

THE NEWSLETTER FROM BDO'S NATIONAL ASSURANCE PRACTICE

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SEC RELEASES STATEMENT IN SUPPORT OF CONVERGENCE AND GLOBAL ACCOUNTING STANDARDS

On February 24, 2010, the Securities and Exchange Commission voted to unanimously issue a Statement regarding its continued support of a single set of high-quality global accounting standards and for the convergence of U.S. GAAP and IFRS. The Statement includes a Work Plan, which the staff will execute, to assist the Commission in gaining further understanding related to key issues about incorporating IFRS into the current financial reporting environment for U.S. issuers. The Work Plan addresses issues raised in comment letters on the Commission's proposed *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* which was issued in November 2008.¹ The Statement emphasizes the significance of the FASB and IASB successfully completing the current convergence projects scheduled for completion in 2011. Assuming the completion of the convergence projects and the Work Plan, the Commission Statement re-affirms 2011 as the date the Commission believes it will be in a position to

¹ Refer to BDO's article on the proposed roadmap at <http://www.bdo.com/ifrs/documents/IFRS-Roadmap4-09.pdf>

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For further information on the latest developments with respect to International Financial Reporting Standards (IFRS), please visit our BDO IFRS Resource Center at:
<http://www.bdo.com/ifrs/>

Additionally, for information and registration instructions for upcoming and archived webcast programming on IFRS, please visit BDO's Ac'sense website at:
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determine whether to incorporate IFRS into the U.S. domestic reporting system. The Statement also indicates that the first date U.S. issuers would report under IFRS would be no earlier than **2015**, which is later than the initial adoption date in the proposed Roadmap. As was emphasized by one of the Commissioners, the Statement does not envision early or voluntary adoption of IFRS as the proposed Roadmap had included. The Statement also emphasizes the expectation that the FASB will continue to play a substantive role if the Commission decides to incorporate IFRS into the U.S. domestic reporting system.

The Work Plan, which will include regular public updates by the staff to the Commission, focuses on the following:

1. Determining whether IFRS is sufficiently developed and consistent in application for use as the single set of accounting standards in the U.S. reporting system.
2. Ensuring that accounting standards are set by an independent standard-setter and for the benefit of investors.
3. Investor understanding and education regarding IFRS and how it differs from U.S. GAAP.
4. Understanding whether U.S. laws or regulations, outside of the securities laws, for example tax laws and regulatory reporting, would be affected by a change in accounting standards.

5. Understanding the impact on issuers, both large and small, including changes to accounting systems, changes to contractual arrangements, corporate governance considerations and litigation contingencies.
6. Determining whether the people who prepare and audit financial statements are sufficiently prepared, through education and experience, to make the conversion to IFRS.

Each section of the Work Plan contains detailed considerations about which the staff will provide further information to the Commission beginning with the first planned update in October 2010. The Commission Statement including the Work Plan can be accessed at <http://www.sec.gov/rules/other/2010/33-9109.pdf>

The Commission Statement is the next step in the SEC's journey toward the use of IFRS for domestic companies. Completion of the key projects on the joint FASB-IASB agenda is another key step. Stay tuned for further information and progress reports!

For additional information on IFRS matters and links to upcoming and archived BDO Ac'senseSM webcasts on IFRS topics, refer to <http://www.bdo.com/ifrs/>.

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