

# REPORT OF THE CHAIRMAN OF THE MONITORING BOARD

The Monitoring Board welcomed two new members, from Brazil and Korea. The objective of this expansion is to respond to the need for stronger and more effective co-ordination between authorities responsible for setting the form and content of financial reporting in the major capital market jurisdictions. It is a reflection of the increasingly globalised nature of the world's capital markets, and the greater importance of emerging markets in them.



MASAMICHI KONO  
CHAIRMAN  
IFRS FOUNDATION MONITORING BOARD

The Monitoring Board (MB) was created in 2009 in order to establish a formal link between the IFRS Foundation and the capital markets authorities responsible for setting the form and content of financial reporting in their jurisdictions. The MB provides oversight of the governance and standard-setting activities of the IFRS Foundation. To accomplish its mission, the MB regularly meets with the IFRS Foundation Trustees and discusses various issues concerning its governance and due process in standard-setting. The MB also approves the appointment of the Trustees and discusses issues related to ensuring stable and appropriate public funding of the IFRS Foundation's activities. Transparency and accountability to the public are important objectives of the MB's activities.

During 2013 the MB proceeded with actions to complete its Governance Review, which included making several enhancements to the IFRS Foundation's three-tiered governance framework, as recommended by the Final Report on the Review of the IFRS Foundation's Governance published in February 2012. The MB subsequently revised its Charter and Memorandum of Understanding with the IFRS Foundation to reflect the recommendations of the Governance Review.

A major step was the review and expansion of the membership of the MB. As a part of the Governance Review, the MB decided to expand its membership to include up to four additional authorities as permanent members, primarily from major emerging market authorities, as well as to add two rotating members in consultation with the International Organization of Securities Commissions (IOSCO). To implement these enhancements, the MB agreed upon a set of membership criteria in March 2013. The criteria include a commitment by MB members to demonstrate the use of IFRS in their jurisdictions' capital markets, as well as a commitment to contribute to the IFRS Foundation's funding. All MB members are committed to promoting the development of a single set of high quality global accounting standards.

On 28 January 2014, following a public call for nominations, the MB announced the addition of two new permanent members: the Comissão de Valores Mobiliários (CVM) of Brazil and the Financial Services Commission (FSC) of Korea. This expansion will make the MB more inclusive, effective and accountable in exercising its responsibility over the governance of the IFRS Foundation and ensuring public accountability of the standard-setting process by the International Accounting Standards Board (IASB), while maintaining its independence in standard-setting. The MB continues to assess further applications for the two remaining permanent seats available.

In conjunction with the expansion of the number of permanent members, the MB has started a process of selecting additional rotating members in consultation with IOSCO, and is also working on a peer review process of its existing members. The newly agreed membership criteria apply to both the new rotating members as well as the existing members.

The MB has also recently focused on how to ensure stable and appropriate public funding for the IFRS Foundation's standard-setting activities. While ensuring appropriate funding by user jurisdictions of IFRS is primarily the responsibility of the

# MEMBERS OF THE MONITORING BOARD

Trustees, the MB provides advice and supports efforts by the Trustees to ensure stable and appropriate sources of public funding for the IFRS Foundation. A number of jurisdictions using IFRS have not made contributions to the IFRS Foundation despite the growing importance of their capital markets, and the MB Chairman has been calling upon the authorities in those jurisdictions to look into the matter.

The MB made important progress in 2013, taking steps to make its governance of the standard-setting process of the IFRS Foundation more inclusive, effective and accountable in the face of a growing global stakeholder base. In 2014, steps are being taken to further this work and the MB will aim to substantially complete the implementation of the measures recommended in its Governance Review by the end of this year. The MB is firmly and continuously committed to implementing further measures to improve the governance of the Trustees over the standard-setting process, and making progress in working toward a single set of global accounting standards for the benefit of all global stakeholders.



Masamichi Kono  
Chairman  
IFRS Foundation Monitoring Board

At 31 December 2013

## Monitoring Board members

### **Masamichi Kono (Chairman)**

Vice Commissioner for International Affairs of the Financial Services Agency, Japan

### **Ryutaro Hatanaka**

Commissioner of the Financial Services Agency, Japan

### **Mary Jo White**

Chairman of the Securities and Exchange Commission, United States

### **Michel Barnier**

Commissioner for Internal Market and Services, European Commission

### **Greg Medcraft**

Representative of the IOSCO Board (Chairman), Chairman of the Australian Securities and Investments Commission, Australia

### **Bert Chanetsa**

Representative of the IOSCO Growth Emerging Markets Committee (Vice-Chair), Deputy Executive Officer Capital Markets, Financial Services Board, South Africa

## Observer

### **René van Wyk**

Representative of the Basel Committee on Banking Supervision

## Additional members appointed in 2014

### **Leonardo Porciúncula Gomes Pereira**

Chairman of the Brazilian Securities Commission, Brazil

### **Je-Yoon Shin**

Chairman of the Financial Services Commission, Republic of Korea