

**SEC Proposes Roadmap Toward Global Accounting Standards**

**August 27, 2008** -- Today the U.S. Securities and Exchange Commission (SEC) voted to publish for comment a proposing release which would provide a "Roadmap" for the potential use of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) by U.S. issuers. Currently, U.S. issuers use U.S. Generally Accepted Accounting Principles (U.S. GAAP). The release effectively introduces the potential change to IFRS in two steps.

First, the release contains a proposal that would permit the early use of IFRS, before any SEC consideration of a mandated transition, by a limited number of eligible U.S. issuers in respect of their financial statements for fiscal periods ending on or after December 15, 2009. Under the proposed test, a U.S. issuer would be eligible to use IFRS if: (i) it is among the 20 largest public companies in its industry on a global basis; and (ii) IFRS is used as the basis of financial reporting more often than any other basis of accounting by the 20 largest public companies in that industry as measured by market capitalization on a global basis. The release provides for a procedure through which a U.S. issuer would be able to assess its eligibility under these tests and to obtain a letter of no objection from the Division of Corporation Finance (Division). The Division estimates that approximately 110 U.S. companies in about 34 different industries would be eligible for the early use of IFRS.

Second, the release, which contemplates beginning a staged or sequenced transition to IFRS beginning in 2014, provides that the SEC would not make a decision until 2011 on whether the adoption of IFRS is in the public interest and would benefit investors. The release sets out a number of milestones that would be part of the SEC's consideration in mandating the use of IFRS by U.S. issuers. These milestones relate to:

- improvements in accounting standards;
- the accountability and funding of the International Accounting Standards Committee Foundation;
- improvement in the ability to use interactive data for IFRS reporting;
- education and training in the U.S. relating to IFRS, among investors, auditors and others;
- the limited early use of IFRS as discussed above;
- the timing of future rulemaking by the SEC; and
- the implementation of the mandatory use of IFRS, including considerations relating to whether the mandatory use of IFRS should be staged or sequenced among groups of companies based on their market capitalization.

The full text of the proposing release will be posted to the SEC website as soon as it is available. Public comment on the proposing release will be due no later than 60 days after its publication in the Federal Register.

**Attachments:** SEC Press Release 2008-184; SEC Staff Opening Statements