



U.S. Securities and Exchange Commission

SEC Welcomes Plans of U.S., International Standard Setters for Convergence of Accounting Systems

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Washington, D.C., Feb. 27, 2006 — The Securities and Exchange Commission today welcomed the announcement by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) of a memorandum of understanding about their work plans from 2006-2008. Those plans indicate a commitment to make measurable progress towards improved and converged standards in a number of areas over the next several years.

In recent weeks, SEC Chairman Christopher Cox has publicly stressed the agency's commitment to a "roadmap" for elimination of the requirement that foreign private issuers reconcile financial statements prepared using international financial reporting standards to the U.S. system of Generally Accepted Accounting Principles (GAAP). "The SEC is working diligently toward the goal of eliminating the existing IFRS to U.S. GAAP reconciliation requirement," he said today. "Achieving that goal depends on the contributions of many parties, including U.S. and international standard setters. This important step by IASB and FASB will help ensure that investor protection remains paramount in these efforts."

"The work plan communicates a continued commitment to improving financial information for investors," observed SEC Acting Chief Accountant Scott A. Taub. "Having the IASB and the FASB address these issues jointly should further the efforts to converge accounting standards. Investors in the U.S. and around the world will be the long-term beneficiaries of converging toward a common set of high quality accounting standards."

Taub added that in addition to making a helpful contribution in moving forward on the roadmap for eliminating the need for reconciliation between IFRS and U.S. GAAP, the work plans would cover several other important areas, including leases and consolidations, which were identified as needing improvement in the June 2005 SEC Staff "Report On Arrangements with Off-Balance Sheet Implications, Special Purpose Entities, and Transparency of Filings by Issuers" (<http://www.sec.gov/news/studies/soxoffbalancerpt.pdf>).

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