

How we consult

Encouraging broad participation in the development of IFRSs



Foreword

The task of developing, in the public interest, a single set of high quality and principle-based financial reporting standards that are applicable and enforceable on a global basis is a challenging one.

Whether we realise it or not, we are all subject to our own conditioning or cultural bias. That is why establishing globally applicable, high quality standards can be achieved only through consultation with interested parties around the world, who each bring a different perspective, cultural or technical, depending on their role or responsibility.

We at the IASB have the difficult task of assessing the outcome from this process of consultation before deciding how to proceed. In discharging this responsibility we actively seek views from all interested parties, both within and outside the financial reporting community. In particular we make strenuous efforts to reach out to the investor community, a group that is notoriously difficult to draw into the standard-setting process.

Lastly, we keep in mind that accounting standards are only part of the global financial architecture. Despite being developed with investors in mind, accounting standards cannot be developed in a vacuum. We therefore continue to work in close co-operation with securities and prudential regulators and others to ensure that unintended consequences are avoided.

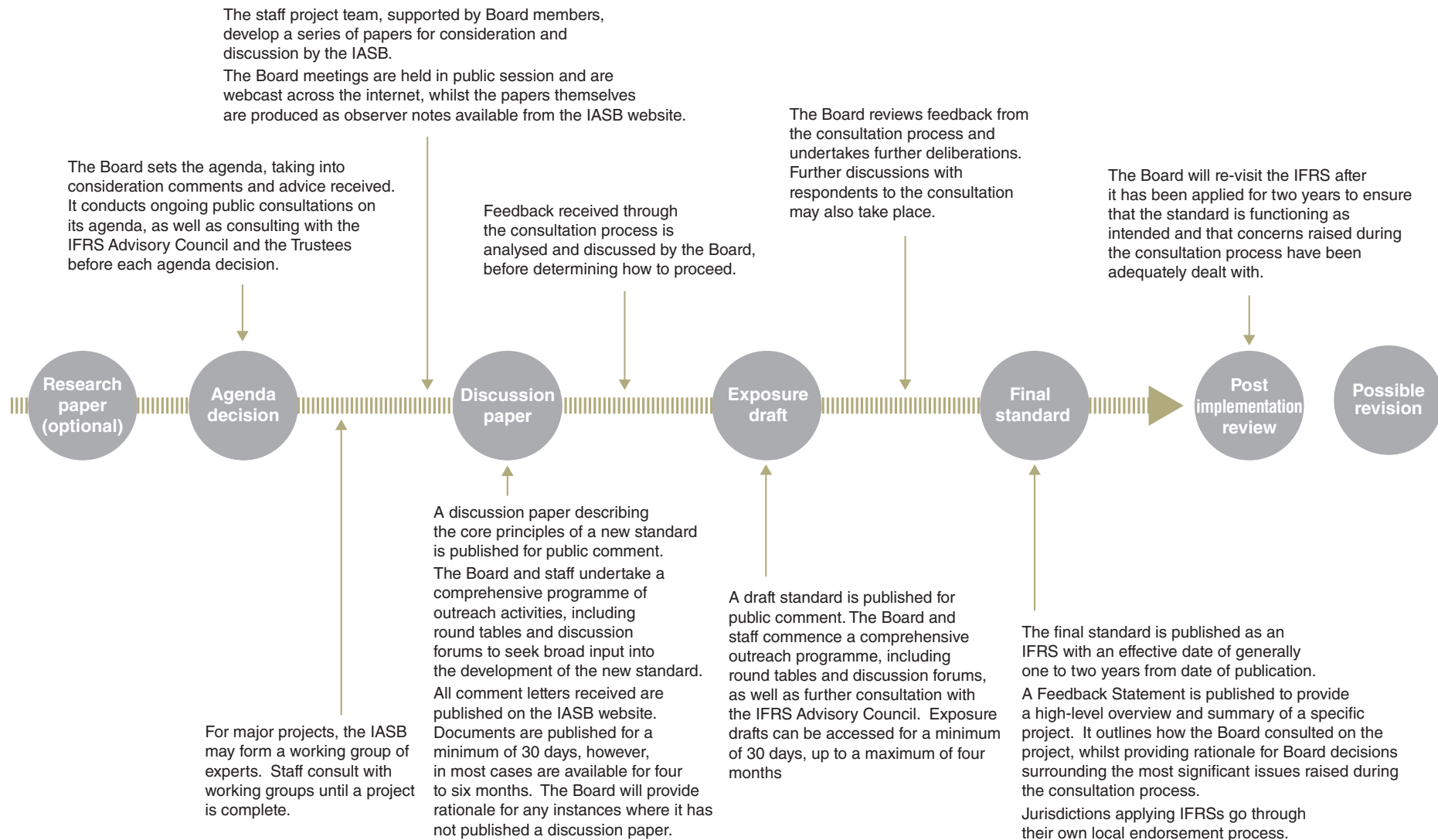
This document is a call to action. We are doing our bit to provide every possible opportunity to encourage broad participation in the standard-setting process.

