

October 21, 2009

## **Accounting Standards Board of Japan Meets with U.S. Financial Accounting Standards Board to Discuss Global Convergence**

**Norwalk, CT October 21, 2009....** Representatives of the Accounting Standards Board of Japan (ASBJ) and the U.S. Financial Accounting Standards Board (FASB) gathered this week in Norwalk, CT. Led by Ikuo Nishikawa, Chairman of the ASBJ, and Robert H. Herz, Chairman of the FASB, the meeting was the eighth in a series of discussions between the ASBJ and the FASB designed to enhance dialogue between the two Boards in their shared pursuit of global convergence of accounting standards.

The development of a common set of high-quality accounting standards for both domestic and international use has been a major initiative of the ASBJ and the FASB. Working toward that goal with the International Accounting Standards Board (IASB), the organizations believe that common financial reporting across the major business and capital markets of the world is a critical component in providing credible, comparable, conceptually sound, and usable financial information.

As part of the meeting, representatives of the Boards discussed their respective strategies towards a single set of high-quality global standards. In this session, representatives of the ASBJ described the ASBJ's activities taking into account the Interim Report, "Opinion on Application of International Financial Reporting Standards in Japan," issued in June 2009 by the Business Accounting Council.<sup>1</sup> Representatives of the FASB discussed progress between the FASB and the IASB on the projects covered by their Memorandum of Understanding (MoU).

In addition, representatives of the Boards exchanged their views on the current status of their work on the following projects:

- Other comprehensive income and recycling;
- Measurement of liabilities, including own credit risk;

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<sup>1</sup> The Business Accounting Council is an advisory body to the Commissioner of the Financial Services Agency. A provisional English translation of the Draft Interim Report is available at the Financial Services Agency website at <http://www.fsa.go.jp/en/news/2009/20090701-1.html>.

- Financial Instruments; and
- Leases.

Representatives of the Boards agreed that their ongoing discussions are useful in promoting mutual understanding that will contribute to subsequent deliberations at their respective Boards and to the future development of high-quality accounting standards on the significant items to be improved in the medium and long term with the IASB. The Boards agreed that they would continue to exchange views on longer-term issues and current concerns.

Ikuro Nishikawa, Chairman of the ASBJ, stated, “In times of accelerating international convergence of accounting standards, we again had a fruitful meeting with representatives of the FASB. In Japan, the Interim Report issued by the Financial Services Agency sets out a roadmap towards the application of IFRSs in Japan, and Japanese constituents are increasing their interests in the development of MoU projects between the IASB and the FASB.

The ASBJ will continue to cooperate actively with the IASB and the FASB in their efforts on convergence to achieve a single set of high quality, global accounting standards promoting transparency and soundness of capital markets, which is a goal mentioned in the G20 leaders’ statement at the Pittsburgh Summit this September.”

Robert H. Herz, Chairman of the FASB, affirmed that notion, saying, “Now more than ever it is critical that our two organizations regularly share perspectives on key issues of financial reporting that impact the development of common global standards. Our periodic face-to-face meetings are the best way to accomplish this.”

The next joint meeting is planned in the first half of 2010 in Tokyo, Japan.

### **About the Accounting Standards Board of Japan**

The Accounting Standards Board of Japan (ASBJ) was established in July 2001 as a private-sector organization. Accounting standards developed by the ASBJ are to be authorized by the Financial Services Agency as part of generally accepted accounting principles. The ASBJ develops accounting standards and implementation guidance that appropriately reflect the environment in which business enterprises operate. The ASBJ also communicates with corresponding organizations abroad and contributes to the development of global accounting

standards. For more information about the ASBJ, visit its website at [https://www.asb.or.jp/asb/top\\_e.do](https://www.asb.or.jp/asb/top_e.do).

### **About the U.S. Financial Accounting Standards Board**

Since 1973, the U.S. Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting in the United States. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors, and others rely on credible, transparent, and comparable financial information. For more information about the FASB, visit its website at <http://www.fasb.org/>.