



## U.S. Securities and Exchange Commission

### **Speech by SEC Commissioner: Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards from U.S. Issuers**

*by*

**Commissioner Elisse B. Walter**

*U.S. Securities and Exchange Commission*

Open Meeting  
Washington, D.C.  
August 27, 2008

The IFRS proposal we have before us today is truly a momentous one. I would like to thank the staff for their tireless efforts on this release. I would also like to thank you for putting up with my passion with respect to this issue.

I support the proposal of this Roadmap as an important step in the Commission's consideration of the potential use of IFRS by U.S. issuers. The world should make no mistake: The SEC is serious about moving to IFRS as the governing accounting standards.

But we are equally serious about doing this in the right way. As we move forward with our consideration of accepting IFRS reporting by U.S. issuers, I think it is extremely important for us to remember our mission — to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. I believe in the mission of the SEC and its goal of helping investors get the information they need to make informed investment decisions. In determining how we move forward on IFRS, we need to keep those principles front and center.

Under today's proposal the Commission will decide in 2011 whether to move forward with IFRS for U.S. issuers, with the transition beginning in 2014. These are real deadlines.

But before we get to 2011 there is much work to be done — by the Commission, by the FASB and the IASB, and by others — thus, the release spells out a series of critical milestones to be achieved before the Commission's 2011 decision. I believe strongly that we should move forward

to mandate IFRS if and only if it is the right thing to do for U.S. investors.

A critical component in our consideration of whether to accept IFRS reporting by U.S. issuers is the achievement of the milestone that calls for resolution of the issues related to accountability and funding of the International Accounting Standards Committee Foundation. I strongly support the SEC staff's continued work with other national securities authorities and IOSCO in establishing the Monitoring Group to enable it to begin its work and enhance the accountability of the IASC Foundation. With respect to funding, I believe that our future determination of whether to mandate IFRS should only occur after the IASC Foundation reaches its goal of securing a stable funding mechanism.

I also support the Roadmap's milestone of having the two accounting standard setters, the FASB and the IASB, improve accounting standards so that U.S. issuers will report their financial information using the highest quality accounting standards possible. I strongly support the two boards continuing to work together towards the completion of their joint work plan estimated to be completed in 2011, as well as completing other projects expected to improve financial reporting. I also urge the SEC staff to continue its support of the two boards in completing their work plan and other projects, and to do everything possible to enhance the efforts of the two standard setters.

I will mention just one other milestone. Education and training are crucial in readying the United States for the transition of U.S. issuers from U.S. GAAP to IFRS reporting. Three years is not a very long time, and I believe that the Commission must do everything it can to educate investors and support the training of accountants, auditors, and others involved in preparing and using IFRS financial statements.

I am extremely interested in hearing what commenters have to say in response to the numerous questions raised in the release. I look forward to the dialogue that I hope these questions will create, and I expect this dialogue to play a key role in helping us determine in 2011 whether the acceptance of IFRS by U.S. issuers is in the public interest.

Most important, we have to keep in mind that no one knows for certain what the future will hold. I strongly believe that we have to prepare for the alternative that the Commission will determine not to adopt, or permit the use of, IFRS for U.S. issuers. As the milestones presented in the Roadmap show, there are significant hurdles to overcome over the next three years in order for the Commission to determine to accept IFRS reporting from U.S. issuers. Therefore, I strongly support the reconciliation proposal, otherwise known as Alternative Proposal B for early adoption. Under Alternative Proposal B, reconciliation would continue until further Commission action on the use of IFRS by U.S. issuers. I believe that this reconciliation Proposal is extremely important — in order to increase comparability and help U.S. investors transition to seeing U.S. companies present their financials in IFRS. It is also critical to me because it gives early adopters of IFRS a way back to

U.S. GAAP if the Commission determines not to adopt the use of IFRS in 2011.

There is a lot of work to be done between now and 2011, and I look forward to working with my fellow Commissioners, the SEC staff, and market participants to make sure that we have all the information we need so that when 2011 arrives, we will make an informed decision and the decision that best protects U.S. investors.

Once again, I'd like to thank the staff for all the hard work you have done so far and will continue to do as we put the Roadmap into action.

*<http://www.sec.gov/news/speech/2008/spch082708ebw.htm>*

---

[Home](#) | [Previous Page](#)

Modified: 08/27/2008