



## Press release



24 March 2009

### **IASB and FASB announce further steps in response to global financial crisis**

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) today announced further steps in response to the global financial crisis following their joint board meeting held in London on 23 and 24 March 2009.

Building on work underway, the two boards have agreed to work jointly and expeditiously towards common standards that deal with off balance sheet activity and the accounting for financial instruments. They will also work towards analysing loan loss accounting within the financial instruments project.

These steps reaffirm a commitment to a joint approach to the financial crisis and to the overall goal of seeking convergence between International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP) described by a Memorandum of Understanding (MoU) first published in 2006 and updated in 2008.

The boards will work together towards common standards by developing the IASB projects on consolidation and derecognition as joint projects once the FASB has completed its short-term amendments to its existing standards. Furthermore, the boards have agreed to issue proposals to replace their respective financial instruments standards with a common standard in a matter of months, not years. As part of this project the boards will examine loan loss accounting, including the incurred and expected loss models.

The boards will continue to draw on expertise provided by the Financial Crisis Advisory Group (FCAG), a high level advisory body formed to guide the boards in their joint response to the financial crisis. Composition of the FCAG includes current and former investors, regulators, central bankers, finance ministers and others from

industry and the public sector. The group has met on three occasions and will summarise their recommendations in a report which is expected to be published in the second quarter of 2009.

The boards also discussed the projects on financial statement presentation, fair value measurement, financial instruments with the characteristics of equity and the conceptual framework.

Commenting on the announcement, Sir David Tweedie, Chairman of the IASB said:

The G20 and other international bodies have called for standard-setters to seek global solutions to a global crisis. This is not always easy to achieve and there may be areas where, because of the extent of existing guidance, the two boards find it difficult to reconcile differences in the existing standards in the immediate term.

That is why in important areas such as financial instruments a common standard that significantly improves financial reporting and leads to a less complex approach is required. The path to achieving convergence will undoubtedly be challenging but the remit we have from policymakers is clear.

Bob Herz, Chairman of the FASB commented:

This was a very productive joint meeting in terms of each board reaffirming their commitment to work together both in developing common responses to reporting issues emanating from the global financial crisis and in terms of our ongoing convergence programme.

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*Notes for editors*

**About the International Accounting Standards Board**

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) 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. Its 14 members (13 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.

**About the Financial Accounting Standards Board**

Since 1973, the US 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 its Website at [www.fasb.org](http://www.fasb.org).