capital markets and a diversity of geographical and professional backgrounds. The Trustees should be required to commit themselves formally to acting in the public interest in all matters. In order to ensure a broad international basis, there are to be:

- (a) six Trustees appointed from North America;
- (b) six Trustees appointed from Europe;
- (c) six Trustees appointed from the Asia/Oceania region; and
- (d) four Trustees appointed from any area, subject to establishing overall geographical balance.

- 7 **Backgrounds of the Trustees:** The 22 Trustees should provide an appropriate balance of professional backgrounds, including auditors, preparers, users, academics, and other officials serving the public interest. Trustees should be selected after consultation with national and international organisations of auditors (including the International Federation of Accountants), preparers, users and academics. The Trustees are to establish procedures for inviting appointments from both international organisations and individuals, including advertising vacancies.
- 8 **Terms:** Trustees are normally to be appointed for a three-year term, renewable once. (In order to provide continuity there is provision for some of the initial Trustees to serve staggered terms so as to retire after four or five years.)
- 9 **Termination:** The Trustees may terminate the appointment of one of their number on the grounds of poor performance, misbehaviour or incapacity.
- 10 **Appointment of Chairman:** The Chairman of the Trustees is to be appointed by the Trustees from their own number. The appointee may serve as Chairman for a period of three years, renewable once, from the date of appointment as Chairman.
- 11 **Meetings and fees:** The Trustees are to meet at least twice each year and be remunerated by annual and per-meeting fees. Travel expenses are also covered by the IASC Foundation.
- 12 **Signing authority:** The Trustees may act on behalf of the Foundation in the signing of contracts, leases and other organisational matters.

- 13 Duties of the Trustees:** The Trustees shall:
- (a) assume responsibility for maintaining appropriate financing arrangements;
 - (b) establish or amend operating procedures for the Trustees;
 - (c) determine the legal entity ... ;
 - (d) review in due course the location of the IASC Foundation ... ;
 - (e) investigate the possibility of seeking charitable or similar status ... ;
 - (f) open their meetings to the public but may, at their discretion, hold certain discussion (normally only about selection, appointment and other personnel issues, and funding) in private;
 - (g) publish an annual report
- 14 Quorum:** The quorum is 60 per cent of the Trustees, a simple majority on most matters, and a 75 per cent majority on issues concerning the Constitution.

PART B

Trustees

- 15 Further powers:** In addition to the duties set out in Part A, the Trustees have the following functions:
- (a) appoint the members of the IASB and establish their contracts of service and performance criteria;
 - (b) appoint the members of the IFRIC and the SAC;
 - (c) review annually the strategy of the IASC Foundation and the IASB and its effectiveness, including consideration, but not determination, of the IASB's agenda;
 - (d) approve annually the budget of the IASC Foundation and determine the basis for funding;
 - (e) review broad strategic issues affecting accounting standards, promote the IASC Foundation and its work ..., provided that the Trustees shall be excluded from involvement in technical matters relating to accounting standards;

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- (f) establish and amend operating procedures, consultative arrangements and due process for the IASB, IFRIC and SAC;
 - (g) review compliance with the operating procedures, consultative arrangements and due process;
 - (h) approve amendments to the Constitution;
 - (i) exercise all powers of the IASC Foundation except those expressly reserved to the IASB, IFRIC and SAC; and
 - (j) foster and review the development of educational programmes that are consistent with the IASC Foundation's objectives.
- 16 Termination of appointments:** The Trustees may terminate appointments to the IASB, IFRIC and SAC but only on grounds of poor performance, misbehaviour, incapacity or other failure to comply with contractual requirements.
- 17 Accountability of Trustees and commitment to the public interest and review of the Constitution:** The Trustees are required
- to make a commitment to act in the public interest;
 - to undertake a review of the entire structure of the IASC Foundation and its effectiveness, including consideration of changing the geographical distribution of Trustees in response to changing global economic conditions, and publishing the proposals of that review for public comment with the objective of implementing any agreed changes five years after the Constitution comes into force, and
 - to review the Constitution every five years thereafter.

