

## Financial Reporting Council

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### FRC encourages SEC to allow US companies the option to use IFRS

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The Financial Reporting Council (FRC), the UK's independent regulator responsible for promoting confidence in corporate reporting and governance, has responded to the US Securities and Exchange Commission (SEC) on its proposed Roadmap on the use of International Financial Reporting Standards (IFRS) by US companies.

The FRC has commented on the proposals because it believes that permitting US domestic issuers to use IFRS will be significant to the future development and credibility of IFRS, a matter of considerable importance to the FRC.

The FRC supports the widespread adoption of IFRS and encourages the SEC to permit US issuers who can demonstrate their competence in IFRS to be able to adopt IFRS in place of US Generally Accepted Accounting Principles (GAAP).

In its landmark decision in 2007 to allow non-US companies to use IFRS without the need to reconcile to US GAAP the SEC concluded that IFRS was a high quality set of accounting standards and that IFRS and US GAAP could co-exist in the US capital markets. The FRC believes that these conclusions remain valid and justify extending the IFRS option to US companies.

The FRC also encourages the SEC to clarify that US companies that do adopt IFRS will not be at risk of being required to return to US GAAP at a later date if the SEC decides not to mandate IFRS for all US companies.

Commenting on the submission, Paul Boyle, Chief Executive of the FRC said:

"A decision by the SEC to permit US companies to use IFRS would enhance the global acceptance of IFRS as a set of high quality accounting standards."

The FRC's response also encourages the International Accounting Standards Board and the US Financial Accounting Standards Board to continue to work together but notes that the focus should be on achieving improvements in financial reporting, whether under US GAAP or IFRS, rather than convergence of IFRS and US GAAP as a goal in itself.

#### Notes to Editors

1. The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting confidence in corporate reporting and governance. Its functions are exercised principally by its operating bodies (the Accounting Standards Board, the Auditing Practices Board, the Board for Actuarial Standards, the Financial Reporting Review Panel, the Professional Oversight Board and the Accountancy and Actuarial Discipline Board) and by the FRC Board. The Committee on Corporate Governance assists the Board in its work on corporate governance.
2. All Press enquires should be addressed to Ian Wright, Director of Corporate Reporting, telephone 020 7492 2330 or to Jon Hooper, Head of Communications, telephone: 020 7492 2344 or email: [j.hooper@frc.org.uk](mailto:j.hooper@frc.org.uk).