

Publication of the Revision on the Designation of the International Financial Reporting Standards for their Voluntary Application in Japan

The Financial Services Agency (FSA) completed the public consultation and updated the list of Designated International Financial Reporting Standards (IFRSs), allowing all IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations approved and issued by the International Accounting Standards Board (IASB) on or before December 31, 2009, to be used in the voluntary application of IFRS in Japan by certain Japanese listed companies ("Specified Companies") starting from the consolidated fiscal years ending on or after March 31, 2010. During the public consultation period, the FSA received 6 sets of comments, which did not oppose to the proposed list of Designated IFRSs, and the FSA has decided to update the list of Designated IFRSs as proposed.

1. Background

On December 11, 2009, the FSA published a set of revised Cabinet Office Ordinances for the voluntary application of IFRS in Japan. With this revision, Japanese listed companies which meet certain requirements ("Specified Companies") will be given the option to prepare their consolidated financial statements, starting from the consolidated fiscal years ending on or after March 31, 2010, by applying IFRSs designated by the Commissioner of the FSA through public notice.

(Note) The Commissioner of the FSA will designate and publish in the Official Gazette, those IFRSs published by the IASB which are recognized as having been approved and issued through fair and reasonable due process and are expected to be considered as being fair and appropriate financial reporting standards from the viewpoint of investor protection and market integrity in Japan ("Designated IFRSs"). The official designation is preceded by a public consultation process to listen to a wide range of stakeholders and reflect their views in the decision making. On December 11, 2009, the Commissioner of the FSA designated after such public consultation the entire IFRSs and IFRIC interpretations approved and issued by the IASB, on or before June 30, 2009.

The FSA put under public consultation the draft of the revised Regulatory Notices, etc. from January 20 to February 22, 2010, with an intention to update the list of Designated IFRSs for their voluntary application in Japan.

To see the press release of the public consultation, please [click](#) below.

2. Result of the Public Consultation

During the public consultation period, the FSA received 6 sets of comments, which did not oppose to the proposed list of Designated IFRSs including IFRS9, while some noted the need for careful consideration in the future on the consistency between IFRS 9 and IFRS 4 Insurance Contracts, before making decisions on adding IFRS 4 on the list of Designated IFRSs for voluntary application and also determining the mandatory use of IFRSs in Japan.

Taking account of these comments, the FSA has decided to update the list of Designated IFRSs as proposed, and hence the Commissioner of the FSA will designate all IFRSs and IFRIC interpretations approved and issued by the IASB, on or before December 31, 2009 for the purpose of voluntary application of IFRSs.

3. Effective Date

The revised list of Designated IFRSs will be published in the Official Gazette on March 10, 2010, effective

immediately on that date.

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