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IAASB PROPOSES NEW STANDARD TO STRENGTHEN REPORTING ON PRO FORMA FINANCIAL INFORMATION IN PROSPECTUSES

(New York/April 28, 2010) – The International Auditing and Assurance Standards Board (IAASB) today released a proposed new assurance standard that addresses the process of compiling pro forma financial information included in prospectuses. Recognizing the increasingly integrated nature of global capital markets and the importance of pro forma financial information in the public’s investment decisions, the newly proposed standard is designed to enhance public confidence in how such financial information is produced.

The [proposed standard](#), *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*, deals with information—necessary in many forms of domestic and cross-border securities offerings—that illustrates the impact of an event or transaction on an issuer’s financial information. It provides comprehensive guidance on the nature and extent of a practitioner’s work when reporting on whether the process of compiling pro forma financial information has been properly followed. It also covers related engagement acceptance and reporting considerations, and provides an illustrative report arising from such an engagement.

“Our research indicates that many jurisdictions around the world need a common, high-quality standard that can be consistently, globally applied. Our goal, therefore, is to guide and contribute to the quality of practice in an area of great importance to capital markets,” said Arnold Schilder, Chairman of the IAASB.

While all stakeholders are invited to comment on the proposed ISAE 3420, the IAASB recognizes that pro forma financial information is of particular interest and relevance to issuers, investors, analysts, professionals working at securities exchanges, and regulators. Accordingly, the IAASB invites respondents from these constituencies in particular to comment on the proposal, including the content of the illustrative practitioner’s report.

“Internationally, investors, regulators, and other stakeholders want and expect consistent, quality work by assurance practitioners, as well as clear and understandable reporting. Over the years, however, different countries have developed different practices in relation to reporting on the process of compiling this type of information, and this is a situation that is not sustainable in the public interest,” noted James Gunn, IAASB Technical Director. “The proposed standard seeks to address this issue by helping to create a level playing field for practitioners for such engagements, thereby enabling them to better meet the expectations of investors, regulators, and others.”

How to Comment

To access the exposure draft or submit a comment, visit the IAASB’s website at www.iaasb.org/ExposureDrafts.php. Comments on the exposure draft are requested by **September 30, 2010**.

About the IAASB

The IAASB (www.iaasb.org) develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by IFAC.

About IFAC

IFAC (www.ifac.org) is the global organization for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of 159 members and associates in 124 countries and jurisdictions, representing more than 2.5 million accountants in public practice, education, government service, industry, and commerce.

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