PART C

International Accounting Standards Board (IASB)

- 18 The number of the IASB members:** The IASB is to comprise fourteen members, who are to be appointed by the Trustees. Twelve are to be full-time members and two part-time members. Part-time members must meet the appropriate guidelines of independence established by the Trustees. The work of the IASB will not be invalidated if the full complement of IASB members has not been appointed but the Trustees are to use their best endeavours to achieve a full complement. [Under consideration in Part 1 of the Review]

- 19 Qualifications for the IASB:** The main qualifications for membership of the IASB are to be professional competence and practical experience. The Trustees are to select members of the IASB (consistently with the Criteria for IASB Members set out in the Annex to the Constitution) so that it will comprise a group of people representing, within that group, the best available combination of technical expertise and diversity of international business and market experience in order to contribute to the development of high quality, global accounting standards. No individual shall be both a Trustee and an IASB member at the same time.
- 20 The composition and geographical allocation of the IASB:** The selection of members of the IASB is not to be based on geographical criteria. The Trustees are to ensure that the IASB is not dominated by any particular constituency or geographical interest.
- 21 Distribution of professional backgrounds:** The Trustees are to appoint IASB members so that the IASB as a group provides an appropriate mix of recent practical experience among auditors, preparers, users and academics.
- 22 Liaison responsibilities:** The IASB will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters and other official bodies concerned with standard-setting in order to promote convergence of national accounting standards and IFRSs.
- 23 Commitment to the public interest and the Framework:** The members of the IASB must commit themselves formally to act in the public interest and to have regard to the IASB *Framework*.
- 24 Chairman and Vice-Chairman:** The Trustees are to appoint the Chairman and Vice-Chairman of the IASB for such term as they determine. The Chairman also serves as the Chief Executive of the IASC Foundation. There is no right of accession for the Vice-Chairman.
- 25 Terms and independence of members:** Full-time members are to be appointed for a term of up to five years, renewable once. The IASB must be seen to be independent and as a consequence full-time members must sever all ties with their employers. There must be no right to return to a former employer.
- 26 Staggering of terms:** Terms of appointment of IASB members are to be staggered so that not all members retire at once.

- 27 Remuneration:** Full-time and part-time members of the IASB are to be remunerated at rates commensurate with the respective responsibilities assumed.
- 28 IASB meetings:** The IASB must meet in public, except for the discussion of administrative matters.
- 29 Voting:** Each IASB member has one vote. There are to be no alternates or proxy votes. The Chairman has a casting vote when a simple majority is required.
- 30 Voting on a final document:** Publication of an exposure draft or an IFRS (including an IFRIC Interpretation) requires approval by nine of the fourteen IASB members. Other decisions, including the publication of a discussion paper, require only a simple majority of those members present at a meeting that is attended by at least 60 per cent of the IASB members. [Under consideration in Part 1 of the Review]
- 31 Duties of the IASB:** The IASB shall:
- (a) have complete responsibility for technical matters;
 - (b) publish an exposure draft on all projects and normally a discussion document for public comment on major projects;
 - (c) have full discretion over its technical agenda and have power to outsource work appropriately;
 - (d) establish procedures for reviewing comments; normally from working groups or other forms of advisory groups on major projects; consult the SAC on major projects, and normally issue bases for conclusions with IFRSs and exposure drafts;
 - (e) consider holding public hearings to discuss proposed standards;
 - (f) consider the use of field tests to ensure that standards are practical and workable in all environments; and
 - (g) give reasons if it does not follow any of the non-mandatory procedures set out in this section.
- 32 Official language:** The authoritative text of the IASB is in the English language, though the IASB may publish or authorise translations.

