

August 26, 2011

## **Representatives of the Accounting Standards Board of Japan and the Financial Accounting Standards Board Hold Biannual Meeting**

Representatives of the Accounting Standards Board of Japan (ASBJ) and the Financial Accounting Standards Board (FASB) met on August 18 and 19, 2011, in Tokyo, Japan. This meeting was the eleventh in a series of discussions between the ASBJ and the FASB.

The FASB and the International Accounting Standards Board (IASB) have been actively holding joint meetings with the aim of issuing final standards to improve and converge U.S. GAAP and International Financial Reporting Standards (IFRSs).

The ASBJ supports the efforts by the FASB and the IASB towards developing high-quality global accounting standards and is making progress with its projects to achieve convergence between Japanese GAAP and IFRSs, taking into consideration the progress of the joint projects by the FASB and the IASB.

At this meeting, the ASBJ and the FASB updated each other with the recent developments in their respective convergence projects with the IASB. Furthermore, the ASBJ and the FASB exchanged views on the following projects undertaken by the FASB and the IASB:

- Financial instruments (including the credit impairment model for financial assets and the classification and measurement of financial assets and financial liabilities)
- Revenue recognition (including the recent deliberations that will lead to the re-exposure draft to be issued in the third quarter of 2011)
- Leases (including the recent deliberations that will lead to the re-exposure draft to be issued in the fourth quarter of 2011)
- Insurance contracts (including the accounting for the effects of changes arising from the remeasurement of insurance contract liabilities)

Representatives of the ASBJ and the FASB agreed that their ongoing discussions are useful in promoting mutual understanding that will contribute to subsequent deliberations at each Board and to the future development of high-quality accounting

standards on the significant items to be improved with the IASB. The ASBJ and the FASB agreed that they would continue to exchange views on issues faced and potential future concerns.

Ikuo Nishikawa, Chairman of the ASBJ, stated, “MoU projects and other joint projects undertaken by the FASB and the IASB are of high interest to Japanese constituents. It was extremely meaningful for us to exchange views on financial instruments, revenue recognition, leases, and insurance contracts with the FASB at a crucial time when the FASB and the IASB are redeliberating issues towards the finalization of common standards. We hope our discussions at this meeting serve as effective inputs in the finalization process for each standard. The ASBJ is committed to continue to contribute to the development of high-quality, global accounting standards through its activities, including periodic meetings with the FASB.”

Leslie F. Seidman, Chairman of the FASB, stated, “Our ongoing dialogue with the ASBJ has contributed to a deeper understanding of the issues that both Japan and the United States face in working toward the mutual goal of creating high-quality, comparable accounting standards. As a result of these discussions, I believe we will be able to move closer to achieving that goal.”

The next joint meeting is planned in the first quarter of 2012 in Norwalk, Connecticut.

### **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 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/>.