

## Convergence Update

At a meeting on 21 April, Charlie McCreevy, EU Internal Market Commissioner, and William Donaldson, Chairman of the US Securities and Exchange Commission (SEC), discussed a 'roadmap' developed by SEC staff that highlights the steps needed to eliminate the US GAAP reconciliation requirement for non-US companies that use International Financial Reporting Standards (IFRSs) and file with the SEC. The roadmap establishes a goal of eliminating the reconciliation requirement as early as possible between now and 2009 at the latest. Achieving that goal would, among other things, depend on a detailed analysis of the faithfulness and consistency of the application and interpretation of IFRSs in financial statements across companies and jurisdictions, and continued progress on the IASB-FASB convergence activities. The announcements regarding the roadmap provided welcome encouragement to the process of convergence between the US Financial Accounting Standards Board (FASB) and the IASB.

Consistently with the announcements of the European Commission and the SEC following the 21 April meeting, the two Boards continue to focus on convergence activities, and the IASB will allocate further resources towards convergence work. Since their joint meeting in April:

- in view of the crucial importance of the issue, representatives of both Boards and their staffs have had and will continue their discussions in the coming months, also involving the European Commission and the SEC.
- the staffs of the Boards are updating the work plan. The plan will include specific priorities for convergence work and projected timing
- the development of the staff work plan will be a priority for the IASB and its staff in the coming weeks in their regular discussions with the FASB; and
- the IASB will discuss the proposed work plan with the IASC Foundation Trustees at their public meeting in Paris on Tuesday 21 June and the Standards Advisory Council at their meeting on 27 and 28 June.

In its pursuit of convergence with the FASB, the IASB will be sensitive to the practical concerns of the business and accounting communities that are implementing our standards. The IASB is conscious that many companies and investors are coping with an enormous amount of change with the adoption of IFRSs in 2005.

The IASB will continue to post updates on its convergence work in the weeks ahead.