

## U.S. Reporting Newsletter for Non-U.S. Based Companies

### Recent Developments

*This newsletter reports recent developments in IFRS, U.S. GAAP*

*Accounting and at the SEC that may be of interest to non-U.S. companies.*



#### In this Issue:

##### IFRS Matters

- IASB Issues IFRS on Classification and Measurement of Financial Assets
- IASB Amends IAS 32 to Clarify Rights Issues
- IASB Proposes Changes as Part of Its Annual Improvements Project
- Trustees of IASC Foundation Publish Proposals on Enhanced Accountability and Stakeholder Outreach
- IASC Foundation Exposes IFRS for SMEs Taxonomy for Public Comment
- An Update on the FASB's and IASB's Joint Project on Accounting for Income Taxes
- IASB issues Amendments to IAS 24
- IASB Proposes New Approach to Accounting for Credit Losses
- IFRS Tools

##### U.S. GAAP Matters

- FASB Issues ASUs on Revenue Arrangements
- FASB Issues ASU on Accounting for Own-Share Lending Arrangements
- FASB Issues Proposed ASU on Embedded Credit Derivative Scope Exception
- FASB Provides Guidance on Accounting for Uncertainty in Income Taxes
- FASB Issues Proposed ASU on Research and Development Assets Acquired in an Asset Acquisition
- FASB Issues Proposal Regarding Ownership Provisions in the Consolidation Subtopic
- FASB Issues Guidance on Measuring Fair Value of Certain Alternative Investments
- FASB Issues ASU Regarding Measuring Liabilities at Fair Value
- FASB issues a proposed ASU on the EITF consensus-for-exposure on Issue 09-B
- FASB Proposes ASU on Oil and Gas Reserve Estimation and Disclosures

- FASB Issues Technical Corrections and Other Changes to the Codification
- AICPA Oil and Gas Guide Working Draft
- FASB Votes to Defer Statement 167 for Interests in Certain Entities
- Proposed ASU, Improving Disclosures About Fair Value Measurements: FASB Decides to Defer Sensitivity Analysis and to Issue Other Proposed Disclosures
- Financial Reporting Considerations for Pension and Other Postretirement Benefits
- First Steps Revisited: Additional Tax Relief for Business and Homebuyers
- FASB Proposes to Amend Subsequent Events Date Disclosure Requirement
- SEC Releases Staff Accounting Bulletin No. 113
- Guidance on Material Modifications to Revenue Arrangements With Multiple Deliverables
- EITF Reaches Consensus on Accounting for Stock Dividends
- EITF Reaches Consensus-for-Exposure Regarding Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset
- EITF Reaches Consensus-for-Exposure Regarding Impact of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Primarily Trades
- EITF Reaches Consensus-for-Exposure on Casino Base Jackpot Liabilities
- EITF Reaches Consensus-for-Exposure on the Definition of Deferred Acquisition Costs of Insurance Entities

##### Other Matters

- AICPA's ASB Proposes Various Statements on Auditing Standards
- SEC Proposes Rule to Provide Temporary Filing Accommodation for Static Pool Information
- GAO Issues Report on Troubled Asset Relief Program
- SEC Chairman Issues Letter to Broker-Dealer CEOs on Compensation Arrangements
- SEC Sends Sample Letter to Public Companies About MD&A Disclosure Regarding Provisions and Allowances for Loan Losses
- PCAOB Issues Staff Guidance

## Other matters (continued)

- SEC's Division of Corporation Finance Issues Compliance and Disclosure Interpretations
- SEC Announces New Division of [Risk, Strategy, and Financial Innovation](#)
- SEC Investor Advisory Committee Forms Subcommittees
- SEC Further Defers Section 404(b) Requirement for Non-accelerated Filers
- SEC Staff Releases Observations From Review of Interactive Data Financial Statements
- SEC Issues Draft Strategic Plan for 2010-2015
- SEC Proposes Amendments to Rules Requiring Internet Availability of Proxy Materials
- COSO Releases Paper on the Role of the Board of Directors in Enterprise Risk Management
- SEC Observations and Expectations About Executive Compensation Disclosures
- SEC's Division of Corporation Finance Issues Compliance and Disclosure Interpretations on Oil and Gas Rules
- SEC Staff Issues Bulletin on Shareholder Proposals
- SEC Issues Final Rule Adopting Updated EDGAR Filer Manual
- SEC Releases PCAOB Proposal on Auditing Standard 7
- Reports Released by the Institute of Internal Auditors Audit Executive Center
- Sample Forms Published by the PCAOB

## IFRS Matters

### IASB Issues IFRS on Classification and Measurement of Financial Assets

On November 12, 2009, the IASB issued IFRS 9 *Financial Instruments*, which represents the first part of a three-part project to replace the current guidance on financial instruments in IAS 39. IFRS 9 requires, among other things, that an entity classify a financial asset at either amortized cost or fair value, depending on the entity's business model and the contractual cash flow characteristics of the asset. IFRS 9 is effective for annual periods beginning on or after January 1, 2013; early application is permitted.

For more information, see the Deloitte [Heads Up](#) on the topic.

### IASB Amends IAS 32 to Clarify Rights Issues

On October 8, 2009, the IASB issued an amendment to IAS 32, *Financial Instruments: Presentation* to clarify the classification of rights issues. Previous practice was to account for rights issues that are denominated in a currency other than the functional currency of the issuer as derivative liabilities. The amendment requires an entity to classify such rights issues as equity regardless of whether the currency is the entity's functional currency, provided that the rights issues are "offered pro rata to all of an entity's existing shareholders on the exercise of which the entity will receive a fixed amount of cash for a fixed number of the entity's own equity instruments." The amendment is effective for annual periods beginning on or after February 1, 2010; early application is permitted.

For more information, see the [press release](#) on the IASB's Web site.

### IASB Proposes Changes as Part of Its Annual Improvements Project

On August 26, 2009, as part of its annual improvements project, the IASB issued an Exposure Draft (ED) that proposes amendments to a number of IFRSs. The proposed amendments cover a variety of topics, including clarifications of financial instrument disclosures, interim disclosures regarding significant events and transactions, changes in presentation and disclosure for first-time adopters of IFRSs, and the clarification of the measurement of noncontrolling interests under IFRS 3. Comments on the proposed amendments were due by November 24, 2009.

For more information, see the [press release](#) on the IASB's Web site.

## Trustees of IASC Foundation Publish Proposals on Enhanced Accountability and Stakeholder Outreach

In September 2009, the IASC Foundation, the oversight body of the IASB, published proposals as part of its IASC Foundation Constitution review. The proposals focus on governance of organizations and call for the following:

- Enhancement of the IASB's agenda-setting processes.
- Expansion of the IASB's liaison with other organizations.
- Establishment of a "procedure for an accelerated due process."
- An increase in "geographical balance" among the trustees.
- A change in the name of the organization to the IFRS Foundation to clarify the foundation's mission.

Comments on the proposals were due by November 30, 2009.

For more information, see the [press release](#) on the IASB's Web site.

## IASC Foundation Exposes IFRS for SMEs Taxonomy for Public Comment

The IASC Foundation's XBRL team issued an ED of its IFRS for Small and Medium-Sized Entities (SMEs) Taxonomy, which would translate the IASB's IFRS for SMEs into XBRL. Although based on the IFRS Taxonomy 2009, the SME taxonomy reflects the reduced disclosure requirements of the IFRS for SMEs. Comments on the ED were due by November 27, 2009.

For more information about the ED, see the [press release](#) on the IASB's Web site.

## An Update on the FASB's and IASB's Joint Project on Accounting for Income Taxes

The FASB and IASB met on October 28 to discuss the status of their joint project on accounting for income taxes. On March 31, 2009, the IASB issued an ED, *Income Tax (ED/2009/2)*, containing proposals for an IFRS on income taxes that would replace the current guidance in IAS 12. Comments on the ED were due July 31, 2009. At the October 28 meeting, the IASB staff summarized the comments received and noted that there was very little support for finalizing the ED in its current form. The Board discussed the direction of the income tax project, and many members agreed that while a fundamental review and overhaul of accounting for income taxes is warranted, the resources required for such an undertaking are not currently available. The IASB did mention the possibility of making a few amendments in the short-term to IAS 12 specifically related to the current recognition exceptions. The discussion concluded with the IASB staff stating that the direction of the IASB's income tax project will be discussed at a future IASB meeting. The IASB made it clear that the income tax proposals in the ED are not going forward as proposed, however, some minor amendments to IAS 12 are possible. The FASB has suspended its deliberations on the Income Taxes project and will decide how to proceed at a future administrative meeting.

For more information, see the [complete summary](#) of the meeting, including the income taxes discussion, on the IAS Plus Web site.

## IASB issues Amendments to IAS 24

In November 2009, the IASB issued IAS 24 *Related Party Disclosures*. (revised), which contains a partial exemption for government-related entities under which these entities are only required to disclose information about related-party transactions that are individually and collectively significant and a simplified definition of "related party" that includes illustrative examples. The standard is effective for annual periods beginning on or after January 1, 2011 and early application is permitted.

For more information, see the [press release](#) on the IASB's Web site.

## IASB Proposes New Approach to Accounting for Credit Losses

On November 5, 2009, the IASB issued an ED, *Financial Instruments: Amortised Cost and Impairment*, that proposes a fundamentally new approach to accounting for credit losses to replace the existing “incurred-loss” model. The proposed approach, which affects the recognition of both net interest revenue and credit impairment, is designed to result in earlier loss recognition by taking into account future credit losses expected over the life of loans or other financial assets (an “expected-loss” approach). Under this approach, an allowance for expected future losses is gradually built over the life of a financial asset by deducting a margin for future credit losses from gross interest revenue, even if no losses have yet been incurred. If adopted, implementation of the IASB’s expected-loss approach would likely be a considerable undertaking. Many banks and other lending institutions would likely need a lengthy implementation period that would give them enough time to collect data and develop systems to apply the new approach. Comments on the ED are due by June 30, 2010. The IASB expects to finalize the new requirements in 2010, and to make them effective for 2013 or later.

For more information, see the [press release](#) on the IASB’s Web site.

## IFRS Tools

### IAS Plus Website

IAS Plus is a resource that discusses current and potential future developments in the IFRS environment. Deloitte is pleased to offer e-learning materials for IFRS free of charge on IAS Plus.

### IAS Plus Update Newsletters

The IAS Plus Update newsletters are published at the time of release of new and revised Standards and Interpretations, EDs and discussion documents and include summaries of the documents and consideration of the principal amendments/proposals. Special edition newsletters are also issued from time to time, summarizing key IASB and IFRIC proposals and pronouncements. The IAS Plus Update newsletters issued between September and November 2009 include discussions on the following topics:

- Financial Instruments: Amortised cost and Impairment
- IFRS 9 Financial Instruments
- IASB issues amendments to IAS 24
- Classification of Rights Issues
- IASB Releases Omnibus Exposure Draft of Annual Improvements

[Click here](#) to access the latest special edition and updated newsletters on the IAS Plus Web site.

### IFRS Resource Library

As IFRS continue to gain acceptance around the world, more U.S. companies are inquiring about what IFRS means for them. IFRS Resource Library includes a collection of Deloitte IFRS materials and resources, including industry white papers and publications mentioned in this newsletter that further explore the many aspects of this evolving issue. Deloitte is committed to providing the latest information and support on IFRS for companies, schools and the finance profession.

[Click here](#) to access the publications available on IFRS Resource Library.

### IFRS Insights

Developed by the IFRS Solutions Center, IFRS Insights responds to the growing need among U.S. companies for current information on IFRS developments and the increasing demand for insights on IFRS implementation. Each issue of the newsletter will draw on news and perspectives from the network of experienced IFRS professionals of the member firms of Deloitte Touche Tohmatsu to cover relevant topics for CFOs and senior financial executives. Recent issues include the following topics:

- An overview of International Accounting Standards Board’s (IASB) recently issued IFRS for Small and Medium-sized Entities

- An article about IFRS for insurance companies and a look at the industry's accounting landscape
- A brief overview of International Accounting Standard (IAS) 19, Employee Benefits
- Featured IFRS survey results on private companies
- A feature on convergence — what it is and isn't
- An article about how IFRS can be a catalyst for change in the tax function
- An overview of International Accounting Standard (IAS) 12, Accounting for Income Taxes
- An update on IFRS developments around the world
- A feature on leading a cost-effective IFRS transition
- An article about the role of IFRS tools and solutions in an IFRS assessment
- An overview of selecting exemptions on first-time adoption of IFRS — defined benefit plans
- A brief summary of the comment letters submitted in response to the SEC's proposed IFRS roadmap

[Click here](#) to access the latest editions of the newsletter.

## U.S. GAAP Matters

### FASB Issues ASUs on Revenue Arrangements

In October 2009, the FASB issued the following Accounting Standards Updates (ASUs):

- ASU 2009-13, *Multiple-Deliverable Revenue Arrangements*.
- ASU 2009-14, *Certain Revenue Arrangements That Include Software Elements*.

Both ASUs were consensuses of the EITF and ratified by the FASB.

#### ASU 2009-13 (Formerly Issue 08-1)

The ASU affects entities that enter into revenue arrangements consisting of multiple deliverables. ASU 2009-13 codifies the consensus in Issue 08-1, which supersedes Issue 00-21 (codified in ASC 605-25). The ASU was issued in response to practice concerns related to the accounting for revenue arrangements with multiple deliverables under Issue 00-21 and applies to all deliverables in contractual arrangements in all industries in which a vendor will perform multiple revenue-generating activities, except when some or all deliverables in a multiple-deliverable arrangement are within the scope of other, more specific sections of the Codification (e.g., ASCs 840, 952, 360-20 (pre-Codification guidance from Statements 13, 45, and 66) and other sections of ASC 605 on revenue recognition (e.g., pre-Codification guidance from SOPs 81-1 and 97-2)).

Specifically, the ASU addresses the unit of accounting for arrangements involving multiple deliverables. It also addresses how arrangement consideration should be allocated to the separate units of accounting, when applicable. However, guidance on determining when the criteria for revenue recognition are met and on how an entity should recognize revenue for a given unit of accounting are located in other sections of the Codification (e.g., SAB Topic 13). Although the ASU retains the criteria from Issue 00-21 for when delivered items in a multiple-deliverable arrangement should be considered separate units of accounting, it removes the previous separation criterion under Issue 00-21 that objective and reliable evidence of the fair value of any undelivered items must exist for the delivered items to be considered a separate unit or separate units of accounting.

The ASU is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply the ASU (1) prospectively to new or materially modified arrangements after its effective date or (2) retrospectively for all periods presented. Early application is permitted; however, if the entity elects prospective application and early adopts the ASU after its first interim reporting period, it must also do the following in the period of adoption: (1) retrospectively apply the ASU as of the beginning of that fiscal year and (2) disclose the effect of the retrospective adjustments on the prior interim periods' revenue, income before taxes, net income, and earnings per share.

For more information, see the [October 1, 2009, Heads Up](#) publication on Deloitte's Web site.



## **ASU 2009-14 (Formerly Issue 09-3)**

The ASU affects entities that sell tangible products containing both hardware elements and software elements that are currently within the scope of ASC 985-605 (SOP 97-2). ASU 2009-14 amends ASC 985-605 and ASC 985-605-15-3 (Issue 03-5) to exclude from their scope all tangible products containing both software and nonsoftware components that function together to deliver the product's essential functionality. That is, the entire product (including the software deliverables and nonsoftware deliverables) would be outside the scope of ASC 985-605 and would be accounted for under other accounting literature (e.g., ASC 605-25 (as amended by ASU 2009-13)). The consensus will include factors that entities should consider when determining whether the software and nonsoftware components function together to deliver the product's essential functionality and are thus outside the revised scope of ASC 985-605. In addition, the consensus will include examples illustrating how entities would apply the revised scope provisions.

The ASU is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply the ASU (1) prospectively to new or materially modified arrangements after its effective date or (2) retrospectively for all periods presented. Early application is permitted; however, if the entity elects prospective application and early adopts the ASU after its first interim reporting period, it must also do the following in the period of adoption: (1) retrospectively apply the ASU as of the beginning of that fiscal year and (2) disclose the effect of the retrospective adjustments on the prior interim periods' revenue, income before taxes, net income, and earnings per share.

