



Report of the Chair of the Monitoring Board



JEAN-PAUL SERVAIS
CHAIR
IFRS FOUNDATION
MONITORING BOARD

I was recently honoured in March 2017 to be appointed as Chair of the Monitoring Board. I would like to acknowledge the immense contribution of my predecessors, Mr. Ryozo Himino and Mr. Masamichi Kono, and express my gratitude for their thoughtful leadership and dedication.

The IFRS Foundation Monitoring Board consists of capital markets authorities responsible for setting the form and content of financial reporting that discharge their mandates regarding investor protection, market integrity and capital formation through the IFRS Foundation. The Monitoring Board is responsible for monitoring and reinforcing the public interest oversight function of the organisation and promoting the continued development of IFRS Standards as a high-quality set of global accounting standards.

The Monitoring Board was formed in 2009 and comprises the representatives of the Board of the International Organisation of Securities Commissions (IOSCO) and the IOSCO Growth and Emerging Markets Committee, the Brazilian Securities Commission, the European Commission, the Financial Services Agency of Japan, the Financial Services Commission of Korea and the US Securities and Exchange Commission. The Basel Committee on Banking Supervision participates in the Monitoring Board as an observer.

In August 2016, the Monitoring Board announced and welcomed the addition of the Ministry of Finance of the People's Republic of China as a new member.

Our main responsibilities include:

- (a) to participate in the selection and approval of the Trustees of the IFRS Foundation (the Trustees);
- (b) to advise the Trustees with respect to the fulfilment of their responsibilities, in particular with respect to regulatory, legal and policy developments that are pertinent to the IFRS Foundation's oversight of the International Accounting Standards Board and appropriate sources of IFRS Foundation funding; and
- (c) to discuss issues and share views relating to IFRS Standards, as well as regulatory and market developments affecting the development and functioning of these Standards.

Governance enhancements

Given the efforts and developments towards global adoption of IFRS Standards in the last decade, the stakeholder community has significantly grown to over 135 jurisdictions that require or permit IFRS Standards for publicly accountable entities. The Monitoring Board welcomed the improvements and enhancements introduced by the Trustees' Review of Structure and Effectiveness finalised in 2016, which resulted in a revised *Constitution* for the IFRS Foundation.

The Trustees successfully completed their five-year statutory review which resulted in a number of enhancements to the organisation. I believe that these enhancements will better equip the IFRS Foundation to deal with many of the challenges ahead and to support the global accounting stakeholders.

The Monitoring Board also appreciated the Trustees' conclusions from this exercise and the IFRS Foundation's reaffirmed commitment to strengthen the relevance of IFRS Standards and the increased emphasis to support consistent application of the Standards, including deepening relationships with securities regulators, national standard-setters and international financial institutions.

The Monitoring Board has also made important progress in 2016. We have introduced a number of organisational enhancements, such as the setting up of a deputies working group, designed to increase the working level discussions to improve our monitoring activities and allow us to discharge our mission more effectively. I wish to thank the deputies working group for its valuable contribution to our work.

In an effort to enhance the Monitoring Board's transparency the Monitoring Board made public its work plan for 2016, including information on the activities it plans to conduct in the near term and its areas of focus. The 2017 work plan will be published shortly and we intend to update our plan periodically.

The Monitoring Board plans to conduct its review of existing members in 2017.

We remain committed to ensuring that governance framework remains in the public interest.

Challenges ahead

The G20 and the Financial Stability Board have recurrently reiterated their support for the objective of achieving a single set of high-quality global accounting standards and emphasised the need to continue to promote consistent application of standards.

Currently, we are in the countdown to the effective date of implementation of a number of critical and complex IFRS Standards. IFRS 9 on financial instruments and IFRS 15 on revenue will become effective in a few months and IFRS 16 on leases will become effective in early 2019.

Timely and consistent application of these Standards is, and will be, challenging. The impact of these changes will cut across the various players in the financial reporting chain, ranging from preparers and issuers, their respective audit committees and auditors and users, analysts and of course, regulators, and significant efforts will be needed to ensure a successful implementation of these Standards.

In this respect, the strategic orientation of the IFRS Foundation for 2017 to support the consistent application and implementation of the Standards globally, including an effective interpretation process within the IFRS Foundation, is to be welcomed.

As a Monitoring Board we plan to intensify our focus on accounting matters of broad public interest. We have engaged in a constructive dialogue with the Trustees on a number of relevant matters such as effect analysis for new IFRS Standards, challenges posed by technological developments and digital reporting, developments on IFRS 17 on insurance contracts and due process oversight.

In my new role as Chair of the Monitoring Board, I look forward to delivering our oversight mission and working together with the IFRS Foundation and other stakeholders to accomplish our goal of high-quality financial information that underpins investor confidence, and transparent capital markets that promote financial stability and that foster long-term financial stability in the global economy.



Jean-Paul Servais
Chair
IFRS Foundation Monitoring Board