



## PRESS RELEASE

### IASB and FASB issue common offsetting disclosure requirements

**London and Norwalk, CT, December 16, 2011**—The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) today issued common disclosure requirements that are intended to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company’s financial position. The eligibility criteria for offsetting are different in International Financial Reporting Standards (IFRSs) and U.S. Generally Accepted Accounting Principles (US GAAP).

Offsetting, otherwise known as netting, is the presentation of assets and liabilities as a single net amount in the statement of financial position (balance sheet). Unlike IFRSs, US GAAP allows companies the option to present net in their balance sheets derivatives that are subject to a legally enforceable netting arrangement with the same party where rights of set-off are only available in the event of default or bankruptcy.

To address these differences between IFRSs and US GAAP, in January 2011 the IASB and the FASB issued an exposure draft that proposed new criteria for netting that were narrower than the current conditions currently in US GAAP. However, in response to feedback from their respective stakeholders, the boards decided to retain their existing offsetting models and instead issue new disclosure requirements to allow investors to better compare financial statements prepared in accordance with IFRSs or US GAAP.

The common disclosure requirements also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. Further information is included in a project summary and feedback statement, also issued today.

Hans Hoogervorst, Chairman of the IASB, said: “These disclosures will help investors to bridge differences in the offsetting reporting requirements of IFRSs and US GAAP, while the additional requirements will also provide better information on how companies mitigate credit risk related to offsetting. That said, using disclosures to bridge differences in offsetting requirements was plan “B” for both boards.”

Leslie F. Seidman, Chairman of the FASB, said “The expanded disclosures are responsive to the feedback we received from investors, who wanted to understand both the gross and the net amounts

for items offset in accordance with legally enforceable netting arrangements. We are also requiring expanded information about the collateral pledged and held in these arrangements.”

Companies and other entities are required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The required disclosures should be provided retrospectively.

An interactive webcast by the IASB on the amendments will be held at 10:30 and again at 15:00 GMT on 19 December 2011. To register, please click [here](#).

More information about the project including a project summary and feedback statement and an IASB podcast introducing the amendments can be accessed via the IASB’s project website at: <http://go.ifrs.org/offsetting>.

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**Notes to editors:**

The IFRS requirements are set out in amendments to *Disclosures—Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7) and in Accounting Standards Update No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*, for US GAAP. These requirements are effective for annual periods beginning January 1, 2013, and interim periods within those annual periods. Retrospective application will be required to maximise comparability.

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**About the IASB**

The IASB was established in 2001 and is the standard-setting body of the IFRS 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. The IASB has 15 full-time members drawn from 11 countries and a variety of professional backgrounds. By July 2012 the Board will be expanded to 16 members. Board members are appointed by and accountable to the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities. For more information visit [www.ifrs.org](http://www.ifrs.org).

**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](http://www.fasb.org).