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IFRS and the Accounting Consensus[1]

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Abstract

A broad consensus in accounting favors principles over rules to guide creation of a *uniform high quality set of standards* for use everywhere, and granting monopoly power to a single body for this purpose. This consensus has little logical basis, and if implemented into policy, will discourage discovery of better methods of financial reporting, make it difficult if not impossible to conduct comparative studies of the consequences of using alternatives methods of accounting, promote substitution of analysis and thinking by rote learning in accounting classes, drive talented youth away from collegiate programs in accounting, and probably endanger the place of accounting discipline in university curricula. The paper calls for a re-examination of the accounting consensus.

Key Words: IFRS, Accounting standards, uniformity, accounting education
JEL Codes: M41, M44

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IFRS and the Accounting Consensus

This paper presents a heterodox perspective on International Financial Reporting Standards (IFRS). While the development of another set of accounting standards is a good idea, I present a case that its application to all public firms across most countries of the world through regulatory fiat is not.

"The train is about to leave the station, and you would be left standing on the platform if you do not climb aboard with the crowd" usually is not a good reason to do something, especially in matter of policy with longer term consequences. It applies to smoking, drugs, investment in real estate or stock markets, choice of careers, and many other aspects of our lives, society, and economy. Consider one example.

Through the 1980s and the 1990s, the International Monetary Fund, the World Bank, and the U.S. Department of Treasury were associated with a more or less standardized mix of policy prescriptions for reforming the economies of countries in financial crisis (Williamson 1989). This policy mix was administered, sometimes in the face of considerable resistance, to developing countries that got into economic difficulties and turned to these institutions for help. This mix consisted of bitter pills of fiscal discipline, redirection of public spending, tax reform, financial, trade and investment liberalization, privatization, deregulation, and greater role for market forces and protection of property rights.

Until about ten years ago, virtually everyone with power in the world of international finance and economics appeared to support the idea. By the end of the nineties, the Consensus evaporated (Naim 2000), was modified (Rodrik 2001) and heavily criticized (Stiglitz 2002 and Finnegan 2003). After its fall from grace, and with the hindsight on its consequences, it is difficult to find its supporters even in Washington, London or Tokyo, much less is Buenos Aires, Mexico City or Jakarta.

What use is it for accountants to recall the Washington Consensus? Perhaps not much, but it might be worthwhile to think of the current **Accounting Consensus**, identify its main elements, examine whether it is better grounded in facts than its celebrated predecessor was, assess its implications for accounting practice and education, and rethink what we should and should not do, before we snap to attention to the orders from authorities. Civil servants, politicians, experts as well as academics are all susceptible to errors of judgment. Our only protection is to try to minimize the frequency and impact of such errors by thinking hard and debating the issues before taking major policy steps.

An examination of the elements of the current accounting consensus leads me to conclude that most of it is built on questionable foundations. I shall also argue that, if pursued by accounting educators, it will bring grave harm to the quality of accounting education, our ability to attract and prepare talented young men and women for the profession, and further endanger the place of accounting education in our universities. Each educator should decide on his or her own after thinking about what standardization and monopoly accounting and auditing have done to accounting education and the profession, and whether moving further down this road will help us serve our students and society better.

In my assessment, accounting consensus can be summarized in the following five elements:

1. The standards developed should be confined to principles and not become detailed rules.

2. A single set of high quality written standards of financial reporting applied to all companies (at least the publicly traded ones) in the world will improve financial reporting by making financial reports more comparable, and thus assist investors and other users of financial statements make better decisions.
3. To develop such standards, we should create a single deliberative corporate body consisting of chosen experts with a proper governance structure, due process, and legally assured funding, functioning under the oversight of regulatory authorities such as the Securities and Exchange Commission, the European Commission, or International Organization of Securities Commissions.
4. To this end, the operations of the FASB and the IASB should be gradually merged or converged into one corporate body and one set of standards to be called, say, IFRS.
5. This single set of standards should be practiced in the U.S., the European Union, and elsewhere, and the U.S. educational system should prepare itself to integrate IFRS into its curricula so U.S. graduates will be able to prepare, use, and audit financial reports based on IFRS.

In the following section I present the arguments as to why these elements are flawed.