The rest is up to you. Now is the time to get involved and help to shape the future direction of global financial reporting.



Sir David Tweedie, October 2010
Chairman of the IASB

How we develop standards



Stay informed

The IASB is committed to providing its stakeholders with regular communication about its projects. There are many different ways to receive information from the IASB, whether in person or online.

Snapshot summaries

Snapshots are high-level summaries that provide a non-technical overview of a project or proposal, and accompany major due process documents. They are designed to explain the rationale and basic concepts included in exposure drafts or discussion papers. Snapshots can be obtained through the IASB's website in the 'Snapshot Library'.

Email alerts

Registered users of the IASB's website can sign up to receive regular email alerts on IASB activity. Individuals can tailor their alerts to a particular project, or multiple projects, giving them direct access to the most relevant information for specific needs and interests. We have over 100,000 registered users to the IASB email alert system.

Observe a Board meeting

Board meetings are open to the public for observation and provide individuals and interested parties with the opportunity to learn about current activity on the IASB's agenda. Individuals may attend meetings as observers in person or via webcast across the internet.

All papers discussed at the public meetings are available as observer notes. Additionally, details of decisions made during Board meetings are posted on the IASB's website soon after the meeting has concluded.

Podcast summaries (Board meetings and project specific work)

Podcast summaries of monthly Board meetings are available through the IASB's website and can be downloaded through iTunes or via RSS feed. Recorded shortly after each Board meeting, these podcast summaries provide an overview of the main topics and projects discussed and run to approximately 30 minutes in length.

The IASB also publishes project-specific podcasts, which allow interested parties to receive high level updates or other useful information about specific projects.

Attend a regional IFRS conference

Each year, different cities throughout the world play host to regional IFRS conferences. Recent events have been held in Amsterdam, London, Milan, New York, Seoul, Switzerland, Tokyo, and Toronto. Regional IFRS conferences provide delegates with the opportunity to understand better matters of interest and concern about financial reporting, particularly within the context of the local jurisdiction and national standard-setters. The conferences allow participants to interact directly with Board members and senior staff and individual leaders from regional bodies or national standard-setters. To name just a few, organisations such as the Canadian Institute of Chartered Accountants, the South African Institute of Chartered Accountants and the American Institute of Certified Public Accountants have hosted events jointly with the IASB.

Investor perspectives blog

The IASB recognises that investors and other users of financial statements have an important stake in the development of IFRSs, but many may not have time to read and respond to detailed technical proposals or to participate in IASB working groups.

To meet the needs of this stakeholder group, the IASB has a dedicated investor outreach programme that builds on current outreach activities. A core element of this is the IASB's 'Investor Perspectives' blog, written by Board members who were formerly analysts. The blog aims to offer investment professionals regular updates on items that are likely to be of interest. The blog has almost 3,000 subscribers.

Alternatively, individuals may contact the IASB's investor liaison manager to arrange a face-to-face meeting or to receive additional information.

