

FASB and IASB Issue Progress Report Detailing Modified Convergence Strategy

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Since 2002, the U.S. Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") (collectively, the "Boards") have recognized the need for the development of high-quality, compatible accounting standards that could be used for both domestic and cross-border financial reporting.¹ In 2006, the Boards entered into a Memorandum of Understanding ("MoU"), A Roadmap for Convergence between IFRSs and US GAAP-2006-2008.² This MoU, as updated in 2008, set forth a list of joint projects on which the Boards sought to achieve accounting standard convergence.³ In November 2009, the Boards issued a Joint Statement ("Statement") which affirmed June 2011 as the target date for completing the major convergence projects identified within the MoU.⁴ However, stakeholders expressed concern about their ability to consider and provide high quality input on the large number of exposure drafts for proposed changes in accounting standards which were planned for publication in the second quarter of 2010 in order to meet the aggressive timeline. Because the Boards recognized the impact which effective stakeholder participation can have on the quality of the final standards, they decided to modify their convergence strategy.