

## Strengthening Transparency and Accountability

**A comprehensive overview of measures undertaken by the IASC Foundation and the IASB responding to the conclusions reached by the G20 at their summit in Washington DC, USA, 15 November 2008**

<b>RECOMMENDATION*</b>	<b>BY DATE</b>	<b>ACTION UNDERWAY</b>	<b>NEXT STEPS</b>
The key global accounting standards bodies should work to enhance guidance for valuation for securities, also taking into account the valuation of complex, illiquid products, especially during times of stress	March 31 2009	<ol style="list-style-type: none"> <li>1. SEC/FASB issued guidance.</li> <li>2. On 31 October the IASB issued a staff summary and its expert advisory panel's report on fair value measurement when markets are no longer active.</li> <li>3. On 15 October the IASB published proposals to improve the information available to investors and others about fair value measurements of financial instruments and liquidity risk.</li> <li>4. IASB permits reclassifications in some instances.</li> <li>5. In addition to those improvements, the IASB is developing a standard on fair value measurement</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensure that any inconsistencies are addressed</li> <li>2. Complete exposure draft on fair value measurement by second quarter 2009</li> </ol>
Accounting standard-setters should significantly advance their work to address weaknesses in accounting and	March 31 2009	<ol style="list-style-type: none"> <li>1. An exposure draft of the proposed IFRS <i>Consolidated Financial Statements</i>, which includes</li> </ol>	<ol style="list-style-type: none"> <li>1. Review in a timely manner comments on proposals on financial instrument disclosures.</li> </ol>

\* <http://www.whitehouse.gov/news/releases/2008/11/20081115-1.html>

disclosure standards for off-balance sheet vehicles		<p>enhanced disclosures about off-balance sheet risk, was published on 18 December.</p> <ol style="list-style-type: none"> <li>2. IASB staff have also been developing proposals to improve derecognition requirements, which should be published by the end of the first quarter of 2009.</li> <li>3. Three joint IASB / FASB round tables took place in November and December in London, Norwalk and Tokyo to identify further issues. The results of those meetings were presented to the Board at its meeting in December.</li> </ol>	<ol style="list-style-type: none"> <li>2. Derecognition exposure draft planned for the end of the first quarter 2009.</li> <li>3. The IASB will address issues arising from the global financial crisis round-table meetings.</li> </ol>
With a view toward promoting financial stability, the governance of the international accounting standard setting body should be further enhanced, including by undertaking a review of its membership, in particular in order to ensure transparency, accountability, and appropriate relationship between this independent body and the relevant authorities.	March 31 2009	<ol style="list-style-type: none"> <li>1. Proposal on the Monitoring Board to be approved at the Trustees' meeting in Delhi in January, in addition to the accompanying MoU.</li> <li>2. Approval of Constitutional proposal regarding the desirability of geographical diversity for IASB membership pending.</li> <li>3. The second part of the Constitution Review on a broad range of constitutional issues launched with a discussion document on 8 December.</li> <li>4. Ongoing discussions between the</li> </ol>	<ol style="list-style-type: none"> <li>1. Announcement of the Monitoring Board by the end of the year.</li> <li>2. Amendments to the Constitutional in place for 2009.</li> <li>3. The Trustees will be holding a series of round-table meetings to encourage further debate and comment from stakeholders around the world.</li> </ol>

		IASB and the Basel Committee.	
The key global accounting standard-setting bodies should work intensively toward the objective of creating a single high-quality global standard.	Medium term	<ol style="list-style-type: none"> <li>1. Convergence work underway with United States and Japan.</li> <li>2. Memorandum of Understanding with the FASB sets out targets, including the development of a common financial instruments standard.</li> </ol>	Continue convergence work.
Regulators, supervisors, and accounting standard-setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.	Medium term	<ol style="list-style-type: none"> <li>1. Regular consultation and interpretations processes already in place.</li> <li>2. Monitoring Board to establish a venue to raise a number of these issues.</li> <li>3. Discussion about the need for intensified dialogue with Basel Committee and the banking industry.</li> </ol>	<ol style="list-style-type: none"> <li>1. Participate in FSF efforts on procyclicality.</li> <li>2. Follow up on discussions with the Basel Committee.</li> </ol>
Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. Regulators should work to ensure that a financial institution's financial statements include a complete, accurate, and timely picture of the firm's activities (including off balance sheet activities) and are	Medium term	<ol style="list-style-type: none"> <li>1. On 15 October, the IASB released its proposals to improve financial instrument disclosures related to exposure to risk from off balance sheet items.</li> <li>2. On 22 December the IASB released proposals clarifying the accounting for embedded derivatives.</li> <li>3. On 23 December the IASB released proposals to improve the disclosures in relation to investments in debt</li> </ol>	

<p>reported on a consistent and regular basis.</p>		<p>instruments.</p> <ol style="list-style-type: none"> <li>4. In addition to those improvements, the IASB is developing a standard on fair value measurement.</li> <li>5. Major changes in disclosure of off balance sheet items proposed in consolidations exposure draft published on 18 December.</li> <li>6. Issues of disclosure to be raised with the Financial Crisis Advisory Group.</li> <li>7. Next steps on IAS 39 replacement under consideration.</li> <li>8. Financial Crisis Advisory Group being created to report within 4-6 months.</li> </ol>	
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## Reinforcing International Cooperation

<b>RECOMMENDATION</b>	<b>BY DATE</b>	<b>ACTION UNDERWAY</b>
Authorities, drawing especially on the work of regulators, should collect information on where convergence in regulatory practices such as accounting standards, auditing, and deposit insurance is making progress, is in need of accelerated progress, or where there may be potential for progress.	Medium term	<ol style="list-style-type: none"><li>1. The Trustees will report to the Monitoring Body on the progress of the organisation's efforts.</li><li>2. The IASB will continue to inform the FSF secretariat on progress made related to its convergence programme.</li></ol>