

Strengthening Transparency and Accountability

A comprehensive overview of measures undertaken by the IASC Foundation and the IASB in response to the conclusions reached by the G20 at their summit in London, UK on 2 April 2009. The overview was last updated in August 2009.

RECOMMENDATION	ACTIONS COMPLETED/UNDER WAY	NEXT STEPS
<p>Accounting standard-setters should improve standards for the valuation of financial instruments based on their liquidity and investors' holding horizons, while reaffirming the framework of fair value accounting.</p>	<ol style="list-style-type: none"> 1. October 2008: the IASB issues the report of its expert advisory panel on fair value measurement when markets are no longer active together with a staff summary of that report. 2. October 2008: the IASB permits the reclassification of specific financial instruments in some instances. 3. March 2009: the IASB publishes a request for views on proposals from the US Financial Accounting Standards Board (FASB) that deal with guidance on fair value measurement. 4. May 2009: the IASB publishes for public comment an exposure draft of a standard on fair value measurement, incorporating the findings of the expert advisory panel as well as the guidance issued by the FASB, thus bringing IFRSs and US GAAP into alignment. The comment period closes on 28 September 2009. 5. June 2009: the IASB publishes a staff paper on the practice of fair valuing an entity's own debt, identified as one of the major issues in fair value accounting. The comment period closed on 1 September. 	<ol style="list-style-type: none"> 1. A final standard on Fair Value Measurement is expected to be published in the first half of 2010. 2. The conclusions of the Financial Crisis Advisory Group (FCAG) report will inform the IASB and FASB in their deliberations.

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	<p>Responses will inform the Board in its work to replace IAS 39 <i>Financial Instruments</i>.</p> <p>6. July 2009: the Financial Crisis Advisory Group (FCAG) publishes its report, highlighting the limitations of financial reporting and encouraging entities to undertake effective price verification processes and to improve valuation methods.</p>	
<p>The standard-setters should reduce the complexity of accounting standards for financial instruments.</p>	<p>1. March 2008: the IASB and the FASB published a discussion paper for a replacement of IAS 39 Reducing Complexity in Reporting Financial Instruments.</p> <p>2. March 2009: the IASB and the FASB agree to undertake, on an accelerated basis, the replacement of existing financial instruments standards (IAS 39 <i>Financial Instruments: Recognition and Measurement</i>, in the case of the IASB) with a common and globally accepted standard that would address issues arising from the financial crisis in a comprehensive manner.</p> <p>3. July 2009: the IASB publishes proposals on <i>Financial Instruments: Classification and Measurement</i> - the first part of a three-part project to replace IAS 39. The comment period closes on 14 September 2009 with a final standard published in time for 2009 year-end financial statements.</p>	<p>1. September 2009: the IASB and the FASB will hold joint round-table discussions in Europe, the United States and Asia on their proposals for financial instruments.</p> <p>2. Q4 2009: the IASB will publish a final standard on the classification and measurement of financial instruments in time for 2009 year-end financial statements.</p> <p>3. October 2009: the IASB will publish proposals on the impairment of financial instruments, including consideration of an expected loss model, informed by responses to the Request for Information on this model published in June 2009.</p> <p>4. December 2009: the IASB will publish proposals on hedge accounting, representing the third and final part of the project to replace IAS 39.</p>

<p>Standard-setters should strengthen accounting recognition of loan-loss provisions by incorporating a broader range of credit information.</p>	<ol style="list-style-type: none"> 1. The IASB and the Basel Committee on Banking Supervision are meeting on a regular basis to discuss the issue of loan-loss provisions. The FASB has been invited to join these discussions. 2. June 2009: the IASB publishes a request for information on the feasibility of an expected loss model for the impairment of financial instruments, with a comment period concluding on 1 September 2009. 3. July 2009: the FCAG recommends that the IASB and the FASB explore alternatives to the current, incurred loss model for loan-loss provisioning that use more forward-looking information. 	<ol style="list-style-type: none"> 1. October 2009: as stated above, the IASB will publish proposals on the impairment of financial instruments, including consideration of an expected loss model, informed by responses to the request for information on this model published in June 2009, as well as by input from the FCAG and discussions with banking supervisors.
<p>Standard-setters should improve accounting standards for provisioning, off-balance sheet exposures and valuation uncertainty.</p>	<ol style="list-style-type: none"> 1. As noted above, the IASB is taking a number of steps on provisioning. 2. The IASB is also undertaking a comprehensive review of off-balance-sheet financing: <ul style="list-style-type: none"> - December 2008: the IASB publishes proposals for strengthening and improving the requirements for identifying which entities a company controls (consolidation). - March 2009: the IASB publishes proposals to improve the derecognition requirements for financial instruments. 	<ol style="list-style-type: none"> 1. Q4 2009: the IASB anticipates publication of a final standard on consolidation. 2. H2 2010: the IASB anticipates publication of a final standard on derecognition, concluding the comprehensive review of off-balance-sheet activity. 3. A final standard on Fair Value Measurement is expected to be published in the first half of 2010.