1. **The standards developed should be confined to principles and not become detailed rules.**

Principles, not rules, seem to be at the core of the Accounting Consensus. Doubts arise about the substance of a consensus when everybody is for it, but nobody can tell you what it means, or give you some substantive examples. We know the biblical commandments—Thou shalt not steal, for example—as principles. Which of the pronouncements of the FASB or the IASB can be characterized as principles? An interview in the Financial Times with the IASB officials in May 2008 reported that the plan is to adopt many of the FASB standards as IFRS. Recall the length of some standards written by the FASB; the one on derivatives (FAS 133) is 213 pages as originally issued and 165 pages as amended, and the pronouncements on leases have accumulated to hundreds of pages. Until recently, IFRS was justified by the same experts as principles-based accounting standards in contradistinction to FASB's rules-based standards. If the mere adoption of some of the FASB's rules will transform them into IFRS principles, one wonders what the distinction between principles and rules as visualized by accounting standard writers is.[2]

Among accounting standard writers, principles, like the so-called "fair values," may be a rhetorical device to label a proposal in such a way that it becomes awkward for others to point to its weaknesses. Johnson's Unified Budget Act of 1964 and Bush's Patriot Act of 2002 as examples of such rhetorical use of labels from the political domain. The "fair value" rhetoric came back to haunt financial institutions and capital markets as the liquidity dried up for

[2] In a story entitled "Stricter Bank Disclosure Rules Studied" Hughes (2008) writes;

...The proposals have not yet been discussed by the board of the IASB, but in an interview with the Financial Times, Sir David Tweedie, chairman of the IASB, said: "I suspect we might even mandate the disclosure - not only saying 'you have to show these things,' but saying 'this is exactly how you're going to show it'. We don't normally do that."

...Sir David also warned that the rules would have to be carefully worked out to avoid being "gamed" by clever accountants. "They're not daft, they do game the standards, and we have to be careful that if we slam the door shut on one form of doing this, that they're not all disappearing out of another door," he said. "This is why we usually prefer principles to rules."

What is the principle involved in the proposed disclosures referred to in the first paragraph is for the reader to discern.

subprime derivatives and the supposed fair values turned to fantasy values on corporate balance sheets.

Market valuation is a principle, as is historical cost valuation. In contrast, fairness is an ex post judgment about a particular instance of valuation in the eyes of preparers and users. Alternatively, it could be thought of as their ex ante judgment about the outcomes expected from a given method of valuation. How can a standard specify the numbers arrived at by the application of a particular method to be "fair" by definition?

Financial Accounting Standard 157 specified three unrelated valuation methods (mark-to-market, mark-to-model and mark-to-judgment) to be used in different circumstances and declared their combination to be "fair." Note that the last of these three options allows firms to value assets as they deem fit when market values or model parameters cannot be objectively estimated. Warren Buffet pointed out that the third level of "fair" risks being mark-to-fantasy. In what sense can this method be called a principle, and not the continuation of the rules tradition? It would be good to know the substance of the distinction between rules vs. principles in the context of what the FASB and the IASB have done in the past, and plan to do in the future.

2. **A single set of high quality written standards of financial reporting applied to all companies (at least the publicly traded ones) in the world will improve financial reporting by making financial reports more comparable, and thus assist investors and other users of financial statements make better decisions.**

There is little doubt that investors prefer high quality information over low. However, in order to impart an operational meaning to this preference, one should know the characteristics of a high quality accounting standard. How can one tell the quality of a standard? The length, specificity, generality, readability, and reliability, are some of the possibilities that come to mind but there are many others. Is it possible to put two standards, say those written by the FASB and the IASB side by side, and obtain some reasonable agreement across experts about their quality? To the best of my knowledge, neither the quality nor methods of measuring the quality of a standard, have been specified or explained. A study of the qualitative characteristics of standards does not give us much hope that they have been identified in a useful way (Joyce et al. 1982). There is much rhetoric about high quality standards in speeches and press releases, but surprisingly for organizations dedicated to telling the world how to measure things, no measure of quality of a standard is available. A car manufacturer cannot tout the quality of its parts for long without backing it up with substance. In comparison, measurement of the quality of accounting standards appears to be treated with remarkable indifference.

Facilitating comparability of financial statements is another important element of the Accounting Consensus. High quality standards based on principles instead of rules are supposed to help generate financial reports which are more useful by reason of being more comparable across firms, industries and countries. This high-sounding goal deserves a moment of reflection. A general principle is concise and calls for judgment in its application, which must necessarily vary across individuals and situations, giving rise to greater variability in applications than a more detailed rule—presumably calling for less judgment—will generate. How and why should one expect that a resort to principles instead of rules would result in greater comparability? The basis of this presumed insight of the Accounting Consensus remains a mystery; given its centrality, it is worth exploring further with an example.

