

Strengthening Transparency and Accountability

A comprehensive overview of measures undertaken by the IASC Foundation and the IASB responding to the conclusions reached by the G20 at their summit in Washington DC, USA, 15 November 2008. The overview was updated on 1 April 2009.

BY 31 MARCH 2009

| RECOMMENDATION* | ACTIONS COMPLETED | FOLLOW UP |
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| <p>The key global accounting standards bodies should work to enhance guidance for valuation for securities, also taking into account the valuation of complex, illiquid products, especially during times of stress.</p> | <ol style="list-style-type: none"> 1. SEC/FASB issued guidance. 2. On 31 October the IASB issued a staff summary and the report of the expert advisory panel on fair value measurement when markets are no longer active. 3. In October the IASB permitted the reclassification of specific financial instruments in some instances. 4. The IASB published in March a request for views on proposals from the US Financial Accounting Standards Board (FASB) that deal with guidance on fair value measurement and impairments of financial instruments. | <ol style="list-style-type: none"> 1. Continue close cooperation to avoid future inconsistencies. 2. A proposed standard (Exposure Draft) on fair value measurement will be published in April 2009. 3. Outcome of the deliberations of the high-level Financial Crisis Advisory Group will feed into the work of the Fair Value Measurement project. |
| <p>Accounting standard-setters should significantly advance their work to address weaknesses in accounting and disclosure standards for off-</p> | <ol style="list-style-type: none"> 1. The IASB and FASB held joint round tables in November and December in London, Norwalk and Tokyo to identify potential issues. The results of those meetings were presented to | <ol style="list-style-type: none"> 1. The IASB and the US FASB have agreed to work jointly and expeditiously towards common standards that deal with off balance |

* http://www.ue2008.fr/webdav/site/PFUE/shared/import/1115_sommet_crise_financiere/declaration_washington_en.pdf

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| <p>balance sheet vehicles.</p> | <p>the Board at its December meeting.</p> <ol style="list-style-type: none"> 2. The IASB published on 18 December a proposed standard on Consolidation. 3. In January 2009, the IASB decided not to pursue amendments to IFRS on changes in disclosure requirements for impairments to align IFRS and US GAAP. The decision reflects the feedback received on the exposure draft published in December and was welcomed by the EU Commission. 4. In March the IASB published a proposed new approach to the derecognition of financial assets and more disclosure requirements for off balance sheet items. | <p>sheet activity and the accounting for financial instruments. They will also work towards analysing loan loss accounting within the financial instruments project.</p> |
| <p>Regulators and accounting standard setters should enhance the required disclosure of complex financial instruments by firms to market participants.</p> | <ol style="list-style-type: none"> 1. In March 2009 the IASB issued improvements to the disclosure requirements about fair value measurements and reinforced existing principles for disclosures about the liquidity risk associated with financial instruments. 2. In March 2009 the IASB clarified the accounting treatment for embedded derivatives when reclassifying financial instruments. | |
| <p>With a view toward promoting financial stability, the governance of the international accounting standard setting body should be further enhanced, including by undertaking a review of its</p> | <ol style="list-style-type: none"> 1. The second part of the Constitution Review on a broad range of constitutional issues is underway and the consultation period closed on 31 March 2009. 2. In January 2009, the Trustees established a link to a Monitoring Board of public authorities | <ol style="list-style-type: none"> 1. The Trustees will meet with the newly constituted Monitoring Board on 1 April. 2. The Trustees will be holding a series of round-table meetings regarding the second part of the Constitution |

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| <p>membership, in particular in order to ensure transparency, accountability, and appropriate relationship between this independent body and the relevant authorities.</p> | <p>to which the Trustees will be publically accountable. The inaugural meeting of the Monitoring Board will take place on 1 and 2 April 2009 in London.</p> <p>3. In January 2009, the Trustees approved proposals to increase the size of the IASB to 16 members and incorporate the desirability of geographical diversity for IASB membership in the Constitution.</p> | <p>Review to encourage further debate and comment from stakeholders around the world.</p> |
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| MEDIUM TERM | ACTIONS COMPLETED | NEXT STEPS |
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| <p>The key global accounting standard-setting bodies should work intensively toward the objective of creating a single high-quality global standard.</p> | <ol style="list-style-type: none"> 1. Memorandum of Understanding with the FASB sets out targets, including the development of a common financial instruments standard. 2. The IASB and Japan continue their convergence work. The ninth meeting took place on 11 and 12 March 2009. | <p>Continue convergence work.</p> |
| <p>Regulators, supervisors, and accounting standard-setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.</p> | <ol style="list-style-type: none"> 1. Regular consultation and interpretations processes already in place. 2. The IASB and the FASB established a high-level Financial Crisis Advisory Group (FCAG), so far the group met three times. 3. The IASB participated in working groups of the Financial Stability Forum developing recommendations for April 2009 G20 meeting. | <ol style="list-style-type: none"> 1. Follow up on discussions with the Basel Committee and the Financial Stability Forum 2. The first meeting of the Monitoring Board will deliberate on regulatory developments and discuss a process for considering G20 conclusions. 3. The FCAG will also deliberate on the G20 conclusions. |

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| <p>Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. Regulators should work to ensure that a financial institution's financial statements include a complete, accurate, and timely picture of the firm's activities (including off balance sheet activities) and are reported on a consistent and regular basis.</p> | <ol style="list-style-type: none"> 1. In March the IASB issued improvements to the disclosure requirements about fair value measurements and reinforced existing principles for disclosures about the liquidity risk associated with financial instruments. 2. The consolidation exposure draft proposes major changes to the disclosure requirements for off balance sheet items. 3. Disclosure issues will also be raised with the FCAG. 4. The Board started deliberations on a replacement for IAS 39 in its March meeting. | <ol style="list-style-type: none"> 1. The FCAG will report within four months. 2. Feedback will be considered as part of the project work on a replacement of IAS 39. 3. Publication of a proposed standard on fair value measurement is planned for April 2009. 4. Publication of a new standard on Consolidation is planned for the second half of 2009. 5. Publication of a new standard on derecognition is planned for H2 2009/H1 2010. |
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Reinforcing International Cooperation

| RECOMMENDATION | ACTION UNDERWAY |
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| Authorities, drawing especially on the work of regulators, should collect information on where convergence in regulatory practices such as accounting standards, auditing, and deposit insurance is making progress, is in need of accelerated progress, or where there may be potential for progress. | <ol style="list-style-type: none"><li data-bbox="686 375 1556 435">1. The Trustees will report to the Monitoring Body on the progress of the organisation's efforts.<li data-bbox="686 440 1556 508">2. The IASB will continue to inform the FSF secretariat on progress made related to its convergence programme. |