

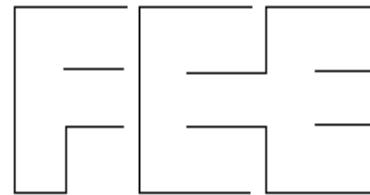
Date
30 June 2004

Le Président

Fédération
des Experts
Comptables
Européens
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Mr. Stig Enevoldsen
Chairman TEG
EFRAG
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Dear Mr. Enevoldsen,

Re: EFRAG Draft Comment Letter on IASB Discussion Paper of 24 March 2004: "Strengthening the IASB's Deliberative Processes"

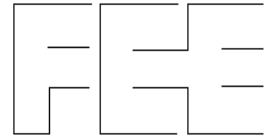
FEE (Federation of European Accountants, Fédération des Experts Comptables Européens) appreciates that EFRAG is commenting and providing input to IASB's consultation on its deliberative processes and is pleased to provide its comments on the EFRAG draft comment letter.

General:

1. EFRAG refers in two places in the draft letter to democratic process or democratic element (third paragraph page 1 and one but last paragraph page 3). We are of the opinion and prefer that EFRAG should not refer to democracy, as a political issue in the letter. We suggest deleting these references or to replace by a reference to due process.
2. On page 1 of EFRAG's draft letter to Paul Volcker on the IASC Foundation Constitution Public Hearing four additional points were raised, which in our view also relate to the IASB's deliberative processes. These points are: conformity with the Framework; convergence with US GAAP; increased complexity of standards; and less change to standards just issued. Some of these points are taken up in the EFRAG draft comment letter but not all. We recommend considering these points for inclusion in the EFRAG comment letter on IASB's deliberative processes.

Specific comments:

3. *Ad 1 Comment periods:* We are of the opinion that the main message in this paragraph should be that the length of the comment period should depend on the complexity and scope of the proposed standard. The EFRAG comment letter should not refer to holiday periods.
4. *Ad 1 Changes to existing standards, 1 (a):* We suggest that this paragraph should recognise that part of the problem may be caused by the 2005 deadline and emphasise that in future the cases where standards that are just issued are revised should be limited.
5. *Ad 1 Changes to existing standards, 1 (b):* There is a need for clarification and editorial changes to standards: The alternative routes of full due process of amendment of standards; educational guidance by IASCF; or IFRIC interpretations do not seem good alternatives to us. It may be helpful for EFRAG to suggest that the IASB should collect all editorial changes on standards and indicate these per standard in a separate section on the website so that everybody can consult these changes, but that these editorial



changes are only effectively introduced into a standard at regular intervals (for example once a year). In this way the preparers and users can already benefit from the clarifications and at the same time a more organised process is introduced. This would also be helpful for the translations in Europe.

6. *Ad 2 Basis for conclusions:* We support EFRAG comments that a better form of feedback is needed.
7. *Ad 3 Use of field tests or field visits:* We suggest that EFRAG uses stronger wording. The Board should consider introducing field tests for all changes to standards or proposals for new standards, and should give reasons why they are not undertaking field testing for a particular standard.
8. *Ad 3 Use of discussion papers:* We support EFRAG's comments and strongly support the issuance of a discussion paper before an exposure draft is issued.
9. *Ad 3 Re-exposure of proposals:* We support EFRAG's comments on re-exposure. If there are substantial and / or fundamental changes compared to the original exposure draft, the proposed standard should be re-exposed.

We also attach for your information FEE's letter to IASB on the consultation on IASB's deliberative process which we submitted to IASB on 18 June.

We would be pleased to discuss with you any aspect of this letter which you may wish to raise with us.

Yours sincerely,

David Devlin
President