

Attachment C: IASB and FASB Shared Goals, Values, and Principles¹

Public capital markets are predicated on trust and transparency. The quality of information that companies provide is essential to the confidence of investors and other capital providers in making investment decisions, and the quality of accounting standards directly affects the quality of company-reported financial information.

The global nature of financial markets gives rise to a need for high-quality, globally comparable financial information. Thus, it is critically important to achieve high-quality, globally converged financial reporting standards that provide relevant, transparent, neutral, and comparable financial information, regardless of the geographical location of the entity.

Recognizing those realities, we, the FASB and the IASB reaffirmed our commitment to the goal of developing high-quality, common accounting standards at our October 2009 joint meeting. At that meeting, we also agreed on values and principles that guide the conduct of our standards-setting collaboration, as described below.

Our Shared Goal

We will work together to develop the high-quality, common accounting standards that are necessary for high quality, globally comparable financial reporting.

- The primary objective of those standards is to produce financial information that is useful for decision making by present and potential investors, lenders, and other capital providers.
- High-quality accounting standards are those that foster the provision of relevant, transparent, neutral, and comparable financial information. They are based on an improved and consistently applied conceptual framework, include objectives and principles expressed in clear and unambiguous language, and provide the detail and structure needed to ensure consistent application.
- Convergence solely for the sake of convergence is not our goal. Changing IFRS or US GAAP solely to achieve comparability without improving the quality of financial

¹ Source: “FASB and IASB Reaffirm Commitment to Memorandum of Understanding: A Joint Statement of the FASB and IASB” (November 5, 2009)

reporting both internationally and in the US is not a good use of FASB and IASB resources.

Our Shared Values

We share the following values that guide the conduct of their standard-setting activities.

- *Relevance:* We will produce standards that meet the identified needs of the capital markets we serve.
- *Leadership:* We will lead in the development and improvement of standards, not just follow in the wake of others or codify the status quo.
- *Objectivity:* We will act in the public interest, following an open and orderly process that ensures the information resulting from our standards is unbiased.
- *Responsiveness:* We will strive to respond to capital market developments and demands in a timely manner.
- *Mutual Understanding:* We will strive for mutual understanding of differences in culture, laws, and capital markets around the world and how they affect views on financial reporting issues.
- *Transparency and Due Process:* We will set standards following our robust due process procedures that provide visibility into the standard-setting process and require proactive consultation to ensure communication of all points of view and the expressions of opinion at all stages of the process.

Shared Principles Underpinning Our Standard-Setting Collaboration

The following principles guide our collaborative standards-setting efforts and ensure that the shared goal of high-quality, compatible accounting standards is achieved.

- Improving and promoting convergence of our standards will require changes to both IFRS and US GAAP; it is not a unilateral undertaking.
- Convergence of accounting standards can best be achieved through the joint development of high-quality standards over time.
- Neither existing IFRS nor existing US GAAP results in financial information that fully meets the information needs of investors. Serving investors means seeking convergence by jointly developing high-quality new standards to replace our existing standards in need of improvement.
- We recognise that we serve different capital markets and those markets (and the participants in them) may have differing needs. We will strive to meet those differing

needs judiciously in ways that maximize the global comparability of reported financial information. We will clearly and timely communicate any differing needs and their financial reporting effects to each other and the constituents we serve.

- We recognise that serving different capital markets may sometimes make it difficult to respond in both a timely and coordinated way to capital market issues and developments. We will strive to avoid creating timeline differences like those that have complicated efforts to converge and improve standards for financial instruments and other areas. If such differences do occur, we will work together to eliminate any differences between standards as soon as practicable by drawing stakeholder attention to each others' proposals and by considering those proposals on a timely basis.
- To facilitate mutual understanding and timely agreement, we are committed to meeting jointly on a monthly basis beginning in 2010. We recognise it may be necessary to discuss some issues separately; when that happens, we commit to timely identification, discussion, and resolution of differences.
- The quality of our standard-setting decisions depends on the quality of the analyses on which we base those decisions. Our staffs will work together to provide a complete and well-reasoned analysis of all viable alternatives that consider both investor information needs and practical and cost constraints.
- We will communicate frequently to assure timely appreciation of environmental and other factors in the capital markets we serve, to discuss reasons for differences and means for resolving them, and to discuss policy and procedural changes that could make us more efficient and effective.