



## PRESS RELEASE

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### **IASB and FASB issue common fair value measurement and disclosure requirements**

*Boards conclude major convergence project - important element of response to the financial crisis*

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) today issued new guidance on fair value measurement and disclosure requirements for International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP).

The guidance, set out in IFRS 13 *Fair Value Measurement* and an update to Topic 820 in the FASB's Accounting Standards Codification® (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence.

The harmonisation of fair value measurement and disclosure requirements internationally also forms an important element of the boards' response to the global financial crisis.

Completion of the project is the culmination of more than five years' work to improve and align fair value measurement and disclosure requirements. The requirements, which are largely identical across IFRSs and US GAAP, have benefited from extensive due process and public consultation, including input from a Fair Value Expert Advisory Panel and the FASB's Valuation Resource Group.

The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

For IFRSs, IFRS 13 *Fair Value Measurement* will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

For US GAAP, the Update will supersede most of the guidance in Topic 820, although many of the changes are clarifications of existing guidance or wording changes to align with IFRS 13. It also reflects the FASB's consideration of the different characteristics of public and non-public entities and the needs of users of their financial statements. Non-public entities will be exempt from a number of the new disclosure requirements.

Sir David Tweedie, Chairman of the IASB, said:

The finalisation of this project marks the completion of a major convergence project and is a fundamentally important element of our joint response to the global financial crisis. The result is clearer and more consistent guidance on measuring fair value, where its use is already required.

Leslie F Seidman, Chairman of the FASB, said:

This Update represents another positive step toward the shared goal of globally converged accounting standards. Having a consistent meaning of the term ‘fair value’ will improve the consistency of financial information around the world. We are also responding to the request for enhanced disclosures about the assumptions used in fair value measurements.

An IASB podcast, as well as a project summary and feedback statement explaining how the IASB responded to feedback received during the consultation process, are both available from the IASB website. A ‘FASB in Focus’ summary of the project and podcast are available from the FASB website.

The boards intend to hold a joint webcast introducing IFRS 13 and the update to Topic 820. Further details will be published on both websites shortly.

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## Notes to editors

### *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 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 have a formal public accountability link to a Monitoring Board of public capital market authorities.

### *About the FASB*

Since 1973, the 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 our website at [www.fasb.org](http://www.fasb.org).