



# Press Release

2 April 2009

## **Trustees express support for fundamental and urgent review of financial instruments accounting, conclude inaugural meeting with Monitoring Board**

At their meeting held in London on 1-2 April, the Trustees of the IASC Foundation reviewed the response of the International Accounting Standards Board (IASB) to the financial crisis. Both the Trustees and the IASB reaffirmed their commitment to respond to issues emanating from the financial crisis in an urgent and responsible manner. The IASB has addressed and is continuing to address key recommendations raised by G20 leaders and the Financial Stability Forum. Actions include the publication of guidance on the application of fair value in illiquid markets, proposals for improving accounting related to off-balance sheet items, and the establishment of a high-level Financial Crisis Advisory Group (FCAG) to report in the first half of this year.

On governance, the IASC Foundation has worked with public authorities to create the Monitoring Board, giving the IASC Foundation the added legitimacy of a direct link to them. The Trustees met for the first time with the Monitoring Board on 1 April. Today, the Monitoring Board issued a press release regarding that meeting, which can be found at <http://go.iasb.org/Press+Releases/MonitoringBoard>

At their November 2008 and April 2009 meetings, the G20 highlighted the need for convergence of accounting standards. The Trustees have welcomed the IASB's commitment to achieve (with the US Financial Accounting Standards Board) globally accepted and high quality accounting standards. At the same time, the Trustees believe that even in moments of crisis, the standard-setter should follow an agreed due process, which enables interested parties to comment, even if on an accelerated basis. This is a clear message that the Trustees received from interested parties during the first part of the Constitution Review. International stakeholders also expressed this view at public round tables in the fourth quarter of 2008 held to discuss issues emanating from the financial crisis.

While the Trustees acknowledged the desire to achieve commonly accepted positions between US GAAP and IFRSs, they also urged the IASB to avoid piecemeal approaches that would undermine the ability to address broader issues related to accounting for financial instruments raised by the crisis. This was also the view expressed most frequently at the IASB's public round tables.

Sir David Tweedie, Chairman of the IASB, reported to the Trustees that at their joint meeting last week the IASB and FASB agreed to undertake an accelerated project to replace their existing financial instruments standards (IAS 39 *Financial Instruments*, in the case of the IASB) with a common standard that would address issues arising from the financial crisis in a comprehensive manner. Though the IASB is consulting on FASB amendments related to impairments and fair value measurement, the Trustees supported the IASB's desire to prioritise the comprehensive project rather than making further piecemeal adjustments. This project should result in a proposal being published within six months. The Trustees welcome this timetable and will monitor progress closely.

The Trustees discussed this approach with the members of the Monitoring Board. The Monitoring Board expressed support for this urgent reconsideration of existing financial instruments requirements.

Commenting on the announcement, Gerrit Zalm, Chairman of the Trustees of the IASC Foundation said:

The Trustees unanimously support the IASB's initiating a thorough and urgent re-examination of financial instruments accounting. It is far better to undertake a fundamental re-assessment than adopting a piecemeal approach to a standard that is widely recognised as being outdated. The Trustees will support the IASB's work and monitor its progress as the IASB completes this work whilst respecting due process.

The Trustees look forward to working with the Monitoring Board and will meet again in July.

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**Notes to the Editors**

*About the IASC Foundation*

1. The International Accounting Standards Committee (IASC) Foundation, based in London, is the oversight body of the International Accounting Standards Board (IASB). The governance of the organisation rests with 22 Trustees. Six of the Trustees must be selected from the Asia/Oceania region, six from Europe, six from North America, and four from any region.

2. The IASC Foundation, through the IASB, is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. The IASC Foundation is funded by contributions from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations.