US Reporting Newsletter for Non-US Based Companies

Global Offerings Services

May 2007

Global Offerings Services (GOs) comprises a global team of practitioners assisting non-US companies and non-US practice office engagement teams in applying US and International accounting standards (i.e., US GAAP and IFRS) and in complying with the SEC's financial reporting rules. For more information please contact the GOs Center leader nearest you.

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US GAAP Matters

FASB Issues FSP on Interpretation 46(R)

The Financial Accounting Standards Board ("FASB") has issued a new FASB Staff Position ("FSP") *Application of FASB Interpretation No. 46(R) to Investment Companies* related to Interpretation 46(R) *Consolidation of Variable Interest Entities.* The FSP clarifies the applicability of the Interpretation to entities that apply the accounting guidance in the AICPA Audit and Accounting Guide *Investment Companies* (the "Guide").

Interpretation 46(R) provides an indefinite deferral for investment companies not subject to SEC Regulation S-X, Rule 6-03(c)(1), but that account for investments under the Guide. Interpretation 46(R) also states that the FASB would consider modifying the Interpretation to continue providing the exception following the AICPA's issuance of an SOP to clarify the scope of the Guide.

The AICPA has issued a Discussion Draft of SOP 07-1 with a final issuance expected in June 2007. The SOP provides guidance for determining whether an entity is within the scope of the Guide. In response, the FASB has issued this FSP to amend Interpretation 46(R) to continue to provide for the exception from the scope of Interpretation 46(R) for entities meeting the definition of an investment company after the adoption of SOP 07-1. Entities no longer eligible for the specialized accounting in the Guide as a result of the adoption of SOP 07-1 immediately become subject to the provisions of Interpretation 46(R).

Click here to access FSP FIN 46(R) -7 from FASB website.

Financial Reporting Alert 07-1, Fair Value Option Not Available for Financial Instruments with Significant Future-Services Component

On the basis of discussions with the staffs of the Securities and Exchange Commission ("SEC") and the FASB, a financial instrument is not eligible for the fair value option under FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, when that financial instrument, explicitly or implicitly, encompasses a significant compensation component for providing future services.

Click here for further details

Financial Reporting Alert 07-2, Error Made by Companies in Adopting Statement 158's Recognition Provisions

The recognition provisions of Statement 158 *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* require companies to record any previously unrecognized gains or losses, prior service costs or credits, and transition assets or obligations (the "Statement 158 transition adjustment") as a direct adjustment to the ending balance of accumulated other comprehensive income (AOCI) and not as a component of comprehensive income for the year of adoption. This requirement was discussed in Deloitte & Touche LLP's Accounting Alert 07-3*, Entities Must Measure and Record Changes in Their Additional Minimum Liability to Comprehensive Income Before Adopting Statement 158*, issued on February 8, 2007.

In reviewing the financial statements of many companies that adopted Statement 158 in 2006, it is observed that several have included the transition adjustment as part of comprehensive income for 2006 rather than as a direct adjustment to AOCI as of the end of 2006. Any Statement 158 transition adjustment that was recorded as a component of comprehensive income should be considered an error. The materiality of the error should be evaluated according to SEC Staff Accounting Bulletin Topics 1.M, "Materiality" (SAB 99), and 1.N, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements" (SAB 108).

Click here for further details

Hedge Accounting Project Added to Agenda

The FASB has added to its agenda a project that aims at simplifying hedge accounting under Statement 133 *Accounting for Derivative Instruments and Hedging Activities.* After discussing several alternatives, the Board has asked the FASB staff to work on a "fair value" approach. While this approach would eliminate the shortcut and critical-terms-match methods, it would also eliminate a requirement for hedgers to continuously assess effectiveness to qualify for hedge accounting.

For fair value hedges, the derivative and the hedged item (including all risk components) would be measured at fair value, with changes in fair value recognized in earnings. For cash flow hedges, the derivative would be measured at fair value, with the effective portion of the gain or loss reported in other comprehensive income, and the ineffective portion reported in earnings. The FASB will seek additional input from its Investors Technical Advisors Committee regarding the fair value and other approaches proposed by the staff.

FASAB Issues Exposure Draft on Accounting for Federal Oil and Gas Resources

On May 21, 2007, the Federal Accounting Standards Advisory Board ("FASAB") issued an Exposure Draft on Proposed *Accounting Standard on Federal Oil and Gas Resources*. The new accounting standards prescribe recognition of a royalty asset and its related liability for federal oil and gas resources. The asset would be referred to as 'estimated petroleum royalties.' The value of the assets and liability would be the royalty share of the Federal oil and gas resources classified as 'proved reserves.' The liability is calculated by assessing the total estimated petroleum royalties to be distributed to others.

According to the proposed standard, royalty revenue and equivalent depletion cost shall be recognized by the federal government when oil and gas resources are extracted. The liability for revenue distribution to others needs to be reduced when revenues collections are distributed. The proposed standard also prescribes several disclosures to be made by the federal oil and gas resources such as trend information, estimated federal oil and gas resource quantities, estimated value of royalty relief, and federal oil and gas resources not classified as proved reserves.

The proposed standard would be effective for fiscal years beginning after September 30, 2009. Comments on the Exposure Draft are due by September 21, 2007.

Click here to access the Exposure Draft.
Click here to access the Press Release announcing it.

AICPA Matters

AICPA Issues Draft SOP 07-01 on Accounting for Investment Companies

On May 7, 2007, the AICPA issued a working draft of SOP 07-01 *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies,* which clarifies the scope of accounting for investment companies.

This SOP provides guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide Investment Companies (the Guide). For those entities that are investment companies under this SOP, the specialized industry accounting principles of the Guide (referred to as Investment Company accounting) should be retained by a parent company in consolidation or by an equity method investor.

The SOP also provides for certain disclosure requirements for parent companies and equity method investors in investment companies that continue investment company accounting in the parent's consolidated financial statements or the financial statements of the equity method investor.

The Accounting Standards Executive Committee and the Accounting Standards Team of the AICPA ("AcSEC") expects to issue SOP 07-1 in mid June. The SOP will be effective for fiscal years beginning on or after December 15, 2007.

Click here for the Exposure Draft.

AICPA Issues TPAs for Employee Benefit Plans

The AICPA has issued three new TPAs on *employee benefit plans*.

TPA 6931.08 clarifies on the types of investments to which the financial statement presentation and disclosure requirements of SOP 94-4 *Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined-Contribution Pension Plans*, as amended by FSP AAG INV-1 and SOP 94-4-1 *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* apply.

TPA 6931.09 clarifies that the financial statement presentation requirements of paragraph 15 of SOP 94-4, as amended by FSP AAG INV-1 and SOP 94-4-1 is applicable to investments in common collective trust fund or a master trust that holds fully benefit-responsive investment contracts.

TPA 6931.10 discusses about the disclosure requirements of the plans that directly invest in common collective trust funds or in master trusts that hold fully benefit- responsive investment contracts.

Click here to access TPA's available on the AICPA Website.

AICPA Issues Exposure Draft for a Framework for AICPA Code of Professional Conduct

The Professional Ethics Executive Committee of the AICPA has issued an Exposure Draft (AICPA Proposed Interpretation 102-7*, Other Considerations: Meeting the Objectives of the Fundamental*

Principles, and Proposed Framework for Meeting the Objectives of the Fundamental Principles) on Rule 102, *Integrity and Objectivity,* of AICPA Code of Professional Conduct.

The proposed framework provides guidance to the members whenever they face difficulty in making decisions on ethical matters that are not specifically addressed by the AICPA Code of Professional Conduct. Under the framework, members are required to apply adequate safeguards to minimize or eliminate any threat that is considered to be significant. If the threat cannot be mitigated, services provided by the member should be declined or discontinued.

Comments on the Exposure Draft are due by August 15, 2007.

Click here for a full text of the Exposure Draft available on the AICPA's website.

AICPA Issues Exposure Draft on Proposed Revisions to Peer Review Standards

The AICPA has issued an Exposure Draft proposing certain revisions to the existing peer review standards. The proposed standard will result in a more effective peer review process.

The Exposure Draft proposes to create a single set of principles-based standards for the AICPA peer review program for all the members subject to peer review.

The draft was issued based on the response from the users for the existing standards taken through an online poll. The AICPA also formed a task force in May 2005 which issued a report of recommendations to enhance the program. The important conclusions that came out of the users' poll and the task force recommendations were as follows:

- A recommendation to merge the two peer review programs;
- A recommendation to reengineer the reporting process to be more understandable and usable in light of the growing mandate that the results of peer reviews be made more widely available.

Revisions to existing standards are proposed based on the above recommendations. Broadly, the Exposure Draft proposes the following revisions to the existing peer review standards:

- Creating one set of Standards and Interpretations with the AICPA peer review program;
- Creating principles-based Standards and providing detailed guidance in the Interpretations;
- Defining the terms "matter", "finding", "deficiency" and "significant deficiency", describing how they may affect the type of report issued on a System or Engagement Review, and eliminating use of the term "substandard" due to an increased systems oriented focus;
- Expanding the use of existing peer review practice aids in making the reporting model more efficient;
- Creating a new peer review reporting model for System and Engagement Reviews;
- Clarifies that the Standards can be used by certain approved administering entities to administer peer reviews of non-AICPA firms.

Comments on the Exposure Draft are due by June 30, 2007.

Click here for the Exposure Draft available on the AICPA's Website.

AICPA Issues Discussion Paper on ASB Standards

As a result of the recent focus on globalization of accounting and auditing standards, the ASB has undertaken a project that would more closely align international and U.S. generally accepted auditing standards, while not creating unnecessary differences with PCAOB auditing standards.

To achieve harmony with international auditing standards, the ASB began to align its agenda with the International Auditing and Assurance Standards Board (IAASB), with new standards developed concurrently with the IAASB's International Standards on Auditing (ISAs). The ASB then uses ISAs as the basis for developing its SASs, with modifications made to better serve U.S. users of audited financial statements, or when U.S. legal or regulatory requirements require modification.

The IAASB has undertaken a project to address the clarity, usage terms, length, and complexity of its ISAs. The ASB believes that undertaking a similar project would help to accomplish its mission of providing auditing standards that are understandable, clear, and consistently applied.

The issues raised and considered by the AICPA in the discussion paper are as follows:

- Establishing objectives for each standard that provide a conceptual framework for the application of professional judgment;
- Making structural and drafting improvements to make the standards easier to read and understand;
- Including special considerations in the audits of public sector entities and small entities in the explanatory material of any Statement;
- Establishing a glossary of terms that would be presented in a separate section of the Statement.

Comments on the Discussion Paper are due by June 15, 2007.

Click here for a full text of the Discussion Paper available on the AICPA's website.

Regulatory Matters

Sarbanes & Oxley Act of 2002, Section 404 Matters

PCAOB Approves New Audit Standard No.5 for an Audit of Internal Control over Financial Reporting

On May 24 2007, The Public Company Accounting Oversight Board ("PCAOB") voted to adopt Auditing Standard No. 5 *An Audit of Internal Control over Financial Reporting That Is Integrated with an Audit of Financial Statements* ("AS 5"), to replace its previous internal control auditing standard, Auditing Standard No. 2 *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With An Audit of Financial Statements* ("AS 2").

AS 5 was designed to achieve the following four basic objectives:

- Focus the internal control audit on the most important matters;
- Eliminate procedures that are unnecessary to achieve an effective audit;
- Make the audit scalable to fit the size and the complexity of any company;
- Simplify the text of the standard.

Some of the notable differences between AS 5 and AS 2 are as follows:

- Emphasis on the importance of the application of a top-down, risk-based approach and the importance of entity-level controls. The standard clarifies that entity-level controls vary in nature and precision and includes an explanation of how different kinds of entity-level controls vary in their effects on the selection and testing of controls. For example, entity-level controls that monitor the operation of other controls in a sufficiently precise manner may reduce, or in some cases eliminate the need for testing of the underlying, process-level controls.

- Emphasis on scoping multi-location testing according to assessed risk rather than on attaining coverage over a "large portion," as described in AS 2.

- Elimination of the "principal evidence" provision, as described in AS 2, while maintaining the auditor's responsibilities to obtain reasonable assurance regarding internal control over financial reporting ("ICFR") and to obtain sufficient competent evidential matter to support the auditor's opinion.

- Allowance for the use of work of others in all areas, except for work performed to understand likely sources of misstatement. In this area, the work of others can only be used in a direct assistance capacity.

- Allowance for consideration of knowledge gained from previous audits in performing the current year audit.

- "Scalability" considerations for audits of entities of differing sizes and complexities.

- Elimination of the requirement to provide an opinion on management's assessment of ICFR and the associated requirement to evaluate management's process. However, it is still important for auditors to understand management's process as part of assessing ICFR effectiveness and determining the extent to which they can use management's work.

- Emphasis on fraud risk and anti-fraud controls to encourage integration of the auditor's fraud risk assessment in the evaluation of ICFR.

AS 5 also includes:

- Requirement to consider the criteria in the PCAOB's interim auditing standard AU Section 322, *The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements,* to evaluate the competence and objectivity of any persons whose work the auditor plans to use to determine the extent to which the auditor may use that work.

- Emphasis on the requirement to obtain an understanding of likely sources of potential misstatements and identifying controls to test, rather than on the manner in which this understanding is to be obtained. While the standard does not explicitly require the performance of walkthroughs, it indicates that walkthroughs are likely the most effective way of achieving the objectives set forth in the standard.

- Revision of the definition of "material weakness" and "significant deficiency" to align with final SEC guidance.

- Modification of the guidance on "strong indicators" of a material weakness. AS 5 now includes a shorter list of indicators of material weakness, but has eliminated the requirement to consider these indicators as at least significant deficiencies and strong indicators of material weaknesses.

- Elimination of guidance on indicators of circumstances that should be considered at least significant deficiencies.

The Board has also adopted Rule 3525, which relates to an auditor's responsibilities when seeking audit committee preapproval of permitted internal control related nonaudit services. The Rule requires the auditor to provide the audit committee with a written proposal of the scope of service and the effect on an auditor's independence, and to document the discussions with the audit committee. These requirements are similar to the auditor's responsibility under PCAOB Rule 3524 to seek audit committee preapproval to perform tax services for an audit client.

AS 5, available on the PCAOB's Web site, must be approved by the SEC (requiring a second public comment period). Assuming approval, AS 5 and Rule 3525 would be effective for years ending on or after November 15, 2007. Once approved, auditors may early adopt AS 5's provisions.

The full text of AS 5 and the press release announcing it are available on the PCAOB's Web site.

SEC Approves Management Guidance on ICFR

The SEC has approved interpretive guidance to assist public companies in strengthening their internal control over financial reporting while also reducing unnecessary costs of compliance under Section 404 of the Sarbanes-Oxley Act of 2002. The interpretive guidance focuses management on controls that would most effectively protect against the risk of a material misstatement in the financial statements.

The SEC also approved rule amendments to Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-15 and 15d-15 so that a company performing an evaluation of internal control under the interpretive guidance issued by the SEC satisfies the annual evaluation requirements of the aforementioned rules.

The rule amendments also defined the term material weakness as "a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis."

The requirements on an auditor's attestation report have also been revised to clarify that the auditor is not evaluating the process management has undertaken in evaluating its internal controls, but that rather the auditor is only providing an opinion on internal control over financial reporting.

The effective date of the interpretive guidance and adopted rules by the SEC will be 30 days from the date they are published in the Federal Register.

Click here for a Guidance published by the SEC.

Click here for a press release announcing the adoption of new guidance is available on the SEC's Web site.

