

Brussels, 15 November 2007

## **Accounting standards: Commissioner Charlie McCreevy welcomes the US Securities and Exchange Commission's move to end reconciliation to US GAAP**

***Commissioner Charlie McCreevy welcomes the US Securities and Exchange Commission's (SEC) decision to abolish the reconciliation to US Generally Accepted Accounting Principles (GAAP) for foreign companies using IFRS as published by the International Accounting Standards Board (IASB).***

European Internal Market and Services Commissioner Charlie McCreevy expressed his warm welcome for what he called a crucial decision by the SEC which will benefit EU companies listed in the US:

*"I very much welcome this historical step by the SEC on the road towards global accounting standards. I have congratulated SEC Chairman Cox for this decision which will benefit EU companies with a US listing. This decision is taken less than two years after Chairman Cox and myself affirmed our commitment to a roadmap to do away with costly reconciliations between US and EU accounting standards. So the strategy we have been pursuing with our US counterparts in the last few years is bearing fruit: we are making major strides towards one global accounting language and many more countries are likely to follow. The next step in this strategy is to have a close look at the overall standard setting process by the IASB. The European Commission will continue to work with the IASB and our international partners to build on the success of IFRS by enhancing the governance of the IASB, including its accountability to all stakeholders."*

The EU was the first major jurisdiction to make IFRS mandatory for its listed companies, thus setting the foundation for the current success of the IASB's standards, and it remains by far the largest jurisdiction applying IFRS. This was from the outset part of a policy to arrive at a single set of global accounting standards for listed companies. A key objective of this strategy was the acceptance by the SEC of financial statements prepared by EU issuers without requiring any reconciliation to US GAAP.

The European Commission recently issued a joint statement with the US SEC, the Japanese Financial Services Agency and IOSCO announcing reforms of the overall governance of the IASB and its parent entity, the International Accounting Standards Committee (IASC) Foundation ([MEMO/07/451](#)). The statement foresees, among other requirements, measures to enhance the transparency and due process of the IASB's standard-setting process. This is part of a broader strategy to ensure that the IASB's standards can be fully endorsed in the EU and that the existing carve-out concerning hedging rules can be removed.

More information is available at:

[http://ec.europa.eu/internal\\_market/accounting/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/index_en.htm)