

27 February 2013

Jennifer Jones
IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom
(Emailed to jjones@ifrs.org)

Dear Jennifer

Accounting Standards Advisory Forum – Call for Nominations

The Asian-Oceanian Standard-Setters Group (AOSSG) wishes to be considered as a candidate for membership of the Accounting Standards Advisory Forum (ASAF).

The AOSSG has, since its inception in 2009 (with IASB encouragement) enjoyed a strong and positive relationship with the IASB. The AOSSG is actively working to achieve the objectives of the IFRS Foundation and would welcome the opportunity to also contribute through the ASAF. The AOSSG has a culture of providing collective views of the region, and accordingly, we believe the AOSSG is well-positioned to be an ASAF member.

The AOSSG confirms it would be prepared to sign the Memorandum of Understanding and considers that it meets the various criteria set down in the Call for Nominations. Attachment A to this letter explains how such criteria are met.

If the AOSSG is chosen to serve on the ASAF, we propose that the relevant individual to represent the Group should:

- (a) have an intimate knowledge of the AOSSG and the support thereof; and
- (b) be suitable in terms of the IASB's requirements.

The AOSSG Chair and AOSSG Vice-Chair would typically meet the proposed principle in (a) above. In addition, AOSSG members consider that, at the current stage of the AOSSG Chair and Vice-Chair cycle, the best person to represent the AOSSG would be the current AOSSG Vice-Chair, Clement Chan, who will become the AOSSG Chair for a period of two years from November 2013.

In meeting the proposed principle in (b) above, the AOSSG is willing to work with the IFRS Foundation to ensure a suitable individual is identified to represent the AOSSG. We are

www.aossg.org

chair@aossg.org

conscious that the Foundation needs to think about the balance of ASAF's membership and we would not wish to present a candidate as if they should be accepted simply because they are nominated.

The AOSSG has formed an ASAF Working Party, which comprises members of the AOSSG Chair's Advisory Committee and other members so as to achieve a representative membership. Indeed membership of the AOSSG's ASAF Working Party is open to any AOSSG member. The AOSSG's ASAF Working Party will also have strong linkages to our existing technical Working Groups.

Mr Chan, the current AOSSG Vice-Chair and our nomination to represent the AOSSG on the ASAF should it be allocated a seat, is the Chair of the AOSSG's ASAF Working Party. He will be very well-placed, therefore, to fully reflect the diverse views of the region.

If there are any matters on which the IFRS Foundation would wish further documentation or comment, please contact me.

Yours faithfully

A handwritten signature in black ink that reads 'K.M. Stevenson'.

Kevin M. Stevenson
Chair

Attachment A

This attachment sets out the case of the Asian-Oceanian Standard-Setters Group (AOSSG) for ASAF membership and for the AOSSG's process for selecting a representative in accordance with the criteria set out in the IFRS Foundation's *Call for Nominations*.

1 The suitability of the AOSSG, as a recognised regional standard-setting organisation, for membership of ASAF

1.1 AOSSG as a recognised regional standard-setting organisation

1.1.1 The AOSSG comprises the standard-setters of 26 member jurisdictions spread throughout Asia and Oceania. This is as defined by the United Nations, which includes the Middle East, North, Central, West, South and South-East Asia, Australia and the Oceanian Pacific Islands. A brief overview of the AOSSG is provided in Attachment B. A list of members is provided in page 3 of Attachment B. The current Chair of the AOSSG is Kevin Stevenson, Chair of the Australian Accounting Standards Board (AASB), and the current Vice-Chair is, Clement Chan, Chair of the Financial Reporting Standards Committee of the Hong Kong Institute of Certified Public Accountants (HKICPA). The Vice-Chair is elected by the membership and becomes Chair after two years.

1.2 Technical competence

1.2.1 The AOSSG's current structure is set out in page 5 of Attachment B. The Chair and Vice-Chair are supported by a Chair's Advisory Committee (CAC) comprising eight jurisdictions and by Working Groups devoted to particular technical topics. There are currently 11 Working Groups. Those Working Groups have been developing their expertise intensively for up to three years and closely track the IASB's agenda and processes. The CAC also deals with topics for which an existing Working Group does not exist (for example, on the proposals for the ASAF).

1.2.2 Working Groups often meet for technical discussions and survey the wider membership for the purposes of gathering their views for inclusion in submissions to the IASB and other organisations, and for the purposes of their own research publications. AOSSG submissions and publications are available on the [AOSSG website \(www.aoss.org\)](http://www.aoss.org). When making its submissions to the IASB, the AOSSG has a culture of reflecting the collective regional views of AOSSG members, even if some views are inconsistent with one another. The AOSSG aims to fully reflect the diversity of views in the region. We believe that providing collective views enhances the input to the IASB compared with providing a single majority view. The AOSSG's philosophy is to respect the rights of members who may have views that differ from the majority view. Accordingly, the AOSSG believes it is well-positioned to represent

the technical views of standard-setters in the Asia-Oceania region as an ASAF member.

