

Mr Göran Tidström
Chairman EFRAG Supervisory Board

Oslo, September 22nd 2008

Dear Mr. Tidström

Enhancement of EFRAG – Proposals for Public Consultation

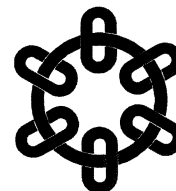
By this letter we respond to your invitation to comment upon the proposals set out in the memorandum “Strengthening the European contribution to the international standard setting process”:

The background for the proposals is the need to strengthen or consolidate the European influence on the standard setting process of the IASB at a time when the use of IFRS rapidly spreads and many constituents seek to exert influence on that process. The Norwegian Accounting Standards Board (NASB) agrees with the description of the situation. We also believe that Europe can only expect to have a significant influence if it has mechanisms to extract a unified European view on important matters. EFRAG is the only institution that has the potential to serve as such a mechanism. The NASB fully supports the idea of strengthening EFRAG and to modify its structure to meet this end.

We observe that the memo contains view about the objectives and activities, accountability, the organisational set-up and the financing of EFRAG. On the financing question we have no specific comment in this context, other than declaring our support for a more sustainable funding system. For the questions of public oversight and accountability, we are comfortable with the attention given to these matters in the memo.

Our principal remarks to the memo concern the objectives and activities of EFRAG. We consider that the activities related to the proposals from the IASB are necessary and could well be strengthened. Such activities comprise the making of comments in the IASB consultation process, as well as giving advice to the Commission on endorsement matters. Another significant task is the pro-active initiatives that could influence the IASB agenda. The strengthening of the pro-active work seems to be the principal motivation for the proposals of the memo.

The NASB is in favour of pro-active initiatives. We have participated in some of these projects in the past, and we are willing to spend resources on project participation also in the future. However, we also have some concerns about the way the projects come about and have been conducted. As a small-country NSS with limited resources we have had difficulties in the double task of responding adequately both to the IASB and to the EFRAG, and we believe this may be the situation in other constituencies as well. If this is so, it can be questioned how solidly the proposals from the pro-active initiatives are anchored with the constituencies. The pro-active initiative started up in 2005, and experience has been gained



with a number of projects. We therefore believe that a proposal for increasing these activities ought to be accompanied by an assessment of the projects already undertaken. We recommend that such an assessment should include an evaluation of the quality of the projects, the extent of responses and support from constituencies, and the effect that the project has had on the standard setting process by the IASB, including its long-term agenda. In the same vein we also ask for more elaborations on the effect of using resources on proactive projects compared with responding on IASB consultations.

We believe that the suggestions in the memo for an organisational restructuring are adequate. The establishment of a Planning and Resource Committee is not in conflict with our remarks about the proactive work above; on the contrary we believe that more strategic planning in this context would be beneficial. We also support the establishment of a General Assembly and the formulation of its tasks. We have no objections to the suggested composition of the different bodies. We believe that it represents a good balance between the interests of the different stakeholders of the organisation, and at the same time assures its functionality.

Yours faithfully
Norsk RegnskapsStiftelse

Per Hanstad
Chairman

Erlend Kvaal
Chairman of the Technical
Committee on IFRS