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	<ul style="list-style-type: none"> - June 2009: the IASB and the FASB hold joint round-table meetings in Europe, the United States and Asia on consolidation and derecognition. <p>3. As noted above, the IASB has published an exposure draft on fair value measurement.</p>	
Standard-setters should make significant progress towards a single set of high quality global accounting standards.	<ol style="list-style-type: none"> 1. High-quality, global accounting standards are the organisation's primary objective, as stated in its Constitution. 2. 2008: the IASB and FASB update their Memorandum of Understanding. The objective: achieving convergence of IFRSs and US GAAP by 2011. 3. The IASB works with national standard-setters internationally to promote adoption of IFRSs. 	<ol style="list-style-type: none"> 1. The organisation will continue to promote full adoption of IFRSs. The IASB and FASB will work as a matter of priority on projects related to the Memorandum of Understanding and will seek to avoid any unnecessary divergences in the interim period. 2. The IASB plans to finish many of its major projects by 2011 to provide an orderly transition for several countries intending to adopt IFRS around that time.
The IASC Foundation, within the framework of the independent accounting standard-setting process, should improve involvement of stakeholders, including prudential regulators and emerging markets, through the IASB's constitutional review.	<ol style="list-style-type: none"> 1. Following the completion of the five-yearly Constitution Review in 2005, the public accountability of the IASC Foundation has been enhanced through a number of measures, including: <ul style="list-style-type: none"> - the establishment of a formal framework to assess the effectiveness of the Trustees in carrying out their constitutional responsibilities; - the creation of a Due Process Oversight Committee; - enhancements to procedures for performance 	<ol style="list-style-type: none"> 1. September 2009: the Trustees will publish proposals for public comment on the second part of the Constitutional Review. 2. September 2009: the Trustees will hold public round-table meetings in Europe, the United States and Asia in order to enhance the consultation process on the second part of the Constitution Review. 3. January 2010: planned ratification date of relevant constitutional amendments as a result of the

	<p>reviews of the IASB and for appointments to the IASB;</p> <ul style="list-style-type: none"> - an expansion of interaction with the IASB to discuss matters related to the organisation's strategy and performance; and - approved enhancements to the IASB's due process, including the introduction of feedback statements and effect analysis. <p>2. January 2009: Completion of the first part of the second five-yearly Constitution Review.</p> <p>The result:</p> <ul style="list-style-type: none"> - the Trustees established a formal link with capital market authorities, who have created the IASC Foundation Monitoring Board. The IOSCO Emerging Markets Committee is a member of the Monitoring Board. The Basel Committee is an observer. - the Trustees implemented a change that will increase the size of the IASB to 16 members and sets out geographical guidelines regarding the IASB's composition. Under the new guidelines, there shall be one member each from Africa and South America. - April and July 2009: formal meetings between the Trustees and the Monitoring Board are held in the UK and The Netherlands respectively. <p>January 2009: the Trustees restructure the Standards</p>	<p>second part of the Constitution Review.</p>
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	<p>Advisory Council, the IASB's main advisory body, to enhance its effectiveness and to support wider outreach to analyst and investor groups.</p> <p>The council is reconstituted to comprise representatives of stakeholder organizations around the world. The membership includes the stakeholders recommended by the G20. They are expected to canvass the views of their respective constituent groups in preparatory meetings, present these views to the IASB. They will then report back to their colleagues on their discussions with the IASB and the conclusions reached.</p> <p>3. December 2008: the Trustees initiate the second part of the Constitution Review by publishing a consultation document.</p>	
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