1.3 Scale, degree and expertise of resources available

- 1.3.1 Many individuals within the AOSSG have significant experience in standard-setting, in practice, the academe and the other areas relevant to standard-setting. The majority of member organisations have dedicated and full-time technical staffs that are often called upon to assist the AOSSG and its Working Groups.
- 1.3.2 The Secretariat of the AOSSG comes from the Chair's jurisdiction and is assisted by the staff of the Vice-Chair's jurisdiction and by the Secretariats provided by previous Chairs (Malaysia and Japan to date). We follow a concept of a virtual Secretariat whose skills and relationships developed with the membership are accumulated across the terms of the various office bearers.
- 1.3.3 There would be well over 100 people involved in the AOSSG's activities, as members of the CAC and Working Groups, who work to help generate AOSSG views. The lead jurisdictions of each Working Group are considered to be experts in their topic. We now see expertise fairly evenly spread across the members in each group – an encouraging aspect of our first three years of operation.
- 1.3.4 The AOSSG has a dedicated website maintained by the AASB. Further details of the AOSSG, including its Vision Statement and its activities, can be seen at www.aossg.org.
- 1.3.5 The AOSSG, through its members, has access to topical and industry reference groups on key topics in the region that can be consulted to assess issues arising in practice.

1.4 The AOSSG's knowledge and experience of IFRS and its application

- 1.4.1 The application of IFRS in Asia-Oceania is set out in Attachment C. It is drawn from the AOSSG Vision Statement. It summarises the various levels of IFRS adoption within the region. In the last three years there has been a steady migration of jurisdictions towards the right of the attached table towards full adoption of IFRS by member jurisdictions.
- 1.4.2 AOSSG members vary in experience with IFRS, with some members having many years of relevant experience and others having only recently begun the journey. The economies of AOSSG members vary from developing, to emerging, to developed, and accordingly, are a good test of the application of IFRSs.
- 1.4.3 AOSSG Working Groups prepare the draft submissions for the AOSSG, often after surveying members on various issues. The whole membership then considers final draft submissions before they are signed and submitted by the Chair and relevant

Working Group leaders. This internal process has drawn more jurisdictions into the IASB's due processes.

1.5 The AOSSG's contribution to the activities of the IFRS Foundation and the IASB's standard-setting process

- 1.5.1 The AOSSG has, since formation late in 2009, actively contributed to the work of the IASB by fully participating in almost all IASB requests for comment and relevant IFRS Interpretation Committee surveys of issues. The AOSSG has provided background information to IASB staff on issues and has provided regular opportunities for IASB members to have dialogue within the region. IASB members have met regularly with the AOSSG in AOSSG public conferences, and have conducted IASB regional technical conferences attached to our conferences. The AOSSG has also proactively raised issues for IASB and Interpretations Committee consideration (e.g. bearer biological assets in agriculture, IFRIC 15, the implications of IFRS developments for Islamic finance).
- 1.5.2 AOSSG members are also active in IFASS meetings and in meetings between the regions of the world. More than a third of IFASS attendees have come from AOSSG jurisdictions in recent years.
- 1.5.3 The AOSSG aims to be distinctive in making submissions, deliberately avoiding any semblance of lobbyist behaviour, and engaging with the IASB as standard-setters. The AOSSG has been concerned about the political arguments that have impeded the IASB's attempts to set global standards. We believe the IASB has been appreciative of the AOSSG's approach.

1.6 The AOSSG's knowledge of the issues and concerns from its jurisdiction/region

- 1.6.1 This criterion has been largely covered above by our commentary on the use of Working Groups, the breadth of our membership and by the examples of participation cited. The AOSSG has, since inception, been a full participant in IASB due processes.
- 1.6.2 Other initiatives the AOSSG has supported in the region include the Regional Policy Forum which aims to inform regulators and policy makers about IFRS, address regulatory issues in the region (especially among regulators deliberating on the adoption of IFRS), and highlight concerns when jurisdictions either have, or are contemplating, carve outs from IFRS. Most recently we have established a pilot IFRS Centre of Excellence for a Developing Country in Nepal aimed at building the capacity of that jurisdiction to facilitate IFRS adoption. Australia is chairing the Working Party for the establishment of this pilot IFRS Centre of Excellence, which is providing insights into the difficulties faced by under-resourced jurisdictions in adopting IFRS. In addition, AOSSG office bearers have presented in various jurisdictions in the region, including those contemplating adoption of IFRS (for example, our work with Islamic countries, including Saudi Arabia in 2012).

1.7 The scale of the capital market in the country and region

1.7.1 Asia-Oceania represents around 16.9 trillion USD or 31%¹ of world capitalisation in listed equity markets at the end of 2012, more than 60%² of the world population at the end of 2011 and has a GDP of about 24 trillion USD³ at the end of 2011. The trend is for growth in all these indicators.

1.8 How the AOSSG intends to seek input from and represent the perspectives of NSS within its region (where relevant)

1.8.1 The AOSSG, if a member of the ASAF, would be supported by the AOSSG ASAF Working Party specifically being formed to brief the individuals representing AOSSG and other Asian-Oceanian members selected to represent their own jurisdictions, on the ASAF. That Working Party, which comprises members of the AOSSG Chair's Advisory Committee and other members, will also have strong linkages to the existing technical Working Groups.

1.8.2 The AOSSG has a strong network of contacts throughout the global and regional standard-setting communities, with regulators, IASB Board and staff members. It would make full use of that network.

1.8.3 The AOSSG would also continue to conduct its formal annual meeting and to meet informally, whenever necessary and efficient, to discuss, for example, emerging issues and IASB technical topics.

2 The Suitability of the Individual Proposed to Represent the AOSSG in terms of ability to contribute meaningfully and provide reliable and relevant advice

2.1 The AOSSG proposed process for selecting a representative

2.1.1 As indicated in our cover letter, the AOSSG proposes a principle for selecting an individual to represent the AOSSG should it be allocated a seat on the ASAF. The relevant individual to represent the Group should be someone with intimate knowledge of the AOSSG and the support thereof, and be suitable in terms of the IASB's requirements.

2.1.2 The AOSSG Chair and AOSSG Vice-Chair would typically meet the proposed principle. In addition, AOSSG members consider that, at the current stage of the AOSSG Chairship and Vice-Chairship cycle, the best person to represent the AOSSG would be the current AOSSG Vice-Chair, Clement Chan, who will become the

1 World Federation of Exchanges, [2012 WFE Market Highlights](#), page 6, January 2013

2 International Monetary Fund, World Economic Outlook Database, 2011

3 World Bank, [Databank](#)

AOSSG Chair for a period of two years from November 2013. The AOSSG's ASAF Working Party that has been formed to deal with ASAF matters will be chaired by Mr Chan.

- 2.1.3 We are willing to work with the IFRS Foundation to ensure a suitable individual is identified to represent the AOSSG. We are conscious that the Foundation needs to think about the balance of ASAF's membership and we would not wish to present a candidate as if they should be accepted simply because they are nominated.

2.2 Technical Expertise, Experience and Practical Knowledge of Accounting Issues in the Asia-Oceania Region

Clement Chan

- 2.2.1 The AOSSG Vice-Chair, Clement Chan, has a strong general technical knowledge of IFRS and is Chair of the AOSSG's ASAF Working Party. In those roles, he is well-positioned to provide the ASAF with the collective views of AOSSG members.
- 2.2.2 Mr Chan is the Managing Director of the assurance division of BDO Hong Kong, overseeing the accounting and financial reporting technical function. He is also an advisor to the IFRS global working group of BDO International.
- 2.2.3 Mr Chan actively participates in standard setting and governance activities of the HKIPCA and is currently Vice President of the HKICPA. He is Chairman of the Financial Reporting Standards Committee and Regulatory Reform Working Group, and Deputy Chairman of the Registration and Practising Committee.
- 2.2.4 Apart from his roles as Vice-Chair of the AOSSG and Chair of the AOSSG's ASAF Working Party, he actively serves a number of public interest bodies, including the Foreign Expert Advisory Committee on drafting of PRC auditing standards, Securities and Future Appeals Tribunal, Higher Rights Assessment Board, the Hong Kong Trade Development Council Professional Services Advisory Committee and Process Review Panel of Securities and Futures Commission.
- 2.2.5 Mr Chan also chairs the AOSSG IFRS for SMEs Working Group and actively participates in the AOSSG Working Groups in regard to the topics of Financial Instruments, Leases, Revenue Recognition, Fair Value Measurement, Consolidation, Financial Statement Presentation, Insurance Contracts and Agriculture. Mr Chan was also a key speaker representing the AOSSG at the 2012 Regional Policy Forum (RPF) and is currently promoting and organising the 2013 RPF. In addition, Mr Chan has been promoting the adoption of IFRS in the region by hosting educational seminars for delegations from other AOSSG member jurisdictions in Hong Kong.