Dear Madam Chair:

I am writing to thank you for providing an opportunity for the Council of Institutional Investors (CII) to present to the IFRS Advisory Council (IAC) on October 31, 2016, and to solicit comments from members on our current activities. We very much appreciate the opportunity to participate in the IAC, and you were gracious to provide CII with an opportunity to present our work and to solicit comments, which were helpful.

As a follow-up to that presentation, I wanted to inform you that on March 1st the General Membership of CII approved the attached update to CII’s policy on “Independence of Accounting and Auditing Standard Setters.”

Before I discuss the update, I would like to invite you to speak on a CII panel at our fall conference in San Diego, California. The conference will take place Wednesday, September 13, through Friday, September 15, 2017. We had a well-attended session at our February conference on IFRS, and would like to follow with a discussion in September for our members (most of which are U.S.-based) on progress in international financial reporting standards. You would be a particularly effective participant in such a panel. Please let me know if you are interested and whether this might work in your schedule (realizing that you are busy and it would be a long trip).

As you may recall, as part of the October presentation, Anne Simpson reported that the CII policy committee approved a staff review and potential update of the policy. The purpose of the review was to determine whether the policy, last updated in 2008, should be revised to reflect a change in the standard setting environment for investors in U.S., including the fact that the U.S. Securities and Exchange Commission is no longer actively pursuing the near term replacement of U.S. accounting or auditing standards with international standards.

In connection with its review of the policy, CII staff solicited the views of CII members and other interested parties. As part of that outreach, we received substantive comments from a broad range of market participants, including written and oral input from the U.S. Trustees of the IFRS
Foundation. That input resulted in several revisions to the marked working draft of the policy presented at the IAC meeting. More specifically, the attached final membership approved policy includes the following provisions that are responsive to the comments received:

- Language indicating that sufficient funding for international accounting and auditing standard setters may be dependent “on governmental and stakeholder cooperation from multiple jurisdictions, including the United States,”
- Language acknowledging the significant advances in the globalization of the financial markets since 2008, including “the fact that U.S. investors invest trillions of dollars in securities of enterprises that report their financial results in some form of international standards,” and
- Language stating that CII “generally support[s] high quality international accounting and auditing standards.”

Finally, it is important to note that the updated policy, in contrast to the 2008 policy, establishes criteria that serve as a benchmark for evaluating effective accounting and auditing standard setters for both the U.S. and international markets.

Thank you again for continuing to welcome CII as a member of the IAC. We greatly value having the opportunity to dialogue with you and IAC members on issues of common interest. As always, if you have any questions or comments regarding CII policies, public positions, or any of our activities, please contact me. I can be reached at 202.261.7081 or jeff@cii.org. And do let me know whether it might be possible for you to join us for the fall 2017 CII conference.

Sincerely,

Jeff Mahoney
General Counsel

Attachment

CC:  Yael Almog, Executive Director, IFRS Foundation
      Anne Simpson, Investment Director, Sustainability, CalPERS