US GAAP - IFRS Matters

US and EU Agree to Work to Eliminate Financial Reporting Reconciliation

At their political summit meeting held in Washington on April 30, 2007, the US president and two European leaders, Angela Merkel (President of the European Council) and José Manuel Barroso (President of the European Commission), met and resolved to work on promoting the transatlantic integration. In particular, the resolution is aimed at promoting the conditions under which the US GAAP and IFRS are recognized equally in both the jurisdictions without need for any reconciliation by 2009 or possibly sooner.

The agreement reached at by the US president and the European leaders on transatlantic integration is divided into five broad headings as follows:

Purposes: To strengthen the transatlantic economic integration with the goal of improving competitiveness.

Fostering Cooperation and Reducing Regulatory Burdens: US and EU to take several steps towards reducing the barriers to transatlantic economic integration posed by new regulations by reinforcing the existing transatlantic dialogue structures and by regulations in specific sectors by intensifying sector-by-sector regulatory cooperation, including through enhanced EC-OMB cooperation.

Lighthouse Priority Projects: Agreed to work towards achieving progress on several lighthouse priority projects within six to eight months of the effective date of this framework. These projects have been identified from the existing work program within the existing transatlantic dialogue and cover topics such as:

- Intellectual Property Rights
- Secure Trade
- Financial Markets
- Innovation and Technology
- Investment

Transatlantic Economic Council: The transatlantic economic council was established which will be co-chaired by the US and EU representatives, collaborating closely with the EU presidency. The council will assume responsibility for various supervisory and administrative tasks under the agreed framework such as overseeing the efforts outlined with the goal of accelerating progress, review the progress in achieving the objectives of the framework and include representatives of other government entities as it deems appropriate.

Work Program of Cooperation: It was resolved to promote transatlantic economic integration in the areas covered by the lighthouse priority projects which are intellectual property rights, secure trade, financial markets, innovation and technology and investments.

Click here for the press releases available on International Accounting Standards Board's ("IASB") Website.

Other Regulatory Matters

SEC Issues Auditor Independence Brochure

The SEC issued a brochure on auditor independence to highlight certain SEC rules and other authoritative pronouncements relevant to audit committee oversight responsibilities regarding auditors' independence.

The general standard of auditor independence is that the auditor is capable of exercising objective judgment on all the issues within an audit engagement. Specifically, to determine whether the auditors are independent or not, the audit committee may consider whether the services provided by the auditor:

- Creates a mutual or conflicting interest with their audit client;
- Places them in the position of auditing their own work;
- Results in their acting as management or an employee of the audit client;
- Places them in a position of being an advocate for the audit client.

The SEC also discussed certain specific auditor independence issues in the brochure. These issues were:

Specific Prohibited Non-audit services: The auditors are prohibited from performing various non-audit services as listed in the brochure.

Pre-approval of Permitted Services: The audit committee must pre-approve all the permitted services provided by the independent auditor in accordance with the commission rules on pre-approval requirements. The audit committee must be informed about all the services to be provided by the audit firm to ensure the independence of the audit firm.

Prohibited Relationships: Certain relations are prohibited between the audit firms and the entities they audit. They are:

- Employment relations;
- Contingent fees;
- Direct or material indirect business relations;
- Certain financial relations like banking, broker-dealers.

Communications between Audit Committee and the Independent Auditor: The auditor is required to communicate in writing to the audit committee, no less often than annually, all relationships with the entity it audits to if such relationship is reasonably suspected to have a bearing on audit firm's' independence.

Change of Independent Auditors: The auditor must be independent at the time of issue of audit report and for the entire period covered by the audit. Also, if the accounts of the entity are re-stated, the auditor must be independent at the time of audit or restatement adjustments and re-issue of audit opinion.

The brochure lays the responsibility on the audit committee to investigate any potential independence impairment issues that it faces. It may seek guidance in this regard from legal counsel or Office of Chief Accountant of the SEC.

Click here for the Independence brochure available on the SEC Website.

Rule Changes Proposed on Capital Raising and Disclosure Requirements for Smaller Companies

On the basis of recommendations from the SEC's Advisory Committee on Smaller Public Companies, the SEC has proposed six rule changes related to capital raising and disclosure requirements of smaller public companies.

The proposed rule amendments include the following:

- **Regulatory Relief and Simplification for Smaller Reporting Companies** — This proposal would (1) expand the SEC's smaller company scaled disclosure and reporting requirements to all companies with $75 million or less of public float, (2) combine small business issuers and nonaccelerated filers into a single category entitled "smaller reporting companies," (3) integrate smaller company disclosure requirements in Regulation S-B into the disclosure requirements of Regulation S-K, and (4) rescind the "SB" forms used for smaller companies.

- **Revisions to the Eligibility Requirements for Primary Securities Offerings on Forms S-3 and F-3** — This proposal would allow companies that meet certain requirements and have less than $75 million of public float to register primary offerings of their securities under Forms S-3 and F-3.

- **Exemption of Compensatory Employee Stock Options From Registration Under Section 12(g) of the Exchange Act** — This proposal provides exemptions to Exchange Act Section 12(g) registration for compensatory employee stock options that are issued by (1) a private nonreporting issuer under an employee stock option plan or (2) an entity whose securities are registered under Section 12 of the Exchange Act.

- **New Regulation D Limited Offering Exemption** — This proposal (1) establishes an exemption for a newly defined category of qualified purchasers that could engage in limited advertising, (2) includes an investments-owned standard under which investors can qualify as accredited, (3) provides inflation adjustments to the "accredited investor" definition, (4) reduces the Regulation D integration safe harbor to 90 days, and (5) applies uniform disqualification provisions for Regulation D offerings.

- **Electronic Filing of Form D** —This proposal would simplify Form D by revising and updating the information requirements and would require electronic filing using a new online system.

- **Revisions to Securities Act Rules 144 and 145** — This proposal includes amending Rule 144 to (1) reduce the holding period for restricted securities to six months, (2) allow for resale of restricted securities of non affiliates of reporting companies after a six month period, (3) increase the threshold requiring Form 144 filing, and (4) simplify certain portions of Rule 144 and codify Rule 144 interpretations. The proposal also amends Rule 145 to (1) eliminate the presumptive underwriter provision in certain situations and (2) revise the Rule's resale provisions.

Comments on these proposals should be received by the SEC within 60 days of the proposals' publication in the Federal Register.

Click here for the press release announcing the proposals.

SEC Issues Research Guides

The SEC has issued two research guides for use by investors and the public.

The first guide provides information on researching securities law. Because federal statutes and SEC rules and regulations have the force of law, while other SEC-issued documents vary according to the degree in which they can be enforced under the law, the guide suggests researching securities laws in the following order:

- Statutes
- SEC Rules and Regulations
- SEC Concept Releases
- SEC Interpretive Releases
- SEC Staff Interpretations

The research guide also provides information on legislative history, effective and compliance dates, release number prefixes, and SR and S7 files.

The second guide provides tips and frequently asked questions for using the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) database to research public companies. The EDGAR database allows public access to such corporate information as registration statements, prospectuses, periodic financial statements (Forms 10-K and 10-Q), recent events (Form 8-K), as well as comment and response letters related to disclosure filings reviewed by the SEC's Division of Corporation Finance or its Division of Investment Management. The guide includes (1) an overview of the EDGAR database and search capabilities, (2) tips for improving research results, and (3) FAQs on using the EDGAR database related to the following: (a) understanding search results, (b) limitations on searches, (c) information about publicly-traded companies, (d) executive compensation, (e) insider transactions, (f) business combinations, (g) initial public offerings, (h) bankruptcy, (i) information about a company's auditors, and (j) researching mutual funds and variable insurance products.

Click here for the information posted on the SEC's Website.

SEC Staff Reminds Securities Industry Firms to be Alert to Imposters

On May 10, 2007, the SEC issued an alert to all the security industry entities regarding individuals impersonating SEC staff. The alert was issued after multiple occasions on which securities industry entities were telephoned by individuals claiming to be SEC staff members and demanding access to confidential information. Known attempts have taken the form of "emergency examinations" that involved the gathering of information on behalf of well known SEC officials.

