



## Press release



30 December 2008

### **IASB and FASB announce membership of Financial Crisis Advisory Group**

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) today announced the membership of the Financial Crisis Advisory Group (FCAG). The FCAG is the high-level advisory group set up by the boards to consider financial reporting issues arising from the global financial crisis. The group includes recognised leaders from the fields of business and government with a broad range of experience in international financial markets.

As previously announced, the FCAG will be jointly chaired by Harvey Goldschmid, former Commissioner, US Securities and Exchange Commission (US SEC), and Hans Hoogervorst, Chairman, AFM (the Netherlands Authority for the Financial Markets). Membership of the FCAG is as follows:

- **John Bogle**, Founder, Vanguard, United States
- **Jerry Corrigan**, Goldman Sachs and former President of the New York Federal Reserve Bank, United States
- **Fermin del Valle**, former President, IFAC, Argentina
- **Jane Diplock**, Chairman, IOSCO Executive Committee, New Zealand
- **Raudline Etienne**, Chief Investment Officer, New York State Common Retirement Fund
- **Stephen Haddrill**, Director General, Association of British Insurers, UK
- **Toru Hashimoto**, former Chairman, Deutsche Securities Limited, Japan
- **Nobuo Inaba**, former Executive Director, Bank of Japan, Japan
- **Gene Ludwig**, former Comptroller of the Currency, United States
- **Yezdi Malegam**, Board Member, National Reserve Bank of India, India
- **Klaus-Peter Müller**, Chairman of the Supervisory Board, Commerzbank, Germany
- **Don Nicolaisen**, former Chief Accountant, US Securities and Exchange Commission, United States
- **Wiseman Nkuhlu**, Chairman of the Audit Committee, AngloGold Ashanti; former Economic Advisor to the President of the Republic of South Africa
- **Tommaso Padoa-Schioppa**, former Finance Minister, Italy
- **Lucas Papademos**, Vice-President, European Central Bank
- **Michel Prada**, former Chairman, Autorité des marchés financiers, France

**Observers:**

- **Basel Committee of Banking Supervisors**
- **Committee of European Securities Regulators**
- **International Association of Insurance Supervisors**
- **Japan Financial Services Agency**
- **US Securities and Exchange Commission**
- **Nelson Carvalho, IASB SAC Chairman, Brazil**
- **Dennis Chookaszian, Chairman, FASAC, United States**

Recommendations from the advisory group will be jointly considered by the two boards. Any decisions to act upon the recommendations will be subject to appropriate and thorough due process.

Commenting on the announcement, Harvey Goldschmid, joint Chairman of the FCAG said:

I am grateful to the members of the Financial Crisis Advisory Group for agreeing to participate in this critically important initiative. There is much to be considered and we will proceed as quickly as possible with an understanding these are complex issues with large public policy stakes and many interdependencies. There are likely to be few quick fixes.

Hans Hoogervorst, joint Chairman of the FCAG said:

The Financial Crisis Advisory Group has an important role to play in assisting the two boards with their deliberations. The diversity and seniority of the group will help to ensure that any enhancements to financial reporting are considered in the context of the broader financial system and measured against a benchmark of enhancing investor confidence.

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### *Notes for editors*

#### **About the IASB**

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 (12 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).

#### **Overview of the Financial Crisis Advisory Group**

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) have a long-standing commitment to work together in an internationally coordinated manner on improving financial reporting standards. As part of that commitment, accounting issues emerging from the global crisis will be considered by both boards. The boards have established this advisory group comprising senior leaders with broad international experience of financial markets to assist in that important process.

The primary function of the advisory group is to advise the boards about standard-setting implications of (1) the global financial crisis and (2) potential changes to the global regulatory environment. The group will conclude its activities within approximately six months (or less) and will conduct advisory meetings during that time.

#### **Areas within the Advisory Group's purview**

The advisory group will consider how improvements in financial reporting could help enhance investor confidence in financial markets. It also will help identify significant accounting issues that require urgent and immediate attention by the boards, as well as issues for longer-term consideration.

In providing that advice, the advisory group will draw upon work already underway in various jurisdictions on accounting and the credit crisis, as well as information gathered from the public round tables—one each in Asia, Europe, and North America—that the boards hosted in November and December.

The advisory group is invited to discuss, among other issues, the following:

- ◆ Areas where financial reporting helped identify issues of concern during the credit crisis.
- ◆ Areas where financial reporting standards could have provided more transparency to help either anticipate the crisis or respond to the crisis more quickly.
- ◆ Whether priorities for the IASB and the FASB should be reconsidered in light of the credit crisis.
- ◆ Potential areas that require future attention of the IASB and the FASB in order to avoid future market disruption.
- ◆ The implications of the credit crisis for the interaction between general purpose financial reporting requirements for capital markets and the regulatory reporting, particularly for financial institutions.
- ◆ The relationship between fair value and off balance sheet accounting and the current crisis, both during and leading up to the crisis.
- ◆ The findings and relevance of conclusions of various studies underway, including the US Securities and Exchange Commission's study under the Emergency Economic Stabilization Act of 2008.
- ◆ The need for due process for accounting standard-setters and its implications on resolving emergency issues on a timely and inclusive basis.
- ◆ The independence of accounting standard-setters and governmental actions to the global financial crisis.

### **Advisory Group Structure and Meetings**

The advisory group is chaired jointly by two co-chairs—one from each of Europe and North America. The advisory group comprises senior leaders with broad experience of international financial markets and an interest in the transparency of financial reporting information. Depending on the needs of the advisory group, subcommittees may be formed to consider various issues.

In order to provide the boards and others in the financial reporting system with the benefits of its advice, the advisory group will generally meet in public sessions, with Webcasting facilities available to all interested parties. The advisory meetings also may involve private sessions, at the discretion of the co-chairs.

The advisory group meetings will be held in London and New York on a rotating basis. The first meeting will be in January 2009. Staff support for the advisory group is provided by the IASB and FASB. Also, advisory members are entitled to be reimbursed for actual out-of-pocket travel expenses incurred in connection with advisory group meetings as they may request if it is their employer's policy not to provide reimbursement for such costs.

### **Conduct of its activities**

Advisory group meetings are the primary mechanism that will be used to provide input to the IASB and FASB. The advisory group's role is not to reach a consensus or to vote on the issues that it considers at its meetings. For that reason, it is important to convene the advisory members as a group so that the boards can hear the individual members' views and members can hear and respond to each other's views.

The IASB and the FASB will provide the staff to document and communicate the input from the advisory group.