

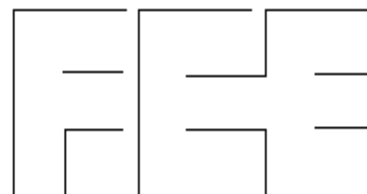
Date
9 March 2005

Le Président

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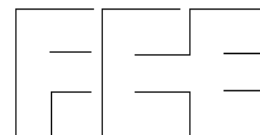
Mr Göran Tidström
Chairman EFRAG Supervisory Board
EFRAG
Avenue des Arts 41
B -1040 BRUSSELS



Dear Mr. Tidström,

Re: EFRAG Draft Comment Letter on IASC Foundation Constitutional Review: Proposals for Change

1. FEE (Fédération des Experts Comptables Européens, European Federation of Accountants) is pleased to submit its comments on the EFRAG draft comment letter on the IASCF consultation paper on the Review of the Constitution of November 2004. We support the letter in general but wish to make some observations and suggestions for changes.
2. In its letter, EFRAG calls for postponing the final decisions on the constitutional review and putting forward more “radical” proposals to ensure a more satisfactory result. We recommend the letter to be more explicit as to what conditions need to be fulfilled for Europe before a final decision could be taken. A reference could be made to the speech of Commissioner McCreevy of 1 February addressing democratic governance and political accountability of rule setters. In addition, we wish to indicate that we believe that it would not be correct and constructive to use words “radical”. Emotive language should be avoided. The aim should be to ensure European acceptance of global standards.
3. Issue 3 in Appendix 1 addresses the conformity between the Framework and the individual standards. We would prefer to express this in softer terms by indicating that there is a need to close some apparent discrepancies between the Framework and some of the standards and to complete the Framework (for instance measurement is not sufficiently covered). EFRAG could also call on the IASCF to give more priority to solving the Framework issues. We also note that, the Framework does not form part of European legislation since it has not been endorsed.
4. We suggest to address the funding issue in Appendix 1, issue 4, more generally than only addressing a levy for listed companies. We believe in particular that EFRAG should not refer to US funding. Moreover, since IFRS may also be used by non-listed companies, other sources of funding should be considered than levies for listed companies only. The letter should recognise that funding is an important issue and needs to be solved before finalising the Constitution. Clarity on funding is also important for the accountability debate in relation to the IASB that currently is taking place in Europe.
5. In issue 5, Appendix 1, EFRAG seems to suggest to increase the Board to 16 members; be it with 6 part-timers. We do not believe that it is necessary to be that detailed and suggest that the last sentence of the first paragraph is deleted. A larger group is more difficult to manage and should not be called for.



6. In addition, we are of the opinion that EFRAG should not give the impression of not favouring the joint projects with the FASB. The separate judgment and voting of both Boards need to be emphasised and the risk of the public perception of seeing it as one Board with a majority of US members if there is no clear transparency on independence between both Boards.
7. We have finalised our comment letter to the IASCF and we enclose a copy of our letter for your information.

Additional Comments

8. Main letter, page 3: first and second paragraphs: the text could be clarified by addressing the Norwalk Agreement in separate paragraphs.
9. Appendix 1, issue 2 gives another example of emotive language: "It seems as though Trustees have not attached much weight to the European concerns ...". We suggest to replace the word "much" by "sufficient".

We would be please to discuss any aspects of this letter you may wish to raise with us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Devlin', written in a cursive style.

David Devlin
President