The SEC directed the entities to take precautionary steps before sharing any information with individuals identifying themselves as SEC Staff, including:

- Ask for the caller's name, office and telephone number;
- Tell the caller that you will return the call;
- Call the SEC's main telephone number and request to speak to the individual.

All entities are urged not to share any information with the caller if it is suspected that the caller is not an SEC staff until their identity is verified. If the caller resists in providing the proof of identity or the effort to verify the identity is unsuccessful, the entities may report the incident to the Examination Hotline or to the SEC's Inspector General.

Click here for details of the alert available on the SEC's Website.

Treasury Department Announces New Federal Advisory Committee

As part of his plan to strengthen the competitiveness of the U.S. capital markets by improving the financial reporting system and the auditing profession, U.S. Treasury Secretary Henry Paulson has announced the creation of a non-partisan federal advisory committee to be co-chaired by former SEC Chairman Arthur Levitt and former SEC Chief Accountant Donald Nicolaisen. The mission of the committee will be to develop recommendations on ways to strengthen the auditing profession. The issues to be considered are auditing industry concentration, strengthening the industry's financial soundness, and attracting and retaining qualified personnel.

Secretary Paulson also noted that the number of restatements has greatly increased over the past decade. This increase has led to significant costs in the capital markets and to the potential for confusion for investors and reduced public confidence in the financial reporting system. Therefore, in connection with the efforts of the FASB and the SEC, the Treasury Department will commence a study of the factors that have driven this increase in restatements and of the effect they have had on investors and the U.S. capital markets.

Click here for a press release available on the U.S Treasury Department's Website.

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Financial Reporting

- EITF Roundup: Highlights of the June Meeting (June 19, 2:00 - 3:30 PM EDT (18:00 GMT))

Sarbanes-Oxley

- Overhaul Your Financial Close and Reporting Process Without Turning Your Company Upside-Down (June 27, 3:00 PM EDT (19:00 GMT))
- The Rest of Sarbanes-Oxley: Impacts and Implications Beyond Sections 302 and 404 (June 28, 2:00 PM EDT (18:00 GMT))

Corporate Governance

- The Latest Trends in Corporate Governance (June 20, 2:00 PM EDT (18:00 GMT))

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Recent Deloitte Publications

Below is a list of Deloitte publications about the most recent rule proposals and legislative actions.

- Accounting Roundup: First Quarter in Review - 2007
- Accounting Roundup: May 2007
- Heads Up: SEC Regulations Committee and SEC Staff Hold First Meeting of 2007
- Heads Up: Expected Securities and Exchange Commission (SEC) Actions Will Increase Relevance of International Financial Reporting Standards in the U.S.
- Heads Up: SEC and PCAOB Approve New Section 404 Guidance: No Additional Delay for Non-Accelerated Filers
- EITF Snapshot: March 2007
- Financial Reporting Alert 07-1, Fair Value Option Not Available for Financial Instruments with Significant Future-Services Component
- Financial Reporting Alert 07-2, Error Made by Companies in Adopting Statement 158's Recognition Provisions
- IFRS in Your Pocket 2007
- Uncertainty in Income Taxes: A Roadmap to Applying Interpretation 48
- A Roadmap to the Accounting and Regulatory Aspects of Postretirement Benefits: Including an Overview of Statement 158
- Accounting for Business Combinations, Goodwill, and Other Intangible Assets: A Roadmap to Applying Statements 141 and 142
- Under Control: Sustaining Compliance with Sarbanes-Oxley in Year Two and Beyond
- Audit Committee Brief: Financial Executive Magazine's Top 10 Financial Reporting Issues for 2007

IAS Plus Website

Deloitte's IAS Plus website discusses current and future developments in the International Financial Reporting Standards (IFRS) environment.

e-Learning training materials for International Financial Reporting Standards

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