Consider the problem of accounting for research and development outlays, an early project and pronouncement of the FASB (FAS 2) shortly after it was established in 1973. Consider two companies: A which spends $1 million on R&D and manages to get a patent of doubtful value, and company B which also spends $1 million on R&D and manages to develop a patent whose market value is estimated by the firm to be $10 million. Consider two possible standards: X which allows firms to capitalize that part of the R&D cost which does not exceed the firm's estimate of the value of the R&D; and standard Y which requires the firm to treat all R&D outlays as expense when incurred.

Under standard X firm A could capitalize an amount between 0 and $1 million depending on what it claims is the future value of the benefits of the R&D. Firm B also could do the same, although it is more likely to capitalize the entire cost of $1 million. In any case, to the user of the statements the two companies could look the same when their underlying states are entirely different. This is the problem that led the FASB to issue its FAS 2 in 1975 (labeled Y in this discussion).

Under standard Y, both firms must expense the $1 million outlay against the current period income and their balance sheets and income statement for the year would be identical (other things being the same), when in fact their underlying economic situations are quite different. They are comparable in the sense that they both spent the same amount of money on R&D during the year, and both show this entire amount as a charge against current income. They are also comparable in the sense that they have no resulting assets on their balance sheets. However, they are not comparable in the sense that while Standard Y (the current method) reveals the economic situation of firm A quite accurately, it misleads the user about the valuable resource of a patent firm B has but does not show on its balance sheet. So, even in this simplest of accounting examples, it is not clear which of these two possible standards is of higher quality and which one results in financial statements which are more comparable—an attribute so highly valued but so totally ambiguous in the Accounting Consensus.

Of course, there is no evidence that either of the two boards have tended to issue standards that help investors or other users to make better decisions. If such evidence is available, it should be shared with the public for their assessment. Basing important public policy decisions on unsupported assertions is not a prudent course of action.

3. **To develop such standards, we should create a single deliberative corporate body consisting of chosen experts with a proper governance structure, due process, and legally assured funding, functioning under the oversight of regulatory authorities such as the Securities and Exchange Commission, the European Commission, or International Organization of Securities Commissions.**

It is difficult for regulators accurately to assess the consequences of their proposed actions. The complex interactions among interests and actions of numerous agents make it difficult for any one regulatory body to assess, ex ante, the final consequences of implementing a proposal and its ultimate desirability. Most feedback they receive from individuals on their proposed drafts is understandably motivated by self-interest, sometimes apoplectic, and is rarely balanced across the interest groups whose ability to organize and respond differs widely. Even in simple design tasks, say a toaster or a voting machine, engineers must test prototypes in the field to assess the strengths and weaknesses of alternative designs.

The task of designing an accounting standard—which affects millions of individuals, each with the possibility of modifying his or her own actions in light of the standard—is far more complex. Designing it right in the first place, without a field trial is almost impossible. Sole dependence on the judgments of a single regulatory body, with a world-wide monopoly jurisdiction, discourages search for, experimentation with, and ultimate adoption of innovative solutions to financial reporting problems. Under a monopoly regulator, learning from trial-anderror and from alternative practices becomes difficult if not impossible. Even in the unlikely event that a single best-for-all standard exists, the probability that it can be discovered through a monopoly process is low. Such a process is more likely to get us boxed in a wrong solution with high probability, and we will not have access to evidence or experience with alternatives to guide improvement of its prescriptions through learning and comparison.[3] Reducing the number of paths for evolutionary change is an important adverse consequence of granting the authority for world-wide standards to a single regulator with jurisdiction around the world.

Simplicity and Complexity. Organization and rules of markets are often simple, but the interactions among market participants can be maddeningly complex. Instead of "simple rules, complex behavior" approach of markets, financial reporting has taken the opposite route of trying to make the task of the accountant and auditor simple by writing increasingly complex rules. Accounting standard setters seek to minimize the need for judgment by responding to requests for clarification of their rules. Unfortunately, there can be no end to demands for clarifications, and the resultant complexity, when the goal is to narrow the scopes of judgment and personal responsibility of the preparer and the auditor for the truthfulness and fairness of the final report. There are simpler ways of handling the accounting problem through a judicious combination of common and statutory law, relying more on self-restraint, and wielding lightly and sparingly the use of power of enforcement. Heavy-handed intervention through rule-making monopolies, and active enforcement by the power of state have not improved financial reporting and are unlikely to do so in the future.

It has been suggested that the economy, including corporations, markets and financial reporting, should not be seen as a machine with fixed components, properties and functional

[3] Barth et al. (2007), for example, compare the quality of financial reporting across 21 countries for firms that do and do not use international accounting standards. Once all (major) economies adopt IFRS, data for such comparative studies will no longer be available.

relationships. Instead they are best seen as an ecosystem whose elements continually adjust to one another, and evolve over time.[4] Just as the acceptance of the ecosystem idea deconstructed the human/nature dichotomy, recognition of financial reporting as an ecosystem may also help us turn away from the preparer/user, transaction-event/information dichotomies that lie at the heart of the recent approach to financial reporting.

While regulatory bodies themselves resist the idea of competition within their jurisdictions, there is little reason for them to deny themselves the benefits of discovery that naturally arise from a system in which multiple entities compete through innovation. The National Highway Traffic Safety Administration (NHTSA) benefits from competition among car manufacturers to profit from devising better and cheaper ways to achieve the safety benchmarks set by the NHTSA just as the Environmental Protection Agency (EPA) benefits from competition to devise better ways of achieving the set targets for pollution levels. There is little rationale for the Securities and Exchange Commission (SEC) or the European Commission (EC) to deny themselves similar benefits of competition between the FASB, the IASB, and possibly some others, in order to devise better ways of financial reporting. The number of automobile engine designs in the market is determined by the trade-off between the presumed advantages of newer designs and the additional costs including the parts inventory and the skill set of mechanics. Even if there were world-wide consensus that manufacturer X makes the best cars or computers at the present time, closing down the competing manufacturers is not a wise course of action. Just as car repair shops can figure out the ways of handling the diverse systems sold by different manufacturers, financial analysts can develop the expertise to analyze the financial statements prepared under competing standards.

[4] Arthur Roy Clapham coined the term ecosystem in the early 1930s in response to a request from Arthur Tansley (Willis 1997).

However, such competition cannot occur if, as the Accounting Consensus suggests, the standard setting agencies are assured of tax revenues to pay their way. Like any other organization, they would innovate, and make the difficult trade-offs necessary to limit the complexity of their standards only if they had to earn their own way in the form of royalties gathered from organizations that choose to claim that their financial reports conform to their respective standards. Any tendencies of the standard setters to race to the bottom would be counterbalanced by the self-interest of investors and analysts on one hand, and the vigilance of the statutory regulators on the other. The U.S. bond rating agencies (Moody's, Standard and Poors and Fitch) who once showed signs of racing to the bottom in markets for subprime mortgage-based markets showed signs of some improvement having been disciplined by both the markets as well as statutory regulators in the first half of 2008.

4. **To this end, the operations of the FASB and the IASB should be gradually merged into one corporate body and one set of standards to be called, say, IFRS.**

In practice, pursuit of uniform written standards at the expense of social norms[5] diminishes the effectiveness of financial reporting in stewardship and governance, and in better informing security markets. As mentioned above, the chances of discovering better methods of financial reporting through trial, experimentation, comparison, and research would decline, and the chances of evolving to better methods of financial reporting would be diminished by such a move.

In education, uniformity discourages thoughtful classroom discourse, attracts less talent to accounting programs and, ultimately, to the accounting profession. Uniform standards induce a follow-the-rule-book attitude among accountants at the expense of developing their professional judgment. Since judgment and personal responsibility are the hallmarks of a learned

[5] See Sunder (2003, 2005).

profession, pursuit of uniform written standards weakens the accountants' claim to belong in this class, as well as the claim of accounting degree programs to belong in universities alongside other professions such as architecture, dentistry, engineering, law, medicine and nursing. Uniformity discourages research and debate in academic and practice forums. Most importantly, uniformity encourages increasingly detailed rule-making, and shuts the door on learning through experimentation, making it difficult to discover better ways of financial reporting through practice and comparison of alternatives. Improving financial reporting requires creating a careful balance between written standards and unwritten social norms.

5. **This single set of standards should be practiced in the U.S., EC, and elsewhere, and the U.S. educational system should prepare itself to integrate IFRS into its curricula so U.S. graduates will be able to prepare, use, and audit financial reports based on IFRS.**

While the attempts to write uniform standards of financial reporting are primarily driven by their direct and immediate impact on capital markets, they also have major educational consequences. It is possible to argue that these consequences are equally if not more important, and that they certainly deserve more attention from academics. Moreover, those charged with the responsibility to develop uniform standards should include the educational consequences of their actions in their deliberations.

The expansion of the ambit of written authoritative standards has led to fundamental changes in textbooks, course content, classroom discourse and examinations, including the professional examination for CPA certification conducted by the AICPA. In the absence of an authoritative standard for a class of transactions, textbooks, class discussion, and examinations tend to explore various possible ways in which a transaction could be accounted for, consequences of alternative accounting treatments for various parties and the economy as a whole. Such discourse helps develop the mind of students to think fundamentally, does not allow for black and white answers, and helps attract young people with powers of abstraction to the accounting profession. Development and exercise of judgment, after all, is the hallmark of a profession.

With expansion in the scope of authoritative standards, educational discourse has progressively shifted toward increasing emphasis on rote memorization of written rules to be regurgitated in the examinations. With the accounting standards written by the FASB being granted a monopoly status for public companies, intermediate accounting classes have moved toward focusing on line and verse application of those standards, and not on critical examination of the merits of alternative accounting treatments for various classes of transactions. Such "memory-based" curriculum tends not to continue to attract talented youth to a profession for long.

A second aspect of the problem is the educational capacity. Under the current system just discussed, college and university courses in the US spend a great deal of time and course work teaching the specifics of accounting standards. It has been argued that competition among multiplicity of standards would call for even more accounting courses, core requirements, faculty, classrooms and other academic resources, and tuition fees or taxes to pay for them all. Under the current system of accounting education, it is not reasonable to expect the students, who have been drilled to memorize the specifics of FAS to figure out by reading IFRS what they are supposed to do or not do. While accounting firms worry about additional costs of multiple standards and seek to economize by arguing for uniformity, some in academia see this as an opportunity for expanding accounting programs.

Alternatively, we could follow the example of law schools and consider moving the accounting educational system in the direction of teaching general principles which are largely independent of the specifics of the standards issued by one or another regulator from time to time. Students educated in such a higher level system of education will have developed the powers of abstraction that would allow them to pick up any system of standards and apply them to specific transactions using their own judgment derived from education in general principles. Even under this alternative, given that the intermediate accounting courses and textbooks have already become more oriented to rote memorization of standards, time and resources would be needed to reorient the accounting education system.

Juliet Cao of the University of Washington at Tacoma writes[6]:

> In short, I realize that it will really be useful if the students can walk away from the class knowing (1) what exists is not necessarily optimal; (2) what is hard to achieve is not necessarily undoable (e.g., introducing competition into standard setting); (3) that it is ultimately us, individual accounting professionals, who shape the whole industry. It is a pity that students are often drowned in technical details and instructors do not have enough time to expose them to more interesting and important aspects of accounting. This is especially true for intermediate accounting, as most students may plan to take the CPA exam and feel uneasy when the instructor wanders from the list of specific topics that "should be covered" because they may show up in the CPA exam.

Reliance of financial reporting on uniform written standards and their convergence in U.S. and the world do not hold the promise of a place for accounting in university education. Such reliance does not help attract people who are willing to think, develop and use their judgment and take personal responsibility and rewards that go to the professionals who are

[6] Personal correspondence.

willing to do so. Instead, accounting appears to be headed for the low road, and we should not be surprised if the better students in business schools shun accounting after the SOX-induced bubble in demand for accountants subsides, as it inevitably will.

To conclude, finding a balance between uniform standards and norms, and defining the extent of their respective roles in financial reporting, are not easy tasks. Standard-setters find it difficult to know which standards are superior, and what should be the criteria for ranking the alternative standards. Societies that depend on norms and tradition also can get stuck in inefficient solutions (e.g., slavery) and it may take reform movements, even armed uprising, to release them.

By their nature, evolved social norms and culture are specific to the society they serve. Variations in evolved systems, like in the beaks of the finches inhabiting various valleys of the Galapagos Islands, or in wedding ceremonies in various parts of the world, are not explainable entirely in terms of identifiable factors. Random chance and history also play a role. Attempts to harmonize financial reporting across the world assume that all cross-country variation in financial reporting practices is random or at least that the advantages of dispensing with such variations exceed any reduction in the fit between the local economic environments and the financial reports. The practices proposed for universal use are those prevalent in the English-speaking countries, especially U.S. and U.K. and their authoritative versions written down in English often have no exact equivalents in Chinese, Japanese, or even Italian and German. Such ethnocentricity would be rejected in most other fields but it remains largely unchallenged in financial reporting.

