

IASB response to European Commission issues

Issue	Action taken	Status
Fair value in illiquid markets	<ul style="list-style-type: none"> • The IASB issued guidance in October 2008. • In October 2008 and again in April 2009, the IASB confirms that US GAAP and IFRSs are consistent immediately after FASB Staff Position (FSP) published. • The IASB published in May 2009 an exposure draft on fair value measurement that directly incorporates the relevant FASB guidance. 	<ul style="list-style-type: none"> • Enhanced guidance is completed. • Consistency with US GAAP ensures level playing field. • The deadline for comments on the exposure draft on fair value measurement is 28 September 2009. The IASB will finalise the resulting standard in the first half of 2010.
Embedded derivatives and CDOs (consistency between US GAAP and IFRSs)	<ul style="list-style-type: none"> • The IASB and the FASB have agreed on the need for consistency. • To improve consistency of application, the FASB published a draft to clarify the position. • Because of some legacy issues, the FASB will publish another draft FSP to improve global consistency. 	<ul style="list-style-type: none"> • To improve consistency between US GAAP and IFRS, the FASB intends to publish another draft FSP. • The FASB expects to complete its project in 2009. • The IASB will continue to monitor the FASB's project and consider whether any action is needed as a result.
Impairment rules related to available-for-sale instruments and reclassification out of the fair value option into other categories	<ul style="list-style-type: none"> • The relevant changes will be in place for 2009 year-end financial statements. • The IASB accelerated a key portion of the comprehensive project aimed at replacing IAS 39 to address this issue. • The IASB will have the framework of the draft standard developed before the ECOFIN meeting on 9 June. 	<ul style="list-style-type: none"> • The IASB will produce an exposure draft in July to provide application for 2009 financials. • The proposal is that all the present impairment and recycling rules affecting available-for-sale securities would be eliminated and will respond to concerns raised by the European Commission. • The IASB will propose that the issue of reclassification is dealt through the transition provisions of the new standard. • This approach will ensure that companies do not need to make two sets of changes.
Provisions	<ul style="list-style-type: none"> • The IASB is developing proposals and discussing them with the Basel Committee. 	<ul style="list-style-type: none"> • The IASB plans to publish initial proposals on its website in June. • We will have an exposure draft ready for October that would deal with provisions, including consideration of an expected loss model.

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