Debate the issues



The IASB's outreach activities are designed to achieve two-way dialogue, where proposals can be explained and debated with interested parties. Through this process, the IASB can ensure that issues are widely discussed and then addressed appropriately.

Round table meetings

Round tables are public discussions organised by the IASB that take place between external participants and members of the IASB. They occur after the comment period has closed. During these sessions, participants can provide valuable additional insight to the IASB on comments put forward, whilst debating any issues or concerns they may have. The IASB will also use round tables as a platform to explain and clarify proposals. Details on how to register for IASB round tables can be found on the website.

Regional discussion forums

Discussion forums are hosted by third-party organisations such as national standard-setters. They take place in local jurisdictions so that regionally-based constituents may meet representatives of the IASB to discuss projects that are open for comment. These meetings summarise proposals set out in exposure drafts, but allow those taking part an opportunity to discuss the proposals with the Board and IASB staff.

Interactive webcasts

Interactive presentations are presented live from the IASB's office and are available online in real time. Participants can view slides and listen to commentary presented, and can ask questions via the web with the option of listening by telephone. Webcasts can also be downloaded once completed and are available to the public.

Outreach meetings

IASB staff and Board members regularly hold educational sessions and attend meetings and conferences of interested parties. Outreach meetings give interested organisations a chance to voice and debate their views on proposals published for public comment with the IASB. Outreach meetings can be requested by contacting the project teams or the IASB's outreach co-ordinator.

Consultation with the IFRS Advisory Council

The IFRS Advisory Council is the formal advisory body to the IASB. It is comprised of a wide range of representatives from user groups, preparers, financial analysts, academics, auditors, regulators, professional accounting bodies and investor groups that are affected by and interested in the IASB's work. Members of the Advisory Council are appointed by the Trustees of the IFRS Foundation. The Council meets three times a year to advise the IASB on a range of issues, including the IASB's agenda and work programme.

Public discussions with representative groups

The IASB holds formal public meetings with groups representing both the investor and the preparer communities. Members of the Global Preparers Forum (GPF) and the Analyst Representative Group (ARG) have considerable practical experience in their respective fields and meet separately with the IASB three times a year. The meetings are open to observers and are webcast live on the internet.

Working groups

Working groups are established during the project planning stage and are designed to give the IASB access to additional practical experience and expertise from senior representatives of a particular stakeholder group throughout the duration of the project. Before setting up a working group, the IASB advertises for nominations and applications. The IASB normally establishes working groups for its major projects.

The IASB sets working groups a clear mandate and specific objectives. The groups do not develop formal recommendations. Once work starts, the IASB consults the groups on important decisions, and provides regular updates on the progress of the project. Working group meetings are open to the public.

Expert advisory panels

Expert advisory panels comprise experts from a range of backgrounds to provide advice to the Board on specific points of detail. Panel members are drawn from the preparer community, and may also include users of financial statements and regulators, as well as auditors. Participants are selected on the basis of their experience and specialised technical area of expertise. The role and focus for each expert advisory panel will vary. However, the panels give expert input into the IASB's process. For example, they may assist by reviewing best practice techniques, and formulating any necessary additional practice guidance.

Interaction with national standard-setters

The IASB works collaboratively with national standard-setters around the world to better understand global financial reporting issues in a regional and national context. National standard-setters consult locally in order to represent jurisdictional viewpoints to the IASB's formal consultation process, jointly host outreach activities on behalf of the IASB and frequently assist in the research and development of new accounting standards.

Tell us what you think

Close co-ordination between the IASB and its stakeholders is crucial to the success of the organisation and its objectives. The IASB interacts with a wide range of interested parties, seeking broad input at each stage of the consultation process.

Submit a comment letter

Comment letters play a vital role in the IASB's formal deliberative process. To give the public timely access to the comment letters sent to the IASB, each letter is posted on the website. The IASB reviews comment letters that are received within the comment period, and it provides a summary and analysis of the comments received. These summaries are posted on the website as observer notes.

Comment letters can be submitted directly to the project team at any time, and all letters will be considered by the IASB.

