



# New Developments Summary

## SEC to determine in 2011 whether to accept use of IFRS by U.S. issuers

### Commission issues statement in support of convergence; staff to develop and execute work plan

---

#### Summary

At the Open Meeting on February 24, 2010, the SEC [approved](#) issuing a [statement](#) reaffirming support for convergence of accounting standards, but stated that more information is needed to allow the Commission to make a well-informed decision on whether to incorporate use of International Financial Reporting Standards, as issued by the IASB (IFRS), by U.S. issuers in its financial reporting system. The SEC staff will develop and execute a work plan to gather information to evaluate and provide further information to the Commission. The SEC has long supported the movement toward a single set of high-quality, globally-accepted accounting standards as one key to enhancing comparability of financial statements in a global marketplace. As further discussed in [NDS 2008-38](#), "SEC issues proposed Roadmap to IFRS: Certain U.S. issuers may be permitted to use IFRS as issued by the IASB beginning with annual 2009 filings," the SEC issued a [proposed Roadmap](#) in November 2008 outlining certain milestones that, if met, would permit the Commission to determine in 2011 whether to proceed with rulemaking mandating the use of IFRS by all domestic issuers.

The comment period on the proposed Roadmap ended April 20, 2009. Since that date, the SEC has been analyzing the more than 200 comment letters received, leading to today's Open Meeting.

While the Commission remains committed to reaching a conclusion on this matter in 2011, as outlined in the proposed Roadmap, it is not pursuing the option of early adoption for certain U.S. issuers at this time. In addition to announcing the abandonment of the early adoption option, today's statement is less specific than the Roadmap on the approach the SEC may eventually take if IFRS is incorporated into the SEC financial reporting system. This leaves questions open for optional or mandatory transition, as well as simultaneous or staggered transition.

#### Provisions of SEC staff work plan

At today's Open Meeting, the SEC staff identified the following six areas that will be studied as part of the work plan:

- Sufficiency of IFRS
- Independence of standard setting

- Investor understanding and education regarding IFRS
- Examination of the U.S. regulatory environment
- Scope and timing impact on U.S. issuers, including continued ability to comply with corporate governance disclosures
- Human capital and readiness

As part of this work plan, the SEC staff will conduct research, solicit comments from affected parties, and hold roundtables, in addition to other means of gathering data. The staff will periodically provide written progress reports to the Commission, beginning in October 2010. It was stressed that this is not a work plan for a movement toward dual GAAP or a condition for later rulemaking. Rather, it is a plan designed to gather data to assist the Commission in making informed decisions in 2011 on the use of IFRS by U.S. issuers. If the Commission determines to incorporate IFRS into its financial reporting system, U.S. issuers would report under IFRS no earlier than 2015, subject to further evaluation in the work plan.

---

© 2010 Grant Thornton LLP, U.S. member firm of Grant Thornton International Ltd. All rights reserved.

This Grant Thornton LLP bulletin provides information and comments on current SEC reporting and accounting issues and developments. It is not a comprehensive analysis of the subject matter covered and is not intended to provide accounting, reporting, or other advice or guidance with respect to the matters addressed in the bulletin. All relevant facts and circumstances, including the pertinent authoritative literature, need to be considered to arrive at conclusions that comply with matters addressed in this bulletin.

For additional information on topics covered in this bulletin, contact your Grant Thornton LLP adviser.