The monopolies in the US and the EU deprive the economies and rule makers of the benefits of experimentation with alternatives. Under a monopoly regime, one can no longer observe what might happen if an alternative method were used. If the whole world uses a single method of accounting that happens to be flawed, it would be almost impossible to produce convincing observational evidence that a better alternative exists. Discovering efficient rules of accounting is a difficult problem because of the lack of reliable information about the consequences of alternatives. A monopoly restricts the amount of information available to the rule makers as well. What are the logical reasons for us to deny ourselves the benefit of information from competitive markets?[7] This preference for uniformity slows the evolution of accounting, denying accountants the right and opportunity to develop new and better methods.

The pendulum appears to have swung too far in the direction of uniform written standards. We should consider giving social norms a stronger role and restoring personal and professional responsibility in accounting and business. Without a need for responsibility and careful reasoning, the accounting profession itself will be diminished.

We should again take up the social norm of "fair representation" as a moral compass for accounting, just as "guilty beyond reasonable doubt" is used in criminal law. Written standards cannot capture either of these ideas. It may be necessary to create some kind of accounting court system to judge what constitutes "fair representation," as Leonard Spacek (1958) proposed long ago.

We should assist the evolution of accounting norms by allowing competition among multiple accounting rule makers with no collusion or push for convergence. Instead of being forced to use the FASB's standards, what if US firms could choose to use FASB, IFRS, or another standards system from a small set selected by the regulators? Standard-setting bodies could then receive their income solely from royalties charged for the use of their standards and have their revenue based on how well their system actually works, not on how many rules they

[7] See Hayek (1945).

write. With competitive standards, we will have a healthier system of discovering better accounting systems and developing them over time, without eliminating judgment, and creating a better balance between standardization and norms.

Is it possible to tame the financial reporting practices of corporations through substantial, if not exclusive, reliance on uniform written rules and punishment for violations? While the standard setters erect short sections of fence in the vicinity the lion was last spotted, the compensation committees of the boards throw red meat of juicy compensation packages encouraging hungry animals to walk around these flimsy barriers in the open jungle of financial reporting. A body of evidence on behavior of social animals suggests that beyond their physical needs, constraints and threats, norms of their own society play a significant role in what they do. It is not unreasonable to think that, given the importance of our own extensive and complex social structures and norms in various walks of life, ignoring them in financial reporting may not be a wise course.

In the preface to his Dictionary, Johnson wrote about his "fortuitous and unguided excursions into… the boundless chaos of a living speech." Can authoritative uniform standards without collaboration with social norms bring a semblance of order to the chaos to financial reporting? After seven decades of incessant efforts, it is clear that the current accounting consensus in favor of monopoly accounting standards will make things worse, not better.

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Meeting Date: 8/27/2008 - Open Meeting

Agenda #: 4

Case Name: Roadmap for the potential use of financial statements prepared in

OS Comments:

CATS Numbers:

Other File Number:

Suppl Memo:

Sensitive Info:

DO Approval:

DO Approval Date:

Status: Calendared

Disposition: Approved

Disposition Date: 8/27/2008

Calendared Date:

Submitting Division(s):

ALJ
CA
CE
CF
CIE
CRO

CA/CF

Submitting Regional / District Office(s):

A
ADO
ARO
BDO
BRO
C

Legal Counsel(s):

Abraham , Anil (for Christopher Cox)
Ahn , Cathy (for Roel C. Campos)
Albert , Ross (for Norman S. Johnson)
Albrecht , Patricia (for Norman S. Johnson)
Ameel , Susan (for Paul S. Atkins)

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Selected Legal Counsel

Jessen , Dawn (for Troy A. Paredes)
May , Zachary (for Luis A. Aguilar)

GC Staff Member(s):

Ahn , Cathy
Albrecht , Patricia
Block , Jonathan
Bloise , Michael
Bondehagen , Kay

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Selected GC Staff:

Fredickson , David
McCuaig , Dorothy

U.S. Securities and Exchange Commission

Open Meeting Agenda
Wednesday, August 27, 2008

Agenda as of August 26, 2008. Note that Open Meeting agendas are subject to last-minute changes.

Item 1: Exemption from Registration Under Section 12(g) of the Securities Exchange Act of 1934 for Foreign Private Issuers
Office: Division of Corporation Finance
Staff: Mauri L. Osheroff, Paul M. Dudek, Elliott B. Staffin

Item 2: Foreign Issuer Reporting Enhancements
Office: Division of Corporation Finance and Office of the Chief Accountant
Staff: Paul M. Dudek, Craig Olinger, Felicia Kung, Paul Beswick, Jeