



Global

## Deloitte CEO applauds SEC decision on IFRS recognition

**Mutual recognition of IFRS financial statements in the US is a testament to the success of the convergence process**

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Berlin, Germany – June 20, 2007 – Deloitte global CEO James H. Quigley said today that governments and regulators must continue with genuine efforts to achieve consistency in the development and application of global financial reporting standards and a global reporting infrastructure in order to enhance protection for investors. Quigley, speaking from Berlin where leaders from Deloitte member firms gathered at the organization's annual World Meeting, pointed out that the increasing cooperation between the U.S. Securities and Exchange Commission (SEC) and the European Commission to facilitate mutual recognition of financial reporting standards in the U.S. and Europe is a significant step toward the advancement of a truly global reporting framework.

The SEC today agreed to a proposal to accept financial statements of "foreign private issuers" prepared in accordance with International Financial Reporting Standards (IFRS) without reconciliation to U.S. Generally Accepted Accounting Principles (U.S. GAAP). The SEC also suggested that it would explore the possibility of allowing U.S. companies to choose U.S. GAAP or IFRS. Similarly, the European regulators have undertaken an initiative to determine the "equivalence" of U.S. GAAP and IFRS.

Quigley said, "Today's action by the SEC is a testament to the success of the convergence process and a significant milestone in the journey."

According to the recent, "Survey of Opinion on Financial Reporting & Auditing," conducted by the International Corporate Governance Network, investors worldwide support a single set of global financial reporting standards. The survey showed that 83 percent of global investors see this kind of harmonization as a positive.

Quigley also suggested that Europe must continue its efforts to maintain the integrity of IFRS implementation, "which has not been easy for any market." According to Quigley, "The development of a global financial reporting model requires the concurrence by those at the standard setting, interpretive and enforcement levels. The good news is that great progress is being made. The International Accounting Standards Board and national accounting standard-setting bodies are now working together toward a common goal, as opposed to being competitors. Similarly, regulators share a new found cooperation."

Quigley also suggested that other countries could learn from Europe's lead in the adoption of IFRS. He said, "Europe has managed the transition to IFRS, and other countries, including the United States, can learn a lot from the European experience."

"Europe's experience has shown that a defined timeframe was critical when moving toward a global set of standards—it's always easier to hit a stationary target than one that's moving—and ongoing communication between preparers, users, regulators, and the profession during the transition phase is

a must."

Leading his first Deloitte World Meeting as global CEO, Jim Quigley along with his new team, outlined their plans for the future of the professional services organization. Deloitte plans to strengthen service quality to clients and the marketplace by building stronger connections between member firms across regions, increasing the number of professionals in key markets, including Europe and Asia, and building a stronger commitment to people, a potential source of sustainable competitive advantage.

The organization also intends to capitalize on the firms' multiple service offerings, which is a market differentiator. Quigley said, "Deloitte firms have a powerful business model offering audit, tax, financial advisory services and consulting, including merger and acquisition services. This enables them to bring a broad business perspective to their clients worldwide, and in local markets like Germany."

Holding the meeting in Germany is very significant for the Deloitte CEO. "Deloitte Germany is celebrating its 100 year anniversary and is strategically important to the firms' operations in Europe and globally; given the size of the German marketplace and the transactions that are taking place here," he said.

This week Deloitte Germany announced a new partnership, management and governance structure of the firm. These changes are aimed at attracting talented professionals to the firm and to enable Deloitte Germany to deliver even greater value to its clients, as it embarks on the next century.

To order broadcast-standard video of Jim Quigley commenting on these issues as well as footage from the Deloitte World Meeting please visit [www.thenewsmarket.com/deloitte](http://www.thenewsmarket.com/deloitte).

For downloadable photos of 2007 World Meeting, please visit [www.deloitte.com/worldmeetingphotos](http://www.deloitte.com/worldmeetingphotos).

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