Meetings with stakeholders

Face-to-face meetings can allow for targeted discussions between the IASB and individual organisations or small group meetings. Individual and small group meetings allow the IASB to better understand what the broader implications of proposals may be by talking and listening to feedback from a particular stakeholder group. Requests for these meetings can be made to the project staff, whose contact details are available on the website, or to the IASB outreach co-ordinator.

Participate in an online survey

IASB stakeholders can engage with the organisation through one of its many online surveys. These surveys are designed to generate evidence in support of or against a particular approach. Surveys supplement face-to-face meetings and the comment letter process.

Find out how we responded

The IASB values the feedback that its stakeholders provide during consultations. The IASB considers all comments put forward, and aims to respond to broad concerns and opinions in a number of ways.

Feedback statements

A feedback statement provides a high-level overview and summary of a major project. It explains how the IASB sought input and responded to feedback, and outlines the rationale for decisions taken by the Board. Feedback statements are published for all major projects. For major projects the IASB distributes feedback statements to respondents who submitted comment letters.

Basis for conclusions

Bases for conclusions accompany proposed and final IFRSs. It provides a detailed technical description of how the IASB responded to comments received during the consultation period.

Comment letter analyses and outreach summaries

Once a comment period has closed, the IASB will conduct an analysis of letters and opinions received on a specific project or proposal. In these analyses, broad themes are identified and details of how the IASB responded to the main issues are included in each document.

The IASB also provides summaries of feedback from its outreach activities. For example, the IASB will release overviews of user input and survey results, which are all available on the IASB's website.

Case study: IFRS 9

At the request of many international stakeholders, the IASB accelerated its reform of financial instruments accounting with a view to completing the first phase of this work in time for optional use for 2009 year-end financial statements.

This first phase of the project dealt with the classification and measurement of financial assets. Subsequent phases will deal with the classification and measurement of financial liabilities, loan-loss provisioning and hedge accounting.

In undertaking the reform of financial instruments accounting the IASB is also seeking to improve international comparability in the accounting for financial instruments through its convergence work with the Financial Accounting Standards Board.

The IASB undertook an extensive programme of stakeholder outreach in order to develop a high quality IFRS in a timely manner but also one that has been subjected to rigorous and extensive due process.

The outreach programme built upon the existing due process normally followed by the IASB in developing standards, but was further enhanced to keep interested parties informed and to ensure that consultations were extensive and broad-based.

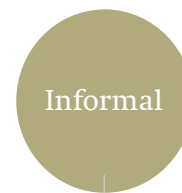
To achieve this, the IASB made use of a range of formal and informal outreach activities, as well as introducing new ways to seek the views of interested parties.

Many of these innovations are now routinely used for outreach activities supporting other major projects.

IASB consultation methods



- Public exposure of proposals
- Round-table discussions
- Consultation with formal advisory bodies, including the IFRS Advisory Council and the Financial Crisis Advisory Group
- Formation of expert panels to seek high quality practitioner input

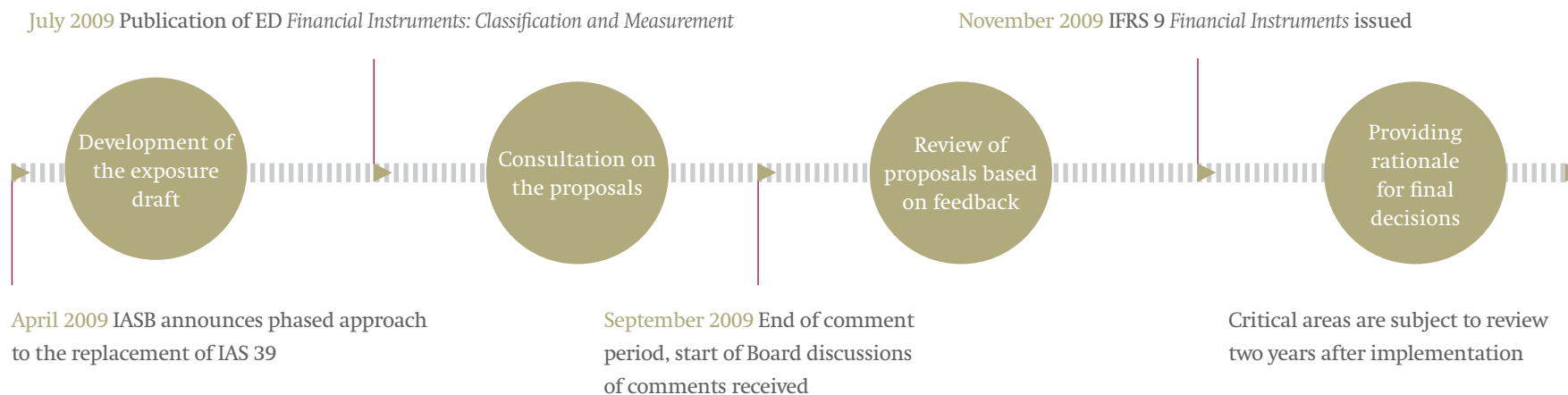


- One-to-one and small group meetings
- Live webcasts, including interactive Q&A sessions
- Downloadable podcasts and recorded presentations
- Project-specific email alerts
- Presentations at conferences around the world



- Publication and widespread distribution of project summary and feedback statement

Timeline



Statistics

- 7097 subscribers to a special email alert
- 6000+ participants across ten live webcasts
- 245 comment letters from organisations and individuals in 18 countries
- 100+ one-to-one small group discussions
- 100+ participants in just one of the analyst conference calls
- 33 hours of Board discussions on the feedback received
- 5 public round-table discussions in Japan, the UK and the US

Responding to feedback

After considering the feedback received the IASB enhanced its original proposals:

- emphasising the importance of an entity's business model for deciding how to classify financial assets
- separating consideration of the classification and measurement of financial liabilities from the proposals
- requiring the reclassification of financial assets when the business model changes

Final standard

IFRS 9 enhances the ability of investors and other users to understand the accounting of financial assets and reduces complexity by:

- reducing the number of classification and measurement categories
- introducing a classification that provides useful information about future cash flows
- eliminating complex and rule-based requirements for embedded derivatives
- establishing a single impairment method

How we maintain standards

The IFRS Interpretations Committee is the interpretative body of the IASB. The Interpretations Committee has 14 voting members appointed by the Trustees, and its members are drawn from a variety of countries and professional backgrounds.

The Interpretations Committee's mandate is to review widespread accounting issues that have arisen within the context of current IFRSs and to provide authoritative guidance (IFRICs) on those issues.

In developing interpretations, the Interpretations Committee follows a transparent, thorough and open due process.

Proposed agenda decision

The IFRS Interpretations Committee decides after debate in a public meeting whether to add an issue to its agenda. Proposed items are assessed against a series of criteria, for example, whether they are considered to have practical relevance or if there are divergent interpretations of a standard, before they are added to the agenda.

Consultative period

This applies only to issues that are not added to the agenda. The draft reason for not adding an item to the agenda is published in the IFRS Interpretations Committee Update and on the IFRS's website with a comment period of not less than 30 days. Comments are placed on the public record and form part of the deliberation that takes place at the next available Interpretations Committee meeting. At this time, the Interpretations Committee decide whether to add the issue to the agenda.

IFRS Interpretations Committee meetings

The IFRS Interpretations Committee meets in public and follows procedures similar to Board meetings. The Interpretations Committee debates both matters that are on its agenda and items proposed to be added to its agenda.

Development of a draft interpretation

The IFRS Interpretations Committee reaches its conclusions on the basis of information contained in agenda papers prepared by IASB staff. Agenda papers are developed for the Interpretations Committee's consideration after a thorough review of the authoritative accounting literature and possible alternatives, including consultation, where appropriate, with national standard-setters.

Draft interpretations and voting

A draft interpretation is developed on which the Interpretations Committee votes. Voting takes place at a public meeting. A consensus is achieved when no more than four members have voted against the proposal. Each Interpretations Committee voting member has one vote, based on their own independent views.

The IASB's role

When the Interpretations Committee has reached a consensus on an Interpretation, it is put to the IASB for ratification, in a public meeting, before being issued. Approved Interpretations are issued by the IASB.

XBRL

The mission of the IFRS Foundation XBRL team is to create and provide a framework for the consistent adoption and implementation of IFRSs with a high-quality IFRS Taxonomy for XBRL. XBRL, which stands for eXtensible Business Reporting Language, is a digital ‘language’ that helps to communicate information between businesses and other users of financial information.

This mission is part of the adoption and implementation strategy of the IFRS Foundation and is integrated with the development of IFRSs.

Development of the XBRL taxonomy

The IFRS Foundation XBRL team consults with the IASB through an ongoing dialogue with the XBRL Board Advisory Group and technical staff. It is also supported by two external committees: the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT). The team welcomes feedback from, and encourages broad participation with, XBRL international working groups, other taxonomy developers, regulators, software developers, preparers, users and financial institutions.

The IFRS Taxonomy is developed through a formal system of due process and broad international consultation. This ensures transparency and compliance with best practice, and provides quality assurance and opportunities to engage with stakeholders to understand their concerns and the impact that the decisions will have. To facilitate the use and understanding of the IFRS Taxonomy, there are a number of freely available support materials. For additional information, please visit <http://www.ifrs.org/XBRL/XBRL.htm>.

Interaction of financial reporting and global financial regulation

As an international independent standard-setter, the IASB recognises the role that it plays within the wider framework of global financial regulation.

Enhanced technical dialogue with prudential regulators

The IASB has established mechanisms for technical dialogue with prudential regulators including the Basel Committee on Banking Supervision. The purpose of the discussion is to ensure that the interaction between financial reporting standards and prudential regulation does not result in unintended consequences, and achieves consistent outcomes for accounting and regulatory purposes, when appropriate.

Engagement with the Financial Stability Board

The IASB regularly attends meetings with the Financial Stability Board and other governmental policy makers on an ongoing basis. This helps to enhance the flow of communication between the IASB and these bodies.

Response to the G20 conclusions

The IASB has prioritised aspects of its work programme in response to requests by the G20. A comprehensive summary of the IASB's response to the G20 conclusions is available on the IASB's website.

Resources

Online resources

Further information on the IFRS Foundation, the IASB and IFRSs is freely available from www.ifrs.org.

Additional services are also available to registered users (without charge), including access to the core standards (excluding additional material) and general or project-specific email alerts related to the development of new IFRSs.

Access to all current and previous IFRSs and other supplementary material is available on a chargeable basis to eIFRS subscribers. To find out more, visit www.ifrs.org/eifrs.

Register to access free IFRS Foundation content

Once registered you will be able to access the free content on the IFRS Foundation website with your log in details.

It will allow you:

- to receive and manage email alerts;
- to access the unaccompanied standards (IFRSs);
- to view the IFRS for SMEs;
- to register as a meeting observer;
- to submit a comment letter.

<http://www.ifrs.org/IASB+Registration.htm>

eIFRS

The IASB offers an enhanced service on a chargeable basis, which provides all current and previous IFRSs and other supplementary material, such as Basis for Conclusions and guidance material. eIFRS subscribers can also register to receive daily updates of IASB Board meetings.

Accessing Podcasts

Podcast summaries can be accessed via iTunes or the IASB website.

iTunes digital media player

If you have iTunes digital media player on your computer, you can subscribe to the IASB financial reporting channel on iTunes. You will then receive the podcasts automatically through iTunes as and when they are available. iTunes will also give you access to all past podcasts.

Via RSS feed

You can subscribe to our dedicated RSS feed by visiting our website. The latest IASB podcasts will be downloaded automatically to your mp3-enabled device or will be accessible through your RSS reader. You can also access all past podcasts by clicking on the RSS feed icon.

Twitter

Follow us on Twitter @IFRS Foundation

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