For more information, see the [October 23, 2009, Heads Up](#) publication on Deloitte's Web site.

## **FASB Issues ASU on Accounting for Own-Share Lending Arrangements**

The ASU affects entities that enter into a share-lending arrangement on their own shares in contemplation of a convertible debt offering or other financing (e.g., an equity financing) in which the share-lending arrangement is classified in equity. This ASU (ASU 2009-15) was a consensus of the EITF and ratified by the FASB.

The ASU requires an entity that enters into a share-lending arrangement on its own shares (that are classified in equity pursuant to other authoritative accounting guidance) in contemplation of a convertible debt issuance (or other financing) to initially measure the share-lending arrangement at fair value and treat it as an issuance cost and to exclude the shares borrowed under the share-lending arrangement from basic and diluted EPS. In addition, under the ASU, if it becomes probable that the share-lending arrangement counterparty will default on the arrangement (not return the entity's shares within the specified period), the issuing entity should record a loss in current earnings that is equal to the fair value of the shares outstanding less any recoveries. The entity will continue to adjust the loss until actual default. The ASU also requires entities to provide certain disclosures about the share-lending arrangement.

The ASU is effective for new share-lending arrangements issued in periods beginning on or after July 15, 2009. For all other share-lending arrangements, the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2009. The ASU should be applied retrospectively to arrangements that are outstanding on its effective date.

For more information, see the [EITF Snapshot](#) publication on Deloitte's Web site.

## **FASB Issues Proposed ASU on Embedded Credit Derivative Scope Exception**

On October 13, 2009, the FASB issued a proposed ASU (a revision of the pre-Codification proposed Implementation Issue C22) that clarifies the scope exception in ASC 815-15-15-9 for "embedded credit derivative features related to the transfer of credit risk in the form of subordination of one financial instrument to another." If finalized, the proposed ASU will be effective for the first fiscal quarter beginning after December 15, 2009. Comments on the proposed ASU were due by November 12, 2009.

For more information, see the [Proposed ASU](#) on FASB's Web site and [October 15, 2009, Heads Up](#) publication on Deloitte's Web site.

## **FASB Provides Guidance on Accounting for Uncertainty in Income Taxes**

In September 2009, the FASB issued ASU 2009-06, which provides guidance on accounting for uncertainty in income taxes and disclosure amendments for nonpublic entities. ASU 2009-06 signals the end of the FASB's deferral, for certain nonpublic entities, of the accounting for tax positions under the pre-Codification guidance in Interpretation 48. The ASU provides guidance on (1) what constitutes a tax position for a pass-through or not-for-profit entity, (2) determining when an income tax is attributed to the reporting entity or its owners, and (3) application of accounting for uncertainty in income taxes to a group of related entities composed of both taxable and nontaxable entities. The ASU also eliminates the disclosure requirements of ASC 740-10-50-15(a) and 15(b) for nonpublic entities.

The ASU is effective for interim and annual periods ending after September 15, 2009, for entities currently applying the guidance in ASC 740 on accounting for uncertainty in income taxes. For entities that have deferred this guidance, the ASU is effective upon initial adoption of the guidance from Interpretation 48.

For more information, see the [ASU 2009-06](#) on the FASB's Web site.

## **FASB Issues Proposed ASU on Research and Development Assets Acquired in an Asset Acquisition**

On September 30, 2009, the FASB issued a proposed ASU on the EITF consensus-for-exposure on Issue 09-2 that addresses inconsistencies between the accounting for R&D assets acquired in a business combination, accounted for under ASC 805, and those acquired in an asset acquisition. The proposed ASU requires an entity to capitalize R&D assets acquired in an asset acquisition. In addition, under the proposal, acquired R&D assets would be considered indefinite-lived intangible assets until completion or abandonment of the related R&D activities, in accordance with paragraphs 15–17 of ASC 350-30-35.

The ASU proposes that contingent consideration in an asset acquisition, except for contingent consideration in acquisitions of equity method investments, which is addressed in ASC 323-10 (formerly Issue 08-6), would be accounted for in accordance with other sections of the Codification. In other words, the entity would first determine whether the contingent consideration arrangement meets the definition of a derivative that must be accounted for under ASC 815 (formerly Statement 133). Finally, the proposed ASU includes a principle under which the entity would analyze whether contingent consideration relates to the acquired asset or to future services provided by the seller.

For more information, see the [proposed ASU](#) on the FASB's Web site.

## **FASB Issues Proposal Regarding Ownership Provisions in the Consolidation Subtopic**

On August 28, 2009, the FASB issued a proposed ASU that would amend the consolidation provisions of ASC 810-10 to:

- Clarify the subtopic's scope regarding the decrease in ownership provisions.
- Expand the disclosures for a deconsolidated subsidiary or group of assets to include valuation techniques and inputs used to measure any retained interest and the nature of any continuing involvement with the subsidiary after deconsolidation.

For more information, see the [proposed ASU](#) on the FASB's Web site.

## **FASB Issues Guidance on Measuring Fair Value of Certain Alternative Investments**

On September 30, 2009, the FASB issued ASU 2009-12 (previously exposed for comments as proposed FSP FAS 157-g) to provide guidance on measuring the fair value of certain alternative investments. The ASU amends ASC 820 to offer investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value per share (NAV).

The ASU is effective for the first reporting period (including interim periods) ending after December 15, 2009; however, early adoption is permitted.

For more information, see the [ASU 2009-12](#) on the FASB's Web site.

## **FASB Issues ASU Regarding Measuring Liabilities at Fair Value**

On August 28, 2009, the FASB issued ASU 2009-05 (previously exposed for comments as proposed FSP FAS 157-f) to provide guidance on measuring the fair value of liabilities under ASC 820.

The ASU clarifies that the quoted price for the identical liability, when traded as an asset in an active market, is also a Level 1 measurement for that liability when no adjustment to the quoted price is required. In the absence of a Level 1 measurement, an entity must use one or more of the following valuation techniques to estimate fair value (in a manner consistent with the principles in ASC 820), which can be classified into two broad categories:

- A valuation technique that uses a quoted price:
  - Of an identical liability when traded as an asset.
  - Of a similar liability or of a similar liability when traded as an asset.
- Another valuation technique (e.g., a market approach or an income approach), including one of the following:
  - A technique based on the amount an entity would pay to transfer the identical liability.
  - A technique based on the amount an entity would receive to enter into an identical liability.

The ASU is effective for the first interim or annual reporting period beginning after the ASU's issuance.

For more information, see the [ASU 2009-05](#) on the FASB's Web site.

## **FASB issues a proposed ASU on the EITF consensus-for-exposure on Issue 09-B**

On September 30, 2009, the FASB issued a proposed ASU on the EITF consensus-for-exposure on Issue 09-B that addresses the consideration of an insurer's accounting for majority-owned investments when the ownership is through a separate account. Under the proposal, an insurance company would not be required to fully consolidate a mutual fund that is controlled by the separate accounts or through a combination of interests held by the general and separate accounts.

For more information, see the [proposed ASU](#) on the FASB's Web site.

## **FASB Proposes ASU on Oil and Gas Reserve Estimation and Disclosures**

On September 15, 2009, the FASB issued an ED of a proposed ASU on oil and gas reserve estimation and disclosures. The purpose of the ED is to align the current reserve estimation and disclosure requirements of ASC 932 with the requirements in the SEC's final rule on modernization of the oil and gas reporting requirements, which was issued in December 2008.

The ASU would avoid an entity's having to perform two reserve calculations and provide two sets of disclosures under both the final rule and ASC 932. It would therefore help avoid confusion among financial statement users. If approved, this ASU would be effective for annual reporting periods ending on or after December 31, 2009, and would be applied prospectively as a change in estimate.

For more information, see the [proposed ASU](#) on the FASB's Web site.

## **FASB Issues Technical Corrections and Other Changes to the Codification**

In September 2009, the FASB issued the following five ASUs containing amendments and technical corrections to certain SEC references in the Codification:

- ASU 2009-07, Accounting for Various Topics.
- ASU 2009-08, Earnings per Share.
- ASU 2009-09, Accounting for Investments — Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees.
- ASU 2009-10, Financial Services — Broker and Dealers: Investments — Other.
- ASU 2009-11, Extractive Activities — Oil and Gas.

For more information, see the [ASUs](#) on the FASB's Web site.



## **[AICPA Oil and Gas Guide Working Draft](#)**

The AICPA has posted a working draft of a significantly revised AICPA Audit and Accounting Guide, Entities With Oil and Gas Producing Activities. The guide addresses many new accounting issues that have emerged over the years, including issues affecting public and private companies. The AICPA has requested informal feedback on the working draft by December 11, 2009.

Click here to access the [working draft](#).

## **[FASB Votes to Defer Statement 167 for Interests in Certain Entities](#)**

At its November 11, 2009, Board meeting, the FASB tentatively decided to defer the effective date of Statement 167 for a reporting enterprise's interest in certain entities. This proposed deferral is meant to address constituent concerns that applying the current requirements under Statement 167 will distort the financial statements of asset managers. The proposed deferral is also meant to address concerns that the IASB's proposed consolidation model may result in a different consolidation conclusion for asset managers. The Board also agreed to provide a deferral for money market mutual funds. Finally, the Board agreed to amend certain provisions of paragraph B22 of Interpretation 46(R) as amended by Statement 167, to change how a decision maker or service provider determines whether its fee is a variable interest.

On December 4, 2009, the FASB issued an ED of a proposed ASU, Amendments to Statement 167 for Certain Investment Funds. Comments on the ED are due by January 6, 2010. If finalized, the ASU would be effective as of the beginning of the first annual period that begins after November 15, 2009, and for interim periods within that first annual reporting period. The effective date coincides with the effective date of Statement 167. Early application would not be permitted.

For more information, see the [Summary of Board Decisions](#) on the FASB's Web site.

## **[Proposed ASU, Improving Disclosures About Fair Value Measurements: FASB Decides to Defer Sensitivity Analysis and to Issue Other Proposed Disclosures](#)**

The FASB met on November 11 to redeliberate issues raised by constituents on its proposed ASU, Improving Disclosures About Fair Value Measurements. In view of respondents' concerns about the operationality and costs of the sensitivity disclosures in the proposed ASU and the decision at the October 2009 joint board meeting to achieve convergence on fair value measurement and disclosure, the FASB decided to defer consideration of the proposed sensitivity disclosures by including them in a newly added joint convergence project on fair value measurement and disclosures. The FASB also decided to issue a final ASU that includes guidance on all of the proposed disclosures other than the sensitivity disclosures. These disclosures (excluding the sensitivity disclosures) will be effective for annual or interim reporting periods beginning after December 15, 2009, except for the requirement to provide the Level 3 activity between purchases, sales, issuances, and settlements on a gross basis, which would be effective for periods beginning after December 15, 2010.

For more information, see the [Summary of Board Decisions](#) on the FASB's Web site.

## **[Financial Reporting Considerations for Pension and Other Postretirement Benefits](#)**

Financial Reporting Alert 09-5 highlights the impact that the volatile financial markets may have had, and could have, on an entity's pension and other postretirement benefit calculations and disclosures. In addition, the alert addresses certain implementation issues associated with the new postretirement benefit plan asset and fair value disclosures required by FASB Accounting Standards Codification (ASC) Section 715-20-50, Compensation — Retirement Benefits: Defined Benefit Plans — General: Disclosures, as amended by FASB Staff Position No. FAS 132(R)-1, "Employers' Disclosures About Postretirement Benefit Plan Assets."

For more information, see the [Financial Reporting Alert](#) on Deloitte's Web site.

## First Steps Revisited: Additional Tax Relief for Business and Homebuyers

On November 6, 2009, President Obama signed the Worker, Homeownership, and Business Assistance Act of 2009, which includes a temporary five-year net operating loss (NOL) carryback provision. Corporate taxpayers should be aware of how the extended carryback will affect their financial statements. Pursuant to FASB Accounting Standards Codification Topic 740, Income Taxes, any adjustment to deferred tax liabilities and assets for the effect of a change in tax laws or rates is included in income from continuing operations for the period that includes the enactment date. The enactment date of U.S. federal tax legislation is the date the president signs the tax bill into law. The amendment affects entities with NOLs in 2008 or 2009.

Taxpayers that intend to carry back their NOLs beyond the two-year "normal" carryback period should consider:

- Whether an adjustment to an existing valuation allowance to take into account the additional carryback capacity is necessary. (If the loss to be carried back was not previously benefited and instead the related deferred tax asset was offset by a valuation allowance, an adjustment to that valuation allowance will be necessary.)
- The appropriate financial statement disclosures (not just for the period of enactment, but also in periods before the enactment as part of the discussion of the potential effects on the company of proposed legislation).

As this would be a change in tax law, any required adjustment to the valuation allowance will be included in income from continuing operations in the period that includes the enactment date.

For more information, see the [Full Report](#) on Deloitte's Web site.

## FASB Proposes to Amend Subsequent Events Date Disclosure Requirement

At its November 4 Board meeting, the FASB agreed to propose certain amendments to ASC 855-10-50 on subsequent events. In particular, the FASB agreed to remove the requirement for public entities to disclose the date through which subsequent events procedures have been evaluated. The Board decided to remove this disclosure requirement because public entities already "have a regulatory requirement to review subsequent events up through the filing or furnishing of financial statements with the SEC."

Note that because the amendment to ASC 855-10-50 is only a proposal, public entities must still comply with the disclosure requirements of ASC 855-10-50. That is, until the amendments are finalized, public entities must disclose the date through which subsequent events procedures have been evaluated. The FASB does not expect to finalize the amendments until the beginning of calendar year 2010, at which time the amendments are proposed to be effective immediately. If the proposed amendments are issued as final, calendar-year-end public entities would not have to disclose the date through which subsequent events have been evaluated in their 2009 Form 10-Ks.

For more information, see the [Board Meeting Handout](#) on the FASB's Web site.

## SEC Releases Staff Accounting Bulletin No. 113

On October 30, the Office of the Chief Accountant of the SEC issued Staff Accounting Bulletin (SAB) No. 113. SAB 113 provides updated guidance on how the SEC staff interprets accounting rules related to the oil and gas industry. The guidance updates Topic 12 of the codification of Staff Accounting Bulletins to conform it to the SEC's Final Rule Release, Modernization of Oil and Gas Reporting, issued December 31, 2008. The principal revisions include: (1) changing the price entities use in determining quantities of oil and gas reserves, (2) eliminating the option for entities to use post-quarter-end prices to evaluate write-offs of excess capitalized costs under the full-cost method of accounting, (3) removing the exclusion of unconventional oil and gas extraction methods as oil and gas producing activities, and (4) removing certain questions and interpretative guidance that are no longer necessary.

For more information, see the [press release](#) on the SEC's Web site.

## Guidance on Material Modifications to Revenue Arrangements With Multiple Deliverables

ASU 2009-13 (formerly EITF Issue 08-1) amends the guidance in ASC 605-25 on multiple-element revenue arrangements. However, ASU 2009-13 does not specify how to account for a revenue arrangement that was accounted for under ASC 605-25 (before the ASU's amendments) if it is materially modified and now subject to the ASU's guidance.

Informal discussions with the SEC staff have indicated that it would be appropriate to account for materially modified revenue arrangements by allocating to the deliverables (in periods both before and after the modification) the arrangement consideration on a relative-selling-price basis. Any amount of revenue allocated to previously delivered items that is in excess of the revenue actually recognized in the periods that preceded the modification is recognized in its entirety in the period in which the modification occurs. In applying such an approach, an entity would aim to "true-up" deferred revenue to reflect the amount that would have been deferred had the guidance in the ASU been effective at the time the contract was executed.

For more information, see the [November 11, 2009, Financial Reporting Alert](#) on Deloitte's Web site.

## EITF Reaches Consensus on Accounting for Stock Dividends Including Distributions to Shareholders with Components of Stock and Cash

This EITF Issue (09-E) addresses whether entities should present the stock portion of a distribution as a stock dividend or as a stock issuance in the calculation of earnings per share (EPS). The Task Force previously issued an exposure draft that would have required an entity to account for the minimum stock portion of the distribution as a stock dividend.

At its November 2009 meeting, the Task Force changed its previous conclusion and reached a final consensus that requires the entity to account for the share portion of the distribution as a stock issuance. In other words, under this Issue, the entity will include the shares issued or issuable as part of a distribution in basic EPS prospectively. From the date the entity commits itself to pay a dividend that has components of cash and shares to the time the dividend is actually distributed, the entity needs to consider other GAAP in accounting for the commitment to distribute cash and shares as a liability and that commitment's impact on basic EPS, diluted EPS, or both. ASC 480-10-25-14 (formerly paragraph 12 of Statement 150) requires an entity to record a liability for any obligation that may be settled in a variable number of equity shares.

This EITF Issue would be effective for interim and annual reporting periods ending after December 15, 2009, and would be applied retrospectively to all prior periods.

The FASB ratified the consensus on December 2, 2009.

For more information, see the [November 2009 EITF Snapshot](#) on Deloitte's Web site.

## EITF Reaches Consensus-for-Exposure Regarding Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset

ASC 310-30 allows an entity to group two or more acquired loans (other than debt securities) with common risk characteristics into a pool and account for the pool as a single asset. ASC 310-30-40-1 requires that loans within the pool remain in place unless "the investor sells, forecloses, or otherwise receives assets in satisfaction of the loan, or the loan is written off."

At its November 2009 meeting, the Task Force reached a consensus-for-exposure on Issue 09-I that a modification to a loan that is part of a pool accounted for under ASC 310-30 should not result in removal of the loan from the pool. Such modifications would include those that would otherwise qualify as a troubled debt restructuring had the loan not been part of a pool. The basis for this is the guidance in ASC 310-30 specifying that the unit of accounting is the pool of loans and that the integrity of the pool should be maintained.

This Issue would be effective for the first interim or annual reporting period beginning after issuance, and would be applied prospectively. Early application would be permitted as long as the entity has not issued financial statements in that fiscal year.

The FASB ratified the consensus-for-exposure on December 2, 2009.

For more information, see the [November 2009 EITF Snapshot](#) on Deloitte's Web site.

## **EITF Reaches Consensus-for-Exposure Regarding Impact of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Primarily Trades**

This EITF Issue (09-J) addresses whether an entity should classify a share-based payment award as equity or a liability if the award's exercise price is denominated in the currency in which the underlying security trades and that currency is different from the (1) entity's functional currency, (2) functional currency of the foreign operation for which the employee provides services, and (3) payroll currency of the employee.

At its November 2009 meeting, the Task Force reached a consensus-for-exposure that would create an additional exception to liability classification under ASC 718-10. That exception applies to share-based payments with exercise prices denominated in currencies of the market in which "substantial portions" of the entity's equity securities trade. This Issue would be effective for interim and annual periods beginning on or after December 15, 2010, and would be applied prospectively. Affected entities would be required to record a cumulative catch-up adjustment for all awards outstanding as of the beginning of the annual period in which this Issue is adopted.

The FASB ratified the consensus-for-exposure on December 2, 2009.

For more information, see the [November 2009 EITF Snapshot](#) on Deloitte's Web site.

## **EITF Reaches Consensus-for-Exposure on Casino Base Jackpot Liabilities**

This EITF Issue (09-F) addresses diversity in practice in the accounting for base jackpots on gaming machines. For non-progressive jackpots, payouts are fixed on the basis of a gaming machine's predetermined pay table and the base jackpot is a fixed payout amount shown on this table. For progressive jackpots, payouts increase in value as more customers play the machine(s) and the base jackpot is the reset amount after a jackpot is paid out (e.g., a progressive jackpot that is reset to \$100,000 after each jackpot is won).

ASC 924 is not clear on whether, if a casino entity can avoid payout of the base jackpot (e.g., upon removal of a gaming machine from the casino floor), the casino entity is required to accrue any amounts before the base jackpot is won. At its November 2009 meeting, the Task Force reached a consensus-for-exposure that would preclude a casino entity from accruing base jackpots before they are won as long as the entity can avoid payout of the base jackpot (e.g., upon removal of the machine from the casino floor). Therefore, the Task Force will amend the guidance on recognizing base jackpots in ASC 924-605-25-2.

This Issue would be effective for interim and annual reporting periods beginning on or after December 15, 2010, and would be applied prospectively. A cumulative catch-up adjustment would be recorded in retained earnings as of the beginning of the period in which this Issue is adopted.

The FASB ratified the consensus-for-exposure on December 2, 2009.

For more information, see the [November 2009 EITF Snapshot](#) on Deloitte's Web site.

## **EITF Reaches Consensus-for-Exposure on the Definition of Deferred Acquisition Costs of Insurance Entities**

At its November 2009 meeting, the EITF reached a consensus-for-exposure on Issue 09-G that would limit the costs an entity can include in deferred acquisition costs (DAC) to those that are "directly related to" the acquisition of new and renewal insurance contracts. The Task Force also clarified that direct costs only include those that result in a successful acquisition of a policy and exclude all costs incurred for unsuccessful efforts. In addition, the Task Force noted that the principle for capitalizing costs under this Issue would be similar to the principle for capitalizing loan origination fees under ASC 310-20 (formerly Statement 91). For example, the portion of an underwriter's salary that is allocated to unsuccessful contract acquisitions should be excluded from DAC. The consensus-for-exposure also would require that an entity include only actual costs, not costs expected to be incurred, in DAC.

This EITF Issue would be effective for interim and annual reporting periods beginning on or after December 15, 2010, and would be applied prospectively; however, the Issue would provide an option for retrospective application. Early application would be permitted.

The FASB ratified the consensus-for-exposure on December 2, 2009.

For more information, see the [November 2009 EITF Snapshot](#) on Deloitte's Web site.

## Other Matters

### AICPA's ASB Proposes Various Statements on Auditing Standards

The Auditing Standards Board (ASB) issued the following proposed Statement on Auditing Standards (SASs):

- Terms of Engagement and Written Representations.
- Forming an Opinion and Reporting on Financial Statements; Modifications to the Opinion in the Independent Auditor's Report; and Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report.
- Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements (Redrafted).
- Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks; and Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement.
- Engagements to Report on Summary Financial Statements.
- Reporting on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country.

The proposed SASs are part of both the ASB's Clarity Project and its efforts to converge with International Standards on Auditing (ISAs).

The proposed SASs would be effective for audits of financial statements for periods beginning on or after December 15, 2010. Comments on all proposed SASs are due by December 31, 2009, except for Terms of Engagement and Written Representations, on which comments are due by January 15, 2010.

For more information, see the [Exposure Drafts of Proposed Statements](#) on the AICPA's Web site.

### SEC Proposes Rule to Provide Temporary Filing Accommodation for Static Pool Information

On October 19, 2009, the SEC issued a proposed rule that would amend Rule 312 of Regulation S-T, which "provides a temporary filing accommodation for filings with respect to asset-backed securities that allows static pool information required to be disclosed in a prospectus to be provided on an Internet Web site under certain conditions." The proposed rule would extend the deadline for application of the temporary accommodation by one year, from December 31, 2009, to December 31, 2010. Comments on the proposed rule were due by November 23, 2009.

For more information, see the [proposed rule](#) on the SEC's Web site.

### GAO Issues Report on Troubled Asset Relief Program

In October 2009, the United States Government Accountability Office (GAO) issued a report that discusses the impact of the Troubled Asset Relief Program (TARP) over the past year and potential challenges with its future implementation. Topics addressed include the following:

- TARP's current status.
- The U.S. Department of the Treasury's "progress in creating an effective management structure."
- Signs that may prompt the Department of the Treasury to extend the program.

For more information, see the [report](#) and [summary](#) on the GAO's Web site.



## **SEC Chairman Issues Letter to Broker-Dealer CEOs on Compensation Arrangements**

Recently, SEC Chairman Mary Schapiro issued a letter reminding broker-dealer CEOs of their supervisory responsibilities to ensure that “enhanced compensation arrangements” do not induce brokers to engage in conduct that is not in investors’ best interests.

For more information, see the [Press Release](#) on the SEC’s Web site.

## **SEC Sends Sample Letter to Public Companies About MD&A Disclosure Regarding Provisions and Allowances for Loan Losses**

Recently, the SEC sent a sample letter to certain public companies that suggests these companies consider disclosing, in their MD&A, information about the following items relating to provisions and allowances for loan losses:

- Higher-risk loans.
- Changes in practices regarding the determination of the allowance for loan losses.
- Declines in collateral value.

The letter also points out some other items that a company should consider disclosing to the extent they are relevant and material.

For more information, see the [Sample Letter](#) on the SEC’s Web site.

## **PCAOB Issues Staff Guidance**

The PCAOB recently issued Staff Questions and Answers, References to Authoritative Accounting Guidance in PCAOB Standards. The guidance sets forth the staff’s opinion on certain questions about references to U.S. GAAP in the PCAOB standards and the auditors’ responsibilities regarding the FASB’s Accounting Standards Codification.

For more information, see the [Staff Q&As](#) on the PCAOB’s Web site.

## **SEC’s Division of Corporation Finance Issues Compliance and Disclosure Interpretations**

The SEC’s Division of Corporation Finance recently released several Compliance and Disclosure Interpretations (C&DIs), which are the SEC staff’s interpretations of certain SEC rules and regulations. The C&DIs consist of content that is new, revised, or previously published in other publications and interpret the SEC staff’s views on:

- Interactive Data (XBRL):
  - Whether a filer is permitted to voluntarily submit an interactive data file with a Form 8-K or 6-K for other financial statements that may be included in those forms, but for which an interactive data file is not required to be submitted (C&DI #101.04, repeated in #146.13).
  - Whether a filer that is required to submit an interactive data file with a form other than a Form 8-K or 6-K may satisfy its requirement by submitting the interactive data file with a Form 8-K or 6-K (C&DI #101.05).
- Regulation S-T — Whether a filer whose Web site links directly to an interactive data file that is maintained on a third-party (non-Commission) Web site complies with the requirement to post the interactive data file on the filer’s Web site (C&DI #130.09).
- Exchange Act Sections 13(d) and 13(g) and Regulation 13D-G, Beneficial Ownership Reporting.

For more information, see the [Compliance and Disclosure Interpretations](#) on the SEC’s Web site.

## **SEC Announces New Division of Risk, Strategy, and Financial Innovation**

The SEC announced the establishment of a new division that combines the Office of Economic Analysis, the Office of Risk Assessment, and other functions into one group. The new Division of Risk, Strategy, and Financial Innovation will:

- Perform strategic and long-term analysis.

- Identify new developments and trends in financial markets and systemic risk.
- Make recommendations about how the new developments and trends would affect the SEC's regulatory activities.
- Conduct research and analysis to support the functions of the SEC and other divisions and offices.
- Provide training on new developments and trends and other matters.

Professor Henry Hu of the University of Texas School of Law has been named director of the new division.

For more information, see the [Press Release](#) on the SEC's Web site.

### SEC Investor Advisory Committee Forms Subcommittees

The SEC Investor Advisory Committee announced the formation of three subcommittees to address specific categories of regulatory issues. The subcommittees and their areas of focus are as follows:

- **Investor Education Subcommittee** — matters such as financial literacy, the ways issuers and boards of directors communicate with shareholders, and the needs of investors to access information at varying levels of detail.
- **Investor as Purchaser Subcommittee** — investor protection and needs of investors that purchase specific products (such as mutual funds, hedge funds and money market funds) and services (such as brokerage, investment advisory, and financial planning services).
- **Investor as Shareholder Subcommittee** — proxy solicitation and disclosure, shareholder voting, and corporate governance.

For more information, see the [Press Release](#) on the SEC's Web site.

### SEC Further Defers Section 404(b) Requirement for Nonaccelerated Filers

In October, the SEC issued its final rule that provided nonaccelerated filers an additional six-month deferral (from years ending on or after December 15, 2009, to years ending on or after June 15, 2010) from complying with SEC rules issued in response to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the "Act"). These rules require that issuers' annual reports include an auditor's attestation report on the issuer's internal control over financial reporting.

The SEC also released the results of the cost-benefit study conducted by its Office of Economic Analysis indicating that the "2007 reforms" (i.e., management guidance issued by the SEC and PCAOB Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements) had reduced the cost of Section 404 compliance. The SEC, in granting the additional deferral, determined it to be appropriate and reasonable to allow more time for nonaccelerated filers and their auditors to better plan for the required auditor attestation.

Calendar-year-end issuers must now comply with the Section 404(b) requirement as of December 31, 2010. All issuers are nevertheless currently required to include management's report on internal control over financial reporting in all annual reports (e.g. in Form 10-K, 20-F etc.) in accordance with Section 404(a) of the Act.

For more information, see the [Final Rule](#) on the SEC's Web site.

### SEC Staff Releases Observations From Review of Interactive Data Financial Statements

The SEC's Office of Interactive Disclosure released observations from the staff's initial review of interactive data files submitted by the first phase-in group of filers. The summary identifies "certain matters filers should consider as they prepare future submissions to further improve the quality of those submissions." Areas for consideration include:

- Issues that may be encountered when entities try to conform the rendering of the interactive data (XBRL) files to the traditional financial statements (i.e., those in the HTML/ASCII format).
- Performing sufficient analysis to ensure that the most appropriate standard elements are used and that new elements are created only when necessary.
- Appropriately using context references instead of unnecessarily creating new elements.
- Ensuring negative values and decimal attributes are entered correctly.

The observations are the staff's views and are not rules, regulations, or statements of the SEC.

For more information, see the [SEC Staff Observations](#) on the SEC's Web site.

## SEC Issues Draft Strategic Plan for 2010-2015

In October 2009, the SEC issued its draft strategic plan for 2010–2015, which outlines its efforts to secure the resources necessary to fulfill its mission. The draft specifies the following four strategic goals (and the metrics the SEC will use to measure progress against them):

1. Foster and enforce compliance with the federal securities laws.
2. Establish an effective regulatory environment.
3. Facilitate access to the information investors need to make informed investment decisions.
4. Enhance the Commission's performance through effective alignment and management of human, information, and financial capital.

In discussing how to accomplish the outcomes of Strategic Goal 2, the SEC expressed support for a single set of global financial reporting standards and indicated that it will conduct a survey of analysts on the quality of disclosures.

Regarding Strategic Goal 3, the SEC outlined its plans to implement the following initiatives:

- A project to reassess core corporate disclosures, modernize disclosure requirements, and eliminate redundant reporting requirements.
- A comprehensive review of proxy voting and shareholder communications.
- An evaluation of the filing review program.
- Consideration of revising disclosure requirements for securitized products and complex financial instruments.
- Performance metrics the SEC will use to gauge its progress, including the percentage of issuers reviewed each year and timeliness of comments on annual and transactional filings.
- Consideration of investor input on rulemaking activities including conducting surveys of investors on commission rulemaking actions

For more information, see the [Strategic Plan](#) on the SEC's Web site.

## SEC Proposes Amendments to Rules Requiring Internet Availability of Proxy Materials

The SEC issued proposed changes to the proxy rules under the Securities Exchange Act of 1934 to improve the notice and access model for furnishing proxy materials to shareholders. The notice and access model was established in 2007 and requires all issuers and other soliciting persons to post their proxy materials on an Internet Web site and furnish notice of the materials' availability to shareholders. The proposed amendments would (1) provide additional flexibility regarding the format of the Notice of Internet Availability of Proxy Materials (the "Notice") that is sent to shareholders, (2) provide guidance about the current requirement for the Notice to identify the matters intended to be acted on at the shareholders' meeting, (3) include a new rule that will permit issuers and soliciting shareholders to include explanatory materials regarding the process of receiving and reviewing proxy materials and voting, and (4) include revisions to the timeframe for delivering a Notice to shareholders when a soliciting person other than the issuer relies on the notice-only option. Comments on the proposal were due by November 20, 2009.

For more information, see the [Proposed Rules](#) on the SEC's Web site.

## COSO Releases Paper on the Role of the Board of Directors in Enterprise Risk Management

Recently, the COSO released a paper regarding the role of the board of directors in enterprise risk management, a role that has become increasingly important in the current economic environment. The paper lists the following four directives (extracted from COSO's Enterprise Risk Management — Integrated Framework) that can contribute to effective board oversight:

- Understand the entity's risk philosophy and concur with the entity's risk appetite.
- Know the extent to which management has established effective enterprise risk management of the organization.
- Review the entity's portfolio of risk and consider it against the entity's risk appetite.
- Be apprised of the most significant risks and whether management is responding appropriately.

For more information, see the [press release](#) on COSO's Web site.

## SEC Observations and Expectations About Executive Compensation Disclosures

In a speech on November 9 at the Fourth Annual Proxy Disclosure Conference in San Francisco, Shelley Parratt, deputy director of the SEC's Division of Corporation Finance, discussed the SEC's observations on the 2009 executive compensation disclosures and what to expect from the 2010 comment process regarding executive compensation. The 2009 observations highlighted the following two areas on which companies should focus their attention: (1) analysis of how and why entities made their compensation decision and (2) performance targets.

Ms. Parratt noted that the 2009 observations are themes that have been publicly discussed and that the SEC expects entities and their advisors to understand the rules and apply them thoroughly. Furthermore, Ms. Parratt stated that for 2010, "any company that waits until it receives staff comments to comply with the disclosure requirements should be prepared to amend its filings if it does not materially comply with the rules." In addition, the SEC encouraged entities to start thinking about how, for 2010, they would gather the additional information necessary to make the disclosures required in the recent proposal to enhance proxy disclosures (SEC Proposed Rule Release No. 33-9052) because they may be in place during the upcoming proxy season.

For more information, see the [Speech](#) on the SEC's Web site.

## SEC's Division of Corporation Finance Issues Compliance and Disclosure Interpretations on Oil and Gas Rules

On October 26, 2009, the SEC's Division of Corporation Finance issued new compliance and disclosure interpretations on the oil and gas rules in Regulations S-X and S-K. The interpretations include definitions of certain terms used in the new rules as well as information about required disclosures.

For more information, see the [compliance and disclosure interpretation](#) on the SEC's Web site.

## SEC Staff Issues Bulletin on Shareholder Proposals

On October 27, 2009, the staff of the Division of Corporation Finance issued a legal bulletin that provides guidance on the application of Rule 14a-8 to certain shareholder proposals. Specifically, the bulletin addresses:

- The "application of Rule 14a-8(i)(7) to proposals relating to risk."
- The "application of Rule 14a-8(i)(7) to proposals focusing on succession planning for a company's chief executive officer (CEO)."
- The "manner in which shareholder proponents and companies can notify us that they will be submitting correspondence in connection with a no-action request."

For more information, see the [legal bulletin](#) on the SEC's Web site.

## SEC Issues Final Rule Adopting Updated EDGAR Filer Manual

On October 26, 2009, the SEC issued a final rule adopting revisions to the EDGAR Filer Manual. According to the final rule, the revisions will:

- "[E]nforce additional XBRL validation requirements to improve the quality of XBRL exhibits."
- "[A]llow filers to electronically submit the withdrawal of application for exemptive or other relief from the Investment Companies Act as submission types APP WD and APP WD/A."
- "[A]llow filers to add Subject Company related information for the submission types F-6, F-6/A, F-6EF, and F-6POS."

The final rule became effective on October 30, 2009.

For more information, see the [final rule](#) on the SEC's Web site.

## SEC Releases PCAOB Proposal on Auditing Standard 7

The PCAOB has filed with the SEC a proposed rule on Auditing Standard 7. The proposed rule outlines the engagement quality review process and the qualifications required of an engagement quality reviewer. If approved, Auditing Standard 7 would be effective for reviews of annual audits and interim reviews for fiscal years beginning on or after December 31, 2009. Comments on the proposed rule were due by November 27, 2009.

For more information, see the [proposed rule](#) on the SEC's Web site.

## Reports Released by the Institute of Internal Auditors Audit Executive Center

The Audit Executive Center of the Institute of Internal Auditors released the following two reports in November:

- Audit Committee Trends and Activities.
- 10 Risk Imperatives for Internal Auditing.

The first report highlights practices of audit committees and ways to enhance the relationship between chief audit executives and the audit committee. The second report highlights areas internal audit departments can focus on to better serve their organizations.

For more information, see the [reports](#) on the Institute of Internal Auditors' Web site

## Sample Forms Published by the PCAOB

In August 2009, the SEC approved new rules and forms for registered public accounting firms regarding succession of registration status of a predecessor firm. The effective date of the rules and forms has been postponed to December 31, 2009, from October 12, 2009. The timing of the first annual reports required of registered firms is still June 30, 2010, for the 12-month period ended March 31, 2010.

Samples of [Form 3, Special Report](#), and [Form 4, Succeeding to Registration Status of Predecessor](#), are available on the PCAOB's Web site.

## Deloitte Offers Dbriefs, Live Webcasts for Executive Level Audience

Now available to the audience outside of the U.S., Deloitte offers Dbriefs, live webcasts that give valuable insights on a variety of business topics aimed at executive level audience across function and industry including:

- Financial Executives
- HR Executives
- Tax Executives
- China Issues
- Financial Services
- Consumer Business
- Technology, Media & Telecommunications
- Manufacturing
- Energy & Resources
- Life Sciences & Health Care
- Real Estate
- Public Sector

Archived webcasts are available for 90 days after the live presentation. To join Dbriefs:

- Visit <http://www.deloitte.com/us/dbriefs>
- Click on "Join Dbriefs"
- Enter your profile information
- Using the drop down menus, select all the webcast series that are right for you
- Submit your profile



Once you are a Dbriefs subscriber, you can sign up for individual webcasts via weekly registration emails for your chosen series. After you register for your first webcast, you will have access to the Express Registration, which allows you to save time by registering and logging in to future webcasts just by entering your email address.

**Selected upcoming webcasts and past webcasts that have been recorded include:**

**Financial Reporting**

- EITF Roundup: Highlights of the November Meeting  
November 24
- IASB and FASB Financial Instruments Project: A Closer Look  
December 09
- Quarterly Accounting Roundup: An Update of Important Developments  
December 16

**Private Companies**

- Managing Investment Risk: Leading Practices of Ultra-High Net Worth Families  
December 03

**Financial Reporting for Tax**

- Tax Accounting: 2009 Year in Review  
December 14

**Transactions & Business Events**

- Bridging the Value Gap: Using Contingent Value Rights as an M&A Tool  
November 09
- The Real Cost of Fraud: Managing a Growing Expense  
December 07

**Risk Intelligence**

- Creating a Risk Intelligent Infrastructure: Enhancing Enterprise-Wide Risk Management Characteristics  
December 17
- Continuous Controls Monitoring: Can One Size Fit All?  
November 19

[Click here](#) for further details of these Webcasts and to join Dbriefs.

## Deloitte Publications

Below is a list of selected Deloitte publications about developments in IFRS, U.S. GAAP Accounting and at the SEC that may be of interest to non-U.S. companies

- [Accounting Roundup — November 2009](#)
- [Accounting Roundup — October 2009](#)
- [Accounting Roundup — Third Quarter in Review 2009](#)
- [Accounting Roundup — August 2009](#)
- [Accounting Roundup — July 2009](#)
- [Accounting Roundup — Second Quarter in Review 2009](#)
- [Accounting Roundup — May 2009](#)
- [Accounting Roundup — April 2009](#)
- [Accounting Roundup — First Quarter in Review 2009](#)
- [EITF Snapshot — November 2009](#)
- [EITF Snapshot — September 9–10, 2009 Meeting](#)
- [EITF Snapshot — June 18, 2009 Meeting](#)
- [EITF Snapshot — March 12, 2009 Meeting](#)
- [Heads Up: IASB Issues IFRS on Classification and Measurement of Financial Assets](#)
- [Heads Up: Board Votes to Defer Statement 167 for Interests in Certain Entities](#)
- [Heads Up: IASB Proposes New Approach to Accounting for Credit Losses](#)
- [Heads Up: An Update on the FASB's and IASB's Joint Project on Financial Instruments](#)
- [Heads Up: Reconfiguring the Scope of Software Revenue Recognition Guidance](#)
- [Heads Up: Guidance on Statement 167 Implementation Issues](#)
- [Heads Up: FASB Proposes Guidance on ASC 815 Scope Exception for Embedded Credit Derivatives](#)
- [Heads Up: FASB Issues Guidance On Measuring Fair Value of Certain Alternative Investments](#)
- [Heads Up: Revenue Recognition: No Longer an Issue of Separation Anxiety](#)
- [Heads Up: Valuation Resource Group Discusses Four Topics at September 22 Meeting](#)
- [Heads Up: FASB Proposes to Modernize Oil and Gas Company Reporting](#)
- [Heads Up: FASB Provides Guidance on Accounting for Uncertainty in Income Taxes and Eliminates Certain Disclosure Requirements for All Nonpublic Entities](#)
- [Heads Up: FASB Proposes Improving Disclosures About Fair Value Measurements](#)
- [Heads Up: FASB Issues Guidance on Measuring Fair Value of Liabilities](#)
- [Heads Up: FASB Continues Deliberations on Financial Instruments and Decides on Presentation](#)
- [Heads Up: IASB Proposes Guidance on Rate-Regulated Activities](#)
- [Heads Up: IASB Issues Exposure Draft and FASB Initiates Deliberations on New Classification and Measurement Requirements for Financial Assets and Financial Liabilities](#)
- [Heads Up: FASB Proposes Expanding Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses](#)
- [Heads Up: IASB's Exposure Draft Proposes Expanded Guidance on Fair Value Measurement](#)
- [Heads Up: FASB Amends the Consolidation Guidance Related to Variable Interest Entities](#)
- [Heads Up: FASB Issues New Standard on Transfers of Financial Assets](#)
- [Heads Up: FASB Issues Guidance on Management's Assessment of Subsequent Events](#)
- [Heads Up: FASB Issues Guidance on Combinations Involving Not-for-Profit Entities](#)
- [Heads Up: FASB Codification](#)
- [Heads Up: Guidance Proposed on Inactive Markets, Distressed Transactions, and Other-Than-Temporary Impairments](#)
- [Heads Up: FASB and IASB Issue Preliminary Views on Lease Accounting](#)

- [Heads Up: FASB Amends Statement 141\(R\)'s Guidance on Contingencies](#)
- [Heads Up : Board Approves Three FASB Staff Positions in an Attempt to Clarify Fair Value Accounting](#)
- [Heads Up: Valuation Resource Group Discusses Nine Topics at September 23 Meeting](#)
- [Heads Up: COSO, PCAOB, and CAQ Address Internal Controls](#)
- [Heads Up: SEC Issues Financial Reporting Manual](#)
- [Heads Up: SEC Publishes Final Rule Mandating Use of “Interactive Data”](#)
- [Heads Up: IASB Issues an Exposure Draft on Consolidation](#)
- [Heads Up: SEC Modernizes Oil and Gas Company Reporting](#)
- [Heads Up: Beneficial Guidance — FASB Issues Amendments to OTTI Model for Certain Investments in Securitizations](#)
- [Financial Reporting Alert 09-2: Acceleration of the Vesting of Deep Out-of-the-Money Share Option Awards](#)
- [Financial Reporting Alert 09-1: Impact of Credit Downgrades on the OTTI Analysis of Perpetual Preferred Securities](#)
- [Newsletter: IFRS Insights](#)
- [IFRS and U.S. GAAP — A Pocket Comparison](#)
- [International Financial Reporting Standards for U.S. Companies — Implications of an accelerating global trend](#)
- [Buckle Up \(On the Road to IFRS\) — Straight Talk Book Series — Book No. 11](#)
- [SEC Reporting for Business Combinations and Related Topics: A Roadmap to Applying SEC Regulation S-X to the Acquisition of a Business](#)
- [Software Revenue Recognition: A Roadmap to Applying AICPA SOP 97-2](#)
- [Consolidation of Variable Interest Entities: A Roadmap to Applying Interpretation 46\(R\)'s Consolidation Guidance](#)
- [Uncertainty in Income Taxes: A Roadmap to Applying Interpretation 48](#)
- [Accounting for Business Combinations and Related Topics: A Roadmap to Applying FASB Statements 141\(R\), 142, and 160 \(Updated July 2009\)](#)
- [A Roadmap to the Accounting and Regulatory Requirements of Postretirement Benefits: Including an Overview of Statement 158](#)
- [FASB Statement No. 123\(R\), Share Based Payment: A Roadmap to Applying the Fair Value Guidance to Share-Based Payment Awards](#)
- [Under Control: Sustaining Compliance with Sarbanes-Oxley in Year Two and Beyond On Optimizing SOX Compliance](#)
- [Audit Committee Brief Archive](#)
- [Special Reports: SEC Comment Letters on Domestic Registrants](#)

## What is and How to Subscribe to Technical Library: The Deloitte Accounting Research Tool?

Deloitte makes available, on a subscription basis, its online library of accounting and financial disclosure literature, called Technical Library: The Deloitte Accounting Research Tool (the “library”), it includes material from the FASB, the EITF, the AICPA, the SEC, and the IASB, in addition to Deloitte's own accounting manual and other interpretative accounting guidance.

Updated every business day, the library has an intuitive design and navigation system, which, together with its powerful search features, enables users to quickly locate information anytime, from any computer. Additionally, the library subscribers receive periodic e-mails highlighting recent additions to the library.

### Technical Library costs:

Number of Licenses	Price Per License
1	\$2,000
2-5	\$1,800
6-10	\$1,600
11-15	\$1,400
16+	\$1,200

You can subscribe to the library on-line and pay using any of the following credit cards: American Express, Diners Club, Master Card, or Visa. You can also subscribe to the library by calling 1-800-877-0145.

For more information, including subscription details and an online library demonstration, visit: <http://www.deloitte.com/us/dart>

Deloitte & Touche LLP's Global IFRS and Offerings Services has access to a global network of practitioners of member firms of Deloitte Touche Tohmatsu assisting non-U.S. companies and non-U.S. practice office engagement teams in applying U.S. and International accounting standards (i.e., U.S. GAAP and IFRS) and in complying with the SEC's financial reporting rules. For more information please contact the leader nearest you.

**Global Leader — Joel Osness**

Deloitte & Touche LLP, *USA*  
+1 (212) 436 3352

**New York — Alfred Popken**

Deloitte & Touche LLP, *USA*  
+1 (212) 436 3693

**Copenhagen — Soeren Nielsen**

Deloitte Statsautoriseret Revisionsaktieselskab, *Denmark*  
+45 3610 3625

**Hong Kong — Jay Harrison**

Deloitte Touche Tohmatsu, *China*  
+852 2852 6337

**Johannesburg — Hugh Harrison**

Deloitte & Touche, *South Africa*  
+27 (0) 11 806 6248

**London — Donna Ward**

Deloitte LLP, *UK*  
+44 (20) 7007 0902

**Madrid — Fernando Ros Redondo**

Deloitte, S.L., *Spain*  
+34 (91) 514 5000

**Mexico — Kevin Nishimura**

Galaz, Yamazaki, Ruiz Urquiza, S.C., *Mexico*  
+52 (55) 5080 6197

**Paris — Jean-Pierre Agazzi**

Deloitte & Associés, *France*  
+33 (1) 55 61 61 64

**Rotterdam — Pieter van de Goor**

Deloitte Accountants B.V, *The Netherlands*  
+31653229885

**Sao Paulo — Bruce Mescher**

Deloitte Touche Tohmatsu (Brazil), *Brazil*  
+55 (11) 5186 1261

**Seoul — John Song**

Deloitte Anjin LLC, *Korea*  
+82-2-6676-3119

**Singapore — Dr Ernest Kan**

Deloitte & Touche LLP, *Singapore*  
+65 6530 5517

**Sydney — Geoffrey C Lamont**

Deloitte Touche Tohmatsu, *Australia*  
+61 2 9322 7296

**Taipei — Sean Bronson**

Deloitte & Touche, *Taiwan*  
+886(2)25459988 (extension 5021)

**Tokyo — Shigeo Ogi**

Deloitte Touche Tohmatsu, *Japan*  
+81 03 6213 3171

**Toronto — Sean Morrison**

Deloitte & Touche LLP, *Canada*  
+1 416 601 6296

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte LLP and Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

Copyright © 2009 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu