

On August 24, the Board of Trustees of the Financial Accounting Foundation (FAF) announced that the Financial Accounting Standards Board (FASB) would return to a seven-member structure. The FASB previously operated under that structure from its inception in 1973 until 2008. In addition, the FAF announced that FASB Chairman Robert Herz had decided to retire from the FASB after more than eight years leading the standards-setting board. FASB member Leslie Seidman was appointed Acting Chairman, effective October 1, 2010. What follows is a brief Q &A with John J. Brennan, Chairman of the Financial Accounting Foundation, about the organizational staffing work ahead.

Q. How will the selection process work for the new chairman and the new board members?

A. While we just announced the appointment of Russ Golden to fill the vacancy created by Bob's retirement at the end of September, we still have significant tasks ahead. We are looking at this as two separate and distinct searches. One search will focus on identifying and evaluating candidates—both internal and external—for the FASB Chairman seat. The other will focus on the open FASB member seats. In order to maximize the efficiency of this process, the FAF will work with two search firms to assist us in this effort. The FAF's Appointments and Evaluations (A&E) Committee has the primary responsibility for identifying and recommending candidates to the Board of Trustees for appointment to the FASB—and that committee will work with the search firms to do just that. As with other searches, final decisions with respect to appointments to the FASB rest with the full Board of Trustees of the FAF.

Q. When do you expect the process to be completed?

A. The FAF Trustees are working expediently—but very thoroughly—on these critically important appointments. We expect the appointments to be announced in early 2011—sooner if possible.

Q. What are the selection criteria for the new board members? Some internet bloggers have recently speculated that new board members could be selected based on their views about “mark to market” accounting as it pertains to current proposals out for public comment.

A. Let me state unequivocally that FASB members are not selected based, in whole or in part, on their views on any technical accounting issues. In fact, it would not only be inappropriate to select FASB members based on those views, it is against the very core and spirit of the FAF. I would also add that such behavior would be against our by-laws, which emphasize the independence of the FASB with respect to standard-setting matters.

That said, we are looking for some very special qualities in our FASB members, and that includes a *strong passion* for the mission, great depth of experience and demonstrated knowledge of financial accounting and reporting, and an appreciation of the varying needs and interests of all the FASB's constituents.

It's the Trustees' job to ensure that FASB members have a concern for investors, other users, and the public interest, and collectively have knowledge and experience in investing, accounting, finance, business, accounting education, and research. To complement and balance the experience and backgrounds of the current FASB members, we think the current environment brings forward opportunities for the searches ahead. We'd like to see candidates with diverse and varied backgrounds and experience, including, if possible, in one or more of the following areas—candidates with the perspective of a user of financial statements; candidates with experience in small or private company financial reporting; and candidates with experience in financial reporting issues of global companies.