

# IFRS® STANDARDS—APPLICATION AROUND THE WORLD



## JURISDICTIONAL PROFILE: **United States of America**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in United States of America. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

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### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	US Securities and Exchange Commission
Role of the organisation	<p>The US Securities and Exchange Commission (SEC or 'the Commission') is the principal US federal agency that is responsible for administering the federal securities laws. The federal securities laws set forth the SEC's broad authority and responsibility to prescribe the methods to be followed in the preparation of accounts and the form and content of financial statements to be filed under those laws. The SEC historically has looked to private-sector standard-setting bodies to develop accounting principles and standards.</p> <p>The Financial Accounting Standards Board (FASB) is recognised by the SEC as the designated accounting standard-setter for domestic issuers; the FASB also establishes financial accounting and reporting standards for use by US private companies and not-for-profit organisations. The FASB publishes its standards in the FASB Accounting Standards Codification™. The standards in that codification are collectively commonly referred to as 'US GAAP'.</p>

The SEC and its staff monitor the FASB's procedures, qualifications, capabilities, activities and results with respect to its ability to continue to fulfil its role. The Financial Accounting Foundation (FAF) is an independent, private sector, not-for-profit organisation that supports and oversees the FASB.

For purposes of the federal securities laws, the SEC or its staff will supplement or supersede FASB or IASB standards if it is appropriate to do so. This can come in the form of additional disclosure requirements or interpretive guidance or may involve establishing accounting requirements in the absence of authoritative guidance.

Website	www.sec.gov
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Email contact	oca@sec.gov
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## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?

See the *Commission Statement in Support of Convergence and Global Accounting Standards*, dated 24 February 2010.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?

See the *Commission Statement in Support of Convergence and Global Accounting Standards*, dated 24 February 2010.

What is the jurisdiction's status of adoption?

The SEC permits but does not require foreign private issuers to apply IFRS Accounting Standards as issued by the IASB.

The SEC requires domestic issuers to apply US GAAP.

Additional comments provided on the adoption status?

The FASB is a member of the IFRS Foundation's Accounting Standards Advisory Forum (ASAF). ASAF provides an advisory forum in which members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards.

The IASB and the FASB also meet bilaterally in joint education sessions to discuss their work plans and projects of mutual interest.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

No.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Not applicable.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.
Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Not applicable.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Not applicable.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	In the United States there is no centralised determinant of the financial reporting framework to be used by companies whose capital market activities are outside the perimeter of the SEC's requirements. In practice many US private companies use either US GAAP or another comprehensive basis of accounting, such as the US income tax basis of accounting. They may, however, select IFRS Accounting Standards or the <i>IFRS for SMEs</i> Accounting Standard. For example, they may select IFRS Accounting Standards (including IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> ) if they are subsidiaries of, or have significant ownership held by, an entity that prepares financial statements in accordance with IFRS Accounting Standards.
If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?	Not at this time. This decision would be made by the SEC.
<i>For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:</i>	
Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?	<p>Yes. The SEC permits but does not require foreign private issuers to apply IFRS Accounting Standards as issued by the IASB.</p> <p>In 2007 the SEC issued its final rule that removed the requirement for foreign private issuers to reconcile their financial reports with US GAAP if their financial statements are prepared using IFRS Accounting Standards as issued by the IASB.</p>
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?	IFRS Accounting Standards as issued by the IASB are permitted.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	It applies to all foreign private issuers, as that term is defined in the SEC's rules.

**IFRS ENDORSEMENT**

Which IFRS Accounting Standards are required or permitted for domestic companies?	Not applicable.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	The financial statements of a foreign private issuer and related auditor's report must each include an explicit and unreserved statement that the financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. If these assertions are not provided, then the financial statements are required to be reconciled to US GAAP.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	Yes.
Are IFRS Accounting Standards incorporated into law or regulations?	No.  While the body of standards composing 'IFRS as issued by the IASB' is invoked under the SEC regulations for the reporting by foreign private issuers, the text of IFRS Accounting Standards is not included in either the federal securities laws or the SEC rules and regulations.
If yes, how does that process work?	Not applicable.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	Not applicable.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	The SEC's regulations permit the preparation of financial statements of foreign private issuers in accordance with IFRS Accounting Standards as issued by the IASB. These regulations invoke the body of IFRS Accounting Standards as it is amended from time to time.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

**TRANSLATION OF IFRS ACCOUNTING STANDARDS**

Are IFRS Accounting Standards translated into the local language?	Not applicable because English is the local language.
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If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

Not applicable.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

Optional for private companies. As explained in the 'Extent of IFRS Accounting Standards Application' section, in the US there is no centralised determinant of the financial reporting framework for private companies. The American Institute of Certified Public Accountants has recognised the *IFRS for SMEs* Accounting Standard as an accepted accounting framework for preparing financial statements.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

Not applicable.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Information about whether US 'private' companies have decided, in practice, to prepare their financial statements in accordance with the *IFRS for SMEs* Accounting Standard is not accumulated.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

'SMEs' in the United States are part of the broader group of 'private companies'. If not specified in its contractual commitments, a US private company is able to select the accounting framework that fits the purpose of its financial statements. These frameworks can include US GAAP, IFRS Accounting Standards as issued by the IASB, the *IFRS for SMEs* Accounting Standard or other bases of accounting such as the US income tax basis of accounting.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

With respect to the broader group of all US 'private' companies, the FAF has established a body—the Private Company Council—whose role is to contribute to the FASB's process of setting accounting standards for private companies.