PART D

International Financial Reporting Interpretations Committee (IFRIC)

- 33 Composition of the IFRIC:** The Committee consists of 14 voting members who are appointed for renewable terms of three years. The Trustees are to select members so that the Committee comprises a group of people representing the best available combination of technical expertise and diversity of international business and market experience in the practical application of IFRSs and analysis of financial statements.
- 34 Chair of the IFRIC:** The Trustees are to appoint a member of the IASB, the Director of Technical Activities or another senior member of the IASB staff to chair the Committee. The Chairman has the right to speak but not to vote. The Trustees may appoint non-voting observers (and have exercised the power by appointing one from the European Commission and one from IOSCO).
- 35 Meetings and quorums:** The quorum is set at ten members and exceptionally, and at the discretion of the chair, members may send non-voting alternates to the meetings. One or two IASB members are to be designated as official observers. Committee meetings are to be held in public but some limited matters (usually concerning personnel issues) may be discussed in private.
- 36 Voting:** Each Committee member has one vote. Members vote in accordance with their own independent views and not as representatives of a particular organisation. Approval of Draft or final Interpretations requires that not more than four voting members vote against the Draft or final Interpretation.
- 37 Duties of the IFRIC:** The IFRIC shall:
- (a) interpret the application of IASs and IFRSs and provide timely guidance on financial reporting issues not specifically addressed in IASs and IFRSs, in the context of the IASB *Framework*, and undertake other tasks at the request of the IASB.
 - (b) in doing its work, have regard to the IASB's objective of convergence of national accounting standards and IASs and IFRSs to high quality solutions.
 - (c) after clearance by the IASB, publish Draft Interpretations for comment.

- (d) report to the IASB and obtain the approval of nine of its members for final Interpretations.

PART E

Standards Advisory Council (SAC)

- 38 Objective:** The SAC provides a forum for participation by organisations and individuals, with an interest in international financial reporting, having diverse geographical and functional backgrounds, with the objective of
 - (a) giving advice to the IASB on agenda decisions and priorities in the IASB's work,
 - (b) informing the IASB of the views of the organisations and individuals on the Council on major standard-setting projects and
 - (c) giving other advice to the IASB or the Trustees.
- 39 Size of the SAC and its Chairman:** The Council is to comprise thirty or more members, having a diversity of geographical and professional backgrounds, appointed for renewable terms of three years. The Chairman of the Council is to be appointed by the Trustees and is not to be a member of the IASB or a member of its staff. The Trustees are to invite the Chairman of the Council to attend and participate in the Trustees' meetings, as appropriate.
- 40 Meetings and public duties:** The SAC meets three times a year in public sessions. The SAC is to be consulted by the IASB in advance of IASB decisions on major projects and by the Trustees in advance of any proposed changes to the Constitution.

PART F

Chief Executive and staff

- 41 Chief Executive:** The IASB Chairman is also the Chief Executive of the IASCF Foundation, and shall be subject to supervision by the Trustees.
- 42 Appointment of technical staff:** The Chief Executive is to be responsible for the staffing of the IASB, and in consultation with the Trustees is to appoint a Director of Technical Activities.

- 43 **Appointment of other staff:** In consultation with the Trustees, the Chief Executive is to appoint a Director of Operations and a Commercial Director who are to be under the supervision of the Chief Executive.

PART G

Administration

- 44 **Location:** The Trustees are to select the location of the IASC Foundation's offices.
- 45 **Legal entity:** The Trustees are to determine the legal entity of the IASC Foundation.
- 46 **Signatories:** The IASC Foundation will be bound by the signature(s) of such person or persons as may be duly authorised by the Trustees.

Annex International Accounting Standards Committee Foundation

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 their professional background, should have demonstrated a high level of knowledge and technical competency in financial accounting and reporting.
- 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 in private and public meetings and in written materials are necessary. Communication skills also include the ability to listen to and consider the views of others.
- 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.** IASB members should have an understanding of the global economic environment in which the IASB operates, including awareness of business and financial reporting issues.
- 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 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, including intellectual integrity.
- 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.

This Charter was proposed by the SAC on 7 July 2004 and approved by the Trustees in March 2005.

Standards Advisory Council Terms of reference and operating procedures

I Objectives and scope of activities

1 The primary objective of the Standards Advisory Council of the International Accounting Standards Board (SAC) is to provide a forum where the International Accounting Standards Board (IASB) consults individuals, and representatives of organisations affected by its work, that are committed to the development of high quality International Financial Reporting Standards (IFRSs). As part of that consultative process the SAC gives advice to the IASB on a range of issues which includes, but is not limited to, the following:

- input on the IASB's agenda;
- input on the IASB's project timetable (work programme) including project priorities, and consultation on any changes in agenda and priorities; and
- advice on projects, with particular emphasis on practical application and implementation issues, including matters relating to existing standards that may warrant consideration by the International Financial Reporting Interpretations Committee.

In view of the importance of the IASB's agenda and priorities, once these have been determined by the IASB, changes thereto are expected to be the subject of consultation with the SAC.

When considered appropriate by the members of the SAC, or on the request of the Trustees of the International Accounting Standards Committee Foundation (the 'Trustees'), the SAC also provides input to the Trustees on matters relating to the activities of the SAC or the IASB and any other relevant issues.

2 A secondary objective of the SAC is to support the IASB in the promotion and adoption of IFRSs throughout the world. This may include the publishing of articles supportive of IFRSs and addressing public meetings on the same subject. Any such views expressed are personal, and should

not create the impression that they are the opinions of the SAC. (This objective does not preclude SAC members from participating in genuine and objective critiques of the work of the IASB to assist better understanding and transparency of issues and solutions.)

II Composition and membership

- 3 The SAC is composed of individuals, or representatives of organisations, interested in the development of high quality IFRSs. The membership provides for a broad geographical spread and a range of functional backgrounds that include members drawn from user groups, preparers, financial analysts, academics, auditors, regulators and professional accounting bodies. In addition, certain international organisations may be granted permanent seats on the SAC by the Trustees. Official observer status may also be granted by the Trustees to other bodies and organisations that are influential in the global financial community.
- 4 A panel of the Trustees considers nominations and, where applicable, their origins and/or the organisations that may be represented, to determine whether nominee associations and individuals are suitable for membership and to ensure a broad geographical spread and a range of functional backgrounds.
- 5 Members are appointed for an initial term of three years and, depending upon the need to maintain a proper balance and for continuity, may be asked to remain for a further period of up to three years. A maximum period of service of six years is permitted.
- 6 In the interests of retaining an active and engaged membership, individuals who do not attend in person three consecutive meetings will be asked to stand down from the SAC.
- 7 The Trustees appoint members to the SAC in an individual or representative capacity, and at SAC meetings members are expected to express their individual views unless it is expressly stated that they are the opinions of the organisations they represent. No sourcing record is made of organisational or individual views in the SAC minutes. In adopting this convention the SAC is mindful that discussion at a SAC meeting may often be free-ranging and an individual's contribution might be unduly hampered if reference had to be made back to an organisation before a view was expressed at the meeting. SAC members are free to table written materials for circulation, prior to the meeting, should they wish.

III Chairman

- 8 The Chairman of the SAC is appointed by the Trustees from nominations submitted by the SAC. The term of office of the Chairman is three years renewable for up to three years, subject to a maximum of six years.
- 9 The Chairman provides leadership to the SAC in ensuring that the IASB receives timely and effective input that contributes to the development of high quality IFRSs enjoying broad acceptance. To achieve this goal, the Chairman actively monitors the progress of the IASB's work programme, projects and priorities and works closely with the Chairman of the IASB and senior staff to identify, on a timely basis, matters on which the SAC's advice should be sought. Specifically, the duties of the Chairman include, but are not limited to, the following:
- working with the senior staff of the IASB and IASC Foundation to ensure the preparation of timely and appropriate materials to facilitate the conduct of the SAC meetings;
 - conducting meetings of the SAC;
 - reviewing the draft minutes of SAC meetings before distribution to members;
 - appointing the Agenda Committee of the SAC;
 - acting as the liaison between the SAC and the IASB and the Trustees;
 - keeping abreast of developments within the IASB and informing members of the SAC of these matters, if considered necessary, between meetings;
 - assisting the Trustees in the identification of new members of the SAC;
 - briefing new members of the SAC on its operations and their role and responsibilities;
 - assisting the Chairman of the IASB in promoting the adoption of IFRSs throughout the world; and
 - at the request of the Trustees, attending and participating in the Trustees' meetings.

IV Operating procedures

- 10 In order to ensure that the SAC operates efficiently and effectively the following operating procedures are adopted.

Meeting details

- 11 Generally, the SAC meets three times per year for a period of two days, but additional meetings may be convened at the request of the Chairman.
- 12 The Chairman of the IASB, the IASB's Director of Technical Activities and those IASB members and staff who are responsible for items on the agenda are required to attend SAC meetings. IASB members are generally required to attend the meetings so that they can hear at first hand the views of the SAC.
- 13 Secretarial support for the meetings, as well as the recording of the minutes, is the responsibility of a designated member of the IASB secretariat.
- 14 The meetings of the SAC are open to the public except for administrative items, which are dealt with in closed session.

Meeting agenda and papers

- 15 The Agenda Committee, appointed by the Chairman from amongst the members, is responsible for preparing the agenda for each meeting in consultation with the IASB secretariat. All SAC members are encouraged to submit to the Agenda Committee items for consideration for inclusion in the agenda in advance of the meeting date and in accordance with the timing determined by the Chairman.
- 16 Written materials supporting SAC agenda items are provided before each meeting. A briefing paper highlighting those issues on which specific guidance is sought from the SAC is usually prepared for each technical item on the agenda. The extent of the supporting documentation is dependent on the complexity of the issues involved and the need for SAC members to be adequately briefed. The following should be the norms for distribution of material to SAC members by the Secretariat:
- minutes of each meeting are distributed to SAC members within thirty days following each SAC (or subcommittee of SAC) meeting;
 - the agenda for each SAC meeting, including a brief description of each agenda item, is distributed to SAC members at least thirty days before each SAC meeting; and

- all detailed agenda papers are distributed to SAC members at least ten days before each SAC meeting.

Conduct of meetings

- 17 The conduct of technical topics is generally prefaced by an introduction of the topic by the relevant IASB member or staff, and may include papers prepared and/or delivered by SAC members. The extent of these briefings is dependent on the complexity of the topic. At the meeting members are invited to comment on the questions raised by the IASB or any other related matters. Depending upon the issue, the Chairman may call for a formal poll to demonstrate to the IASB the extent of support within the SAC for a particular point of view. If the IASB ultimately takes a position on a particular issue that differs from a polled expression of the SAC, feedback is given at the next meeting of the SAC on the reasons for the IASB's decision.

Subcommittees

- 18 In order to improve the quality of comment submitted to the IASB on a specialised topic, the Chairman may call for the establishment of a subcommittee of knowledgeable SAC members to provide expert comment. This subcommittee reports to the SAC, which in turn presents its views to the IASB.

V Travel and accommodation costs

- 19 Members of the SAC or the organisations they represent meet their own travel and accommodation costs.

VI Approval and changes

- 20 The Trustees have approved the terms of reference and operating procedures and any changes thereto require their concurrence.

APPENDIX

Timetable for Part 2 of the review of the Constitution

Date	Action step
December 2008–31 March 2009	Trustees publish a discussion document inviting views on other issues to be included in the second part of the review.
October 2008–January 2009	Trustees meet interested parties to discuss the second part of the review.
February 2009	Trustees develop list of issues and the Constitution Committee develops proposals.
April 2009	Trustees publish other constitutional proposals on issues identified.
April–October 2009	Trustees hold a series of meetings, possibly including public round-table discussions, on proposals
October–November 2009	Conclusion of the review of the Constitution. Any changes will take effect from 1 January 2010—six months earlier than required.