

FI WG Terms of Reference

Terms of Reference

1 Purpose and responsibilities

1.1 The Financial Instruments Working Group's (FI WG) ("the Group") purpose is to give advice to support the Secretariat of the UK Endorsement Board ("UKEB") in carrying out its statutory functions, as set out in *The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019*¹ (SI 2019/685).

1.2 The Group is not a decision-making body, but an advisory, consultative group. It will share specialist knowledge with, and technical advice to, the UKEB Secretariat ("the Secretariat").

1.3 Members of the Group will:

- a) Provide specialist knowledge and technical advice in respect of IASB financial instrument-related projects;
- b) Provide relevant and timely context and evidence on such projects to support the Secretariat in developing positions for the UKEB's consideration;
- c) Contribute practical experience and expertise, including examples of best practice and potential solutions to improve the quality of financial reporting; and,
- d) Prepare and/or contribute to the preparation of papers for discussion at the Group's meetings.

1.4 In carrying out its work, the Group shall have regard to the UK long term public good. This includes having regard to the Board's delegated responsibility to ensure a high degree of transparency and international comparability of financial statements; the efficient allocation of capital, and the smooth functioning of capital markets in the UK.

1.5 The Group shall act in accordance with the guiding principles of accountability, independence, transparency and thought leadership, to ensure compliance with the Seven Principles of Public Life².

2 Membership

2.1 Composition and membership length:

- (a) Members of the Group will be drawn from particular stakeholder categories but are appointed in their personal capacities.

¹ SI 2019/685 grants power to the Secretary of State to delegate the endorsement function to a designated body. The legislation can be found here: <http://www.legislation.gov.uk/ukxi/2019/685/made>

² Selflessness, integrity, objectivity, accountability, openness, honesty, and leadership

- (b) Members of the Group are appointed for the term of the project and appointment will be terminated following the completion of the IASB's final redeliberation of their financial instrument-related projects.
- (c) Membership of the Group will be reviewed on a regular basis and the composition of the Group is expected to change to meet the needs of the focus of the IASB's projects. Changes to appointments arising from such reviews are approved by the Board.

2.2 The Group shall comprise the Chair and a minimum of 6 and a maximum of 15 members.

2.3 Members of the Group should have a close interest in the development and use of financial instruments-related international accounting standards (Financial Instruments-related IFRS). Members should have considerable practical experience either applying, auditing or providing accounting advice on Financial Instruments-related IFRS or analysing IFRS accounts, including during the Covid-19 financial crisis.

2.4 Members of the Group will be recruited via an open and transparent recruitment process. In exceptional circumstances, the Board retains the option to make an occasional direct appointment, for example where there are few experts in a particular area or no other expert is forthcoming.

2.5 The Group's membership will be established and reviewed with the aim of ensuring it represents a diverse balance of skills, experience, and backgrounds. The Secretariat will also seek to ensure that the group is diverse in terms of gender, race, and other characteristics.

2.6 Members of the Group should ensure no preference is shown to their special interests and/or employing entity and professional, sectoral, or organisational affiliations. Members will be required to declare relevant financial and non-financial interests on appointment and thereafter disclose any conflicts of interest. Members may not be employees of the FRC, or members of the FRC Board or its committees or advisory panels.

2.7 Membership of the Group will be subject to ratification by the Board.

2.8 Members of the Group will be expected to:

- (a) Review all relevant material before all meetings;
- (b) Provide specialist knowledge and technical advice in line with the purpose and responsibilities of the Group set out above;
- (c) Make evidence-based and objective contributions, to the extent possible;
- (d) Be prepared to provide constructive and reasoned arguments when challenged on their views and be open to consideration of other members' perspectives;
- (e) Remain respectful and professional in all interactions with the other members of the Group and the UKEB Secretariat; and
- (f) Attend all meetings.

2.9 A member must inform the Group's Chair of any change to their professional role or employment.

2.10 Any member who is the subject of a disciplinary sanction by any professional or other body or tribunal, is found guilty of an offence by any court, is declared bankrupt, enters into an arrangement with creditors, or is disqualified from acting as a Director, must notify the Group's Chair.

2.11 The UKEB Chair may terminate an appointment if they believe that the member's professional role or employment, conduct or performance means that their membership of the Group is no longer suitable. An appointment may be terminated if a member of the Group:

- (a) no longer performs a professional role or employment which makes them suitable for membership of the group, taking into account the aims set out in 2.5 above;
- (b) is absent from two regular meetings of the Group within a 12-month period;
- (c) fails to fulfil their role as a member of the Group in accordance with these Terms of Reference; or
- (d) breaches any provision of their Terms and Conditions of appointment.

2.11 Members wishing to resign are required to give the Group's Chair 1 month's notice, in writing.

3 Meetings and administrative arrangements

3.1 Process for holding meetings:

- (a) Meetings of the Group are:
 - (i) closed to enable full and frank discussion between the members; and
 - (ii) held virtually or in hybrid form (physically with virtual attendance permitted);
- (b) Meetings of the Group are:
 - (i) held, physically, at the central London offices of the UKEB or the FRC;
 - (ii) up to half a day, dependent upon the agenda; and
 - (iii) held up to 6 times per year.
- (c) The Group is chaired by a senior member of the Secretariat.
- (d) Members must agree non-attendance of a meeting with the Group's Chair prior to the meeting. Members may not request to be represented by an alternate.
- (e) The Group may, through its Chair, invite specialists or representatives of other organisations to attend meetings for specific agenda items or to attend as observers with speaking rights.

- (f) Advice may also be sought, on an ad-hoc basis, between regular meeting dates via email, telephone, video conference or other electronic means. This advice may be sought from the whole group or a sub-set of members.
- (g) Meetings will be considered quorate if at least half the members are in attendance.

3.2 Notice of meetings and agendas:

- (a) The Secretariat is obliged to:
 - (i) provide final confirmation of the time, date, and venue of meetings at least 10 working days in advance;
 - (ii) make meeting agendas available to the members of the Group no less than 5 working days before each meeting;
 - (iii) share the summary minutes of meetings with the Group for comment ahead of publication; and
 - (iv) publish the agendas and a summary of the discussions (without attribution to members), agreed by the Group's Chair, on the UKEB website within 1 month, in line with the UKEB guiding principles of accountability and transparency.

3.3 Papers:

- (a) The Secretariat, under normal circumstances, will make papers available to the members of the Group no less than 5 working days before the meeting.
- (b) Members will be required to treat all information acquired in the exercise of their function as members as confidential and will sign a Confidentiality Undertaking upon appointment. Members seeking specialist input or background, to inform the group's discussion, may share with relevant individuals within their organisation, with the express understanding that the paper is confidential and may not be shared more widely.
- (c) With the agreement of the Group, including the Chair, papers may be: shared more widely by the Groups' members; or, published on the UKEB website. All commercially sensitive information will be redacted before papers are shared or published.

4 Remuneration for members

4.1 Members of the Group will not be remunerated.

4.2 Members of the Group are entitled to claim travel, subsistence and other reasonable expenses incurred solely for the purpose of fulfilling their duties as a member of the Group and incurred in accordance with the FRC's Travel and Expenses policy.

5 Approval of Terms of Reference and changes

5.1 These Terms of Reference were approved by the UKEB Board at the Public Board meeting on 17 November 2022. Changes to these terms may only be proposed at a

UKEB Public Board meeting and require the agreement of at least two-thirds of the Board Members, including the UKEB Chair.