

SEC Proposes Roadmap Toward Global Accounting Standards to Help Investors Compare Financial Information More Easily

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Washington, D.C., Aug. 27, 2008 — The Securities and Exchange Commission today voted to publish for public comment a proposed Roadmap that could lead to the use of International Financial Reporting Standards (IFRS) by U.S. issuers beginning in 2014. Currently, U.S. issuers use U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Commission would make a decision in 2011 on whether adoption of IFRS is in the public interest and would benefit investors. The proposed multi-year plan sets out several milestones that, if achieved, could lead to the use of IFRS by U.S. issuers in their filings with the Commission.

The increasing integration of the world's capital markets, which has resulted in two-thirds of U.S. investors owning securities issued by foreign companies that report their financial information using IFRS, has made the establishment of a single set of high quality accounting standards a matter of growing importance. A common accounting language around the world could give investors greater comparability and greater confidence in the transparency of financial reporting worldwide.

"An international language of disclosure and transparency is a goal worth pursuing on behalf of investors who seek comparable financial information to make well-informed investment decisions," said SEC Chairman Christopher Cox. "The increasing worldwide acceptance of financial reporting using IFRS, and U.S. investors' increasing ownership of securities issued by foreign companies that report financial information using IFRS, have led the Commission to propose this cautious and careful plan. Clearly setting out the SEC's direction well in advance, as well as the conditions that must be met, will help fulfill our mission of protecting investors and facilitating capital

Video: Open Meeting



Chairman Cox discusses giving investors greater comparability and greater confidence in the transparency of financial reporting worldwide.

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(26 MB)

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formation."

Chairman Cox noted that since March 2007, the Commission and staff have held three roundtables to examine IFRS, including one earlier this month regarding the performance of IFRS and U.S. GAAP during the subprime crisis. Almost one year ago, the Commission issued a concept release on allowing U. S. issuers to prepare financial statements using IFRS.

Today, more than 100 countries around the world, including all of Europe, currently require or permit IFRS reporting. Approximately 85 of those countries require IFRS reporting for all domestic, listed companies.

Public comment on the SEC's proposing release should be received by the Commission no later than 60 days after its publication in the Federal Register.

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The full text of the SEC's proposing release will be posted to the SEC Web site as soon as possible.

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