



## COMMISSION AMENDS COMPLIANCE DATES FOR FASB STATEMENT NO. 123R ON EMPLOYEE STOCK OPTIONS

**FOR IMMEDIATE RELEASE  
2005-57**

**Washington, D.C., April 14, 2005** - The Securities and Exchange Commission announced today the adoption of a new rule that amends the compliance dates for Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (Statement No. 123R).

Under Statement No. 123R, registrants would have been required to implement the standard as of the beginning of the first interim or annual period that begins after June 15, 2005, or after Dec. 15, 2005 for small business issuers. Calendar year-end companies that are not small business issuers, therefore, would have been permitted to follow the pre-existing accounting literature for the first and second quarters of 2005, but required to follow Statement No. 123R for their third quarter reports.

The Commission's new rule allows companies to implement Statement No. 123R at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005, or Dec. 15, 2005 for small business issuers. This means, for example, that the financial statements for a calendar year-end company do not need to comply with Statement No. 123R until the interim financial statements for the first quarter of 2006 are filed with the Commission. The financial statements for a company, other than a small business issuer, with a June 30 year-end, however, must comply with Statement No. 123R when the interim financial statements for the quarter beginning July 1, 2005 are filed with the Commission.

The Commission's new rule does not change the accounting required by Statement No. 123R; it changes only the dates for compliance with the standard.

Donald T. Nicolaisen, the Commission's Chief Accountant, said, "The accounting required by Statement No. 123R represents a significant improvement to U.S. generally accepted accounting principles, and the implementation of that standard will improve transparency for investors. Feedback from public companies, accounting firms and others, however, indicated that implementing Statement No. 123R in a period other than the first quarter of a fiscal year potentially could make compliance more complicated for companies and comparisons of quarterly reports more difficult. Concerns also were raised that the accounting staffs at companies and accounting firms already have been stretched thin by other compliance responsibilities, such as internal controls reporting. In addition, implementing the new standard at the beginning of a fiscal year allows companies to change their accounting systems in a more orderly fashion, and should allow auditors to conduct more consistent audit and review procedures. Companies that choose to implement Statement No. 123R earlier than required are encouraged to do so."

The full text of the release concerning this item will be posted to the SEC Web site as soon as possible.

<http://www.sec.gov/news/press/2005-57.htm>

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