



BPCE
Direction Comptable Groupe
Service Normes financières

International Accounting Standards Board

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United Kingdom

Transmitted by email to:

commentletters@iasb.org

Paris, 8th March 2011

Re: BPCE response on Status of Trustees' Strategy Review

Dear Sir David,

BPCE welcomes the IASB invitation for comments on Status of Trustees' Strategy Review. Groupe BPCE is the second largest banking group in France in terms of retail banking.

We are pleased to express the following comments on the review:

We do not consider that the approach for IFRS should be exclusively designed to answer investors-based needs.

We believe that financial reporting should provide information about the economic resources of an entity and the claims on those resources to all kinds of capital providers, such as equity investors, lenders and other creditors and we would welcome more interaction with prudential reporting authorities.

The major field of improvements in the process of preparing and issuing new standards would consist in:

- An annual consultation on the IASB agenda to assess the priorities of the IASB's work program and its timing.
- An adequate comment period to allow stakeholders to follow their own due process and to allow entities to devote sufficient resources for assessment of the projects ;

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- A better process to address implementation issues including systematic field-testing in order to evaluate potential impacts of the projects and a post-implementation review within two years after implementation in order to identify interpretation and implementation issues ;
- An adequate time for implementation taking into account the need for convergence with FASB and excluding "piece meal" approach likely to generate inconsistencies in the implementation of major standards (like IFRS 9).

Finally, we question the limited membership of the European participants (four members out of sixteen) to the IASB's Board while the European Union is currently the only jurisdiction requiring all its publicly traded companies to report under IFRS standards.

If you wish to discuss our comments further, you may contact Nicolas Patrigot (+33 1 58 40 75 93).

Yours Sincerely,

Eric Filliat
BPCE



How should the organisation best define the public interest to which it is committed?

1. The current Constitution states, "These standards [IFRSs] should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions." Should this objective be subject to revision?

2. The financial crisis has raised questions among policymakers and other stakeholders regarding the interaction between financial reporting standards and other public policy concerns, particularly financial stability requirements. To what extent can and should the two perspectives be reconciled?

Given the crucial role played by the IFRS standards within the international regulatory Framework, they should not be developed bearing in mind an only investor-based approach. We would welcome a broader approach taking into account stakeholders such as regulatory authorities (including prudential authorities), intergovernmental agencies, lenders.

We would like to stress that, since IFRSs are designed for all types of companies, a high standards setting process should also allow the maintenance of differences among business models (i.e. cooperatives, partnerships etc.) and properly address their specific accounting issues.

How should the organisation best balance independence with accountability?

3. The current governance of the IFRS Foundation is organised into three major tiers: the Monitoring Board, IFRS Foundation Trustees, and the IASB (and IFRS Foundation Secretariat). Does this three-tier structure remain appropriate?

4. Some stakeholders have raised concerns about the lack of formal political endorsement of the Monitoring Board arrangement and about continued insufficient public accountability associated with a private-sector Trustee body being the primary governance body. Are further steps required to bolster the legitimacy of the governance arrangements (including in the areas of representation of and linkages to public authorities)?

BPCE would welcome a clarification of the role of each body of the three-tier structure.

The Trustee should ensure that the IASB's Board motivates changes and amendments envisaged to accounting standards and should continue their assessment of the IFRS Interpretation Committee.

The Board of the IASB keeps his technical role. However, he should be accountable to the Monitoring Board for the development of these standards within a work program discussed through an annual public consultation.

The IASB should improve the participation of all relevant stakeholders in the standard-setting process. The composition and representation of the Monitoring Board should be extended to the Basle Committee and the Financial Stability Board.

The role of the Monitoring Board is to ensure a quality control in order to achieve high quality globally accepted accounting standards

BPCE generally supports more transparency in the nomination process of the members of those three structures.

How should the organisation best ensure that its standards are high quality, meet the requirements of a well functioning capital market and are implemented consistently across the world?

5. Is the standard-setting process currently in place structured in such a way to ensure the quality of the standards and appropriate priorities for the IASB work programme?

6. Will the IASB need to pay greater attention to issues related to the consistent application and implementation issues as the standards are adopted and implemented on a global basis

BPCE believe that the consultation of the IASB agenda should be part of the due process, we welcome first triennial public consultation during the first quarter 2011 but think consultation on an annual basis would be more effective due to the changes bound to happen within a three year timeframe regarding the economic environment and accounting events.

As for improvements in the process, we would like to stress the importance of an adequate comment period in order to be able to issue high quality inputs and would like to include systematically the following steps in order to ensure a smooth and consistent implementation:

- Systematic field-testing of the proposals with conclusion published before actual implementation
- Post implementation reviews in order to sort out interpretation issues
- Adequate time for the implementation in order to address system issues as well as change of behavior management.

We also believe that conceptual changes should be taken care of and accepted, at the level of the Conceptual Framework before being proposed in a new set of standards. This process will ensure consistency of accounting principles within the accounting standards.

Bearing in mind and sharing the strong concern about the convergence between IFRS and US GAAP, we would appreciate if the 2 institutions could work out compatible timetables in their process of addressing the issues.

How should the organisation best ensure forms of financing that permit it to operate effectively and efficiently?

7. Is there a way, possibly as part of a governance reform, to ensure more automaticity of financing

BPCE thinks that stable and diversified funding is crucial for the independence of the IASB.

