



Press release



20 October 2008

IASB and FASB Commit to a Global Approach to Enhance Market Confidence

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have announced further details on their joint approach to dealing with reporting issues arising from the global financial crisis. The boards reiterated the importance of working cooperatively and in an internationally coordinated manner to consider accounting issues emerging from the global crisis. The boards also emphasised the role of high quality financial reporting in helping enhance confidence in the financial markets by responding in a timely manner that improves transparency and provides greater global consistency in financial reporting.

Building on their announcement of Thursday 16 October regarding the establishment of a joint advisory group, the boards agreed to the following measures:

- **Rapid appointment of a high-level advisory group:** The boards agreed that the advisory group shall be comprised of senior leaders with broad international experience with financial markets. The boards will task this high-level advisory group with considering how improvements in financial reporting could help enhance investor confidence in financial markets. The group also will be charged with identifying the accounting issues requiring urgent and immediate attention of the boards as well as issues for longer-term consideration. The high-level advisory group will also draw upon work already underway in a number of jurisdictions on accounting and the credit crisis. In the interest of transparency, the advisory group will meet in public session with webcasting facilities available to all interested parties.

The boards will seek to identify external chairs and members of the group as soon as possible in order for the advisory group to begin its work expeditiously.

- **Public roundtables in Asia, Europe, and North America:** In the coming weeks, while the advisory group is being established, the IASB and the FASB will organise

three roundtables—one each in Asia, Europe, and North America. The purpose of these public roundtables is to gather input on reporting issues emanating from the current global financial crisis—including responses by governments, regulators and others. This should enable the boards to act rapidly and the advisory group, once established, to advance its deliberations efficiently. The first roundtable will be held in Europe.

- **Common long-term solutions to reporting of financial instruments:** In addition to considering the potential for short-term responses to the credit crisis, both boards emphasised their commitment to developing common solutions aimed at providing greater transparency and reduced complexity in the accounting of financial instruments. The boards will use their joint discussion paper, *Reducing Complexity in Reporting Financial Instruments*, the responses received to the discussion paper, and the deliberations of the high-level advisory group as starting points for this longer term objective. The boards will reconsider the composition of the existing IASB Financial Instruments Working Group to ensure that working group provides appropriate and balanced advice to both boards.

In announcing these initiatives, Sir David Tweedie, chairman of the IASB, said:

The FASB and the IASB recognise that the urgency of the credit crisis requires unprecedented action, and we at the IASB are committed to act where necessary. It is also essential that any further steps taken should improve confidence in the markets and be done so in such a way that takes account of the broad interests at stake. The establishment of this high-level advisory group and the holding of public roundtables should ensure that both boards together reach common high-quality solutions that help return confidence to the marketplace.

Robert Herz, chairman of the FASB, said:

We expect this new global group to generate valuable short and longer-term input for both boards to consider. In the short-term, we welcome advice about common issues affecting the international markets and how a coordinated response from the boards could enhance confidence in the markets. Just as important, we look forward to further exploration of how to increase the transparency of reported financial information to investors.

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Notes for editors

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 14 members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.

About the Financial Accounting Standards Board

Since 1973, the US Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors and others rely on credible, transparent and comparable financial information. For more information about the FASB, visit its Website at www.fasb.org.