

Joint statement by the IASB and the FASB on their convergence work

In our November 2009 joint statement, we, the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) again reaffirmed our commitment to improving International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP) and achieving their convergence. That Statement affirmed June 2011 as the target date for completing the major projects in the 2006 Memorandum of Understanding (MoU), as updated in 2008, described project-specific milestone targets, and acknowledged the need to intensify our standards-setting efforts to meet those targets.

We committed to providing transparency and accountability regarding those plans by reporting periodically on our progress. Our first report, dated 31 March 2010, described the progress we had made to date, explained some of the challenges we face in improving and converging our standards in certain areas, and reported changes made to certain project-specific milestone targets.

As noted in our March 2010 progress report, we recognise the challenges that arise from seeking effective global stakeholder engagement on a large number of projects. Since publishing the March progress report, stakeholders have voiced concerns about their ability to provide high-quality input on the large number of major Exposure Drafts planned for publication in the second quarter of this year.

The IASB and the FASB are in the process of developing a modified strategy to take account of these concerns that would:

- prioritise the major projects in the MoU to permit a sharper focus on issues and projects that we believe will bring about significant improvement and convergence between IFRS and US GAAP.
- stagger the publication of Exposure Drafts and related consultations (such as public round table meetings) to enable the broad-based and effective stakeholder participation in due process that is critically important to the quality of their standards. We are limiting to four the number of significant or complex Exposure Drafts issued in any one quarter.
- issue a separate consultation document seeking stakeholder input about effective dates and transition methods.

The modified strategy retains the target completion date of June 2011 for many of the projects identified by the original MoU, including those projects, as well as other issues not in the MoU, where a converged solution is urgently required. The target completion dates for a few projects have extended into the second half of 2011. The nature of the comments received on the Exposure Drafts will determine the extent of the redeliberations necessary and the timeline required to arrive at high quality, converged standards.

The IASB and the FASB have begun discussions on this proposed strategy with their respective oversight bodies and regulators, including members of the IASC Foundation Monitoring Board.

It is expected that this action by the FASB and IASB will not negatively impact the Securities and Exchange Commission's work plan, announced in February, to consider in 2011 whether and how to incorporate IFRS into the US financial system.

The boards expect to publish shortly a progress report that includes a revised work plan.