

Summary of the conclusions of the Trustees' Due Process Oversight Committee (DPOC) meeting

12 July 2011, New York

1. Development of a DPOC protocol

The DPOC reviewed staff work on the development of an enhanced operating protocol. The protocol will describe three aspects of the DPOC's operations, namely:

1. the due process steps that the IASB and staff should follow, and how this will be achieved (known as the Due Process Handbook);
2. the performance measurements used by the IASB to assist in evaluating its adherence to its published due process; and
3. the steps to be taken by the DPOC in order to discharge effectively its mandate for oversight of due process matters.

Members of the DPOC noted the importance of the protocol giving consideration to consultation throughout the entire development cycle of IFRSs, from agenda consultation through to post-implementation review. The DPOC proposed that the protocol should describe both formal and informal aspects of the IASB's outreach activity, including proactive engagement with stakeholder groups that are less inclined to provide formal input to the IASB through the submission of comment letters, and with a particular emphasis on outreach to investors.

A draft of the protocol will be presented to the Trustees at their meeting in October 2011. Once the protocol is completed, any necessary changes will be made to the IASB's existing Due Process Handbook.

2. Post-implementation review planning

The DPOC discussed procedures for conducting post-implementation reviews, including feedback received from the IFRS Advisory Council. The IASB is committed to performing post-implementation reviews of all new IFRSs and major amendments. The DPOC noted that the post-implementation review exercise should include consideration of whether the original goals of the project had been achieved. The IASB staff intend to present revised plans for conducting post-implementation reviews to the October 2011 Trustees' meeting in Paris.

3. Agenda consultation

The DPOC reviewed the draft agenda consultation document (which has now been published by the IASB, on 26 July 2011) and initial feedback received from the IFRS Advisory Council. The DPOC members encouraged the IASB to undertake a comprehensive programme of outreach and consultation activities to ensure that strategic input was received from a broad range of interested parties, with particular reference to investors and other users of financial statements.

4. Meeting with the representatives of the Financial Accounting Foundation (FAF)

The FAF is the oversight body of the Financial Accounting Standards Board (FASB), the US standard-setter. The DPOC met with representatives of the FAF's own due process oversight function.

5. Effect analysis

The DPOC discussed a discussion paper recently published by the European Financial Reporting Advisory Group (EFRAG). The DPOC also discussed the consideration being given by the ongoing Trustees' strategy review regarding the need for greater consideration of effect analysis as part of the IASB's standard-setting activities. The DPOC strongly supported the IASB's engagement with the EFRAG while it further develops its proposals.

6. Due process oversight of standards

The DPOC reviewed the due process considerations for standards that are in development by the IASB, as well as those that have been recently issued, including draft versions of effect analysis documents that the IASB will shortly issue for IFRSs 10, 11 and 12 (draft versions are available to download from the DPOC section of the website).

The DPOC reviewed the IASB's due process compliance for the revenue recognition, leasing, financial instruments and insurance contracts projects.

The IASB confirmed its intention to re-expose its revenue recognition proposals for public comment in order to minimise the possibility of unexpected consequences. The staff indicated that the IASB and the FASB would shortly consider the possibility of re-exposing their joint leasing proposals for public comment (confirmed by the IASB and the FASB on 21 July 2011).

The DPOC reviewed the IASB's ongoing work to develop an IFRS for insurance contracts. Members of the DPOC encouraged the IASB to deepen its engagement with the investor community as it concludes its work.

The DPOC considered the IASB's work to conclude the reform of its financial instruments accounting standard. The DPOC urged the IASB to seek a common solution with the FASB with regard to impairment, hedge accounting and offsetting.

7. Review of the effectiveness of the IFRS Foundation Interpretations Committee

The DPOC noted the ongoing review of the effectiveness of the IFRS Foundation Interpretations Committee that is being undertaken by the Trustees and the IASB, in close cooperation with the Interpretations Committee itself. The recommendations of the review will be presented to the Trustees' meeting in January 2012. The DPOC also endorsed a decision to align the IASB's

international implementation activities more closely with the work of the Interpretations Committee.

8. Emerging Economies Group

The DPOC acknowledged the formation of an Emerging Economies Group as an external advisory body to inform the IASB on matters regarding the adoption of IFRSs by economies with less well-developed capital markets.

9. Correspondence

The DPOC reviewed correspondence from third parties. Such correspondence is published as a note to the DPOC meeting and is available to download from the DPOC section of the IFRS Foundation website.

10. Future schedule of meetings

The members of the DPOC agreed a revised meeting schedule as follows:

- Meetings between the DPOC and members of the IASB four times per year, with additional meetings as required.
- Individual members of the DPOC to attend meetings of the IFRS Advisory Council, the IFRS Interpretations Committee and the XBRL Advisory Council on a frequent basis, and at least once a year.

The DPOC also agreed to work towards holding elements of its deliberations in public session once the DPOC protocol document had been agreed.

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