



LONDON INVESTMENT BANKING ASSOCIATION  
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19 September 2008

Göran Tidström  
Chairman of the Supervisory Board  
EFRAG  
Avenue des Arts 13-14  
B-1210 Brussels

By e-mail to: [info@efrag.org](mailto:info@efrag.org)

Dear Mr Tidström

### **Enhancement of EFRAG – Proposals for Public Consultation**

I am writing on behalf of the London Investment Banking Association (LIBA) to comment on EFRAG's 23 July Proposals for Public Consultation: *Strengthening the European Contribution to the International Standard-Setting Process*. LIBA is, as you know, the principal UK trade association for investment banks and securities houses; a list of our members is attached.

The LIBA Accounting Committee has strongly supported the work of the EFRAG since its establishment in 2001, while also following closely the European debate over the appropriate governance structure and operating procedures for the IASCF and the IASB.

We recognise the concerns that have arisen, particularly in recent years, in the European Parliament and elsewhere, over aspects of the public accountability of the IASCF/IASB and over the transparency of their decision-making processes. We have for some time believed (and have stated informally to both EFRAG and the European Commission) that an essential step towards allaying these concerns is to provide an effective way for European stakeholders to feed their views into the IASB at an early stage of their deliberations.

We are therefore pleased to see that EFRAG identifies the need "to place more emphasis on developing its own research and discussion papers **at an early stage of the IASB's consideration of the topics concerned**" (emphasis added) as a key objective of the proposed enhancement.

We endorse, in particular, the proposal to establish a Planning and Resource Committee (PRC) which will include “four senior NSS representatives”, with the key task of ensuring “that (EFRAG’s) long-term proactive agenda reflects the most important accounting issues seen from a European view”; we believe the creation of the PRC should significantly improve the extent to which key European concerns are flagged up to the IASB at an early stage in their deliberative processes.

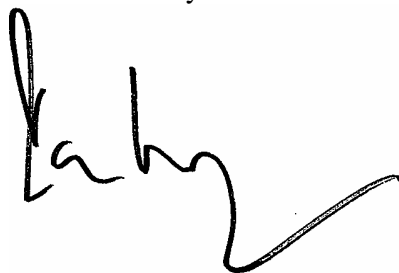
EU stakeholders must, however, accept that this new structure will not (and should not) provide any guarantee that European views will necessarily prevail in every case: while EU-listed companies, as measured by market capitalisation, currently form a very substantial proportion of all IFRS users, the IASB cannot allow its independence to be compromised, and must therefore be free to set the standards which it decides are most appropriate for all its stakeholders. Any (actual or perceived) failure to adhere to this principle would inevitably risk compromising the long-term goal of continued convergence towards a single global set of high-class accounting standards: achievement of this goal will, we believe, bring very substantial benefits to the EU economy.

In summary, we see the proposed changes as sensible and constructive. We believe they should lead to greater confidence in EFRAG’s key role of ensuring that European views and concerns can be fully taken into account in the IASB standard-setting process. We believe, moreover, that the proposed “EFRAG Plus” is both a more practical and a more constructive approach than the possible establishment of a separate European Standard-Setting body, as has on occasion been suggested by some constituents.

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I hope these comments are helpful. We would of course be pleased to expand on any points which you may find unclear, or where you would like further details of our views.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Harrison', with a long, sweeping flourish extending to the right.

**Ian Harrison**  
**Director**

# LONDON INVESTMENT BANKING ASSOCIATION

## LIST OF MEMBERS

ABN AMRO Bank	ING Bank NV London Branch
Altium Capital Limited	Instinet Europe Ltd
Ambrian Partners Limited	Investec plc
Arbuthnot Latham & Co., Limited	Jefferies International Limited
Arbuthnot Securities Limited	JP Morgan Cazenove Ltd
Arden Partners plc	JP Morgan Securities Ltd
Banc of America Securities Limited	KBC Peel Hunt Ltd
Barclays Capital	Kaupthing Singer & Friedlander
Bear, Stearns International Limited	Landsbanki Securities (UK) Limited
BlueOar Securities Plc	Lazard & Co., Limited
BNP Paribas	Lehman Brothers
Brewin Dolphin Securities	Libertas Capital Group plc
Calyon	Merrill Lynch Europe plc
Cantor Fitzgerald Europe	Mizuho International plc
Cenkos Securities Limited	Morgan Stanley & Co. International plc
CIBC World Markets	NCB Stockbrokers Limited
Citigroup Inc.	Noble & Company Limited
Close Brothers Corporate Finance Ltd	Nomura Code Securities Limited
Collins Stewart Europe Limited	Nomura International plc
Credit Suisse Securities (Europe) Ltd	N M Rothschild & Sons Limited
Daiwa Securities SMBC Europe Limited	Numis Securities Limited
Dawnay, Day International Ltd	Oriel Securities Limited
Deutsche Bank AG London	Panmure Gordon & Co
Dresdner Kleinwort	Piper Jaffray Ltd
Evolution Securities Limited	Royal Bank of Canada Europe Limited
Fox-Pitt Kelton Limited	Sanford C. Bernstein Limited
Goldman Sachs International	Société Générale
Greenhill & Co. International LLP	3i Group plc
HBOS Treasury Services plc	UBS AG London
HSBC Bank plc	Winterflood Securities Limited

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