

BASEL COMMITTEE ON BANKING SUPERVISION

Chairman of the Accounting Task Force

Via e-mail

Mr Peter Johnston
Chief Executive of IFAC

Mr Brian Smith
Secretary of the Provisional Forum of
Firms
International Federation of Accountants

30 November 2001

Dear Messrs Johnston and Smith,

IFAC's consultation on the Public Oversight Board, Forum of Firms and Transnational Auditors Committee

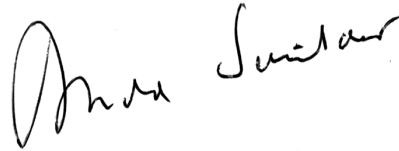
The Basel Committee provided comments on IFAC's proposals for the Public Oversight Board (POB), Forum of Firms and Transnational Auditors Committee on 2 November 2001. At that time, and particularly given the short consultation period, the Committee noted that its Accounting Task Force might wish to raise further issues, and that is the purpose of this letter.

The Committee supports IFAC's view that the POB should be an oversight body clearly separated from the management of the activities it is to oversee. As indicated in the Committee's letter, however, the Accounting Task Force has been considering further whether, within that broad statement of scope, there should be some further role for the POB in the process of selection and removal of appointees to the IFAC committees overseen by the POB.

IFAC has proposed that the POB will "be available for consultation by the IFAC Nominating Committee on nominations for chair of those public interest committees for which the POB has oversight responsibilities." We acknowledge IFAC's concern that requiring the POB to concur in appointments might put them in a position of management rather than oversight. Nevertheless, we believe that the POB's position would be strengthened if it had a more formal role in the appointment process. We therefore recommend that the POB should have a right of veto in the appointment of the chairs of those IFAC committees over which it will have oversight.

If you have any questions on this letter, please feel free to contact me (+ 31 20 524 3660) or Bengt A Mettinger at the Basel Secretariat (+ 41 61 280 9278).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schilder". The signature is written in a cursive, flowing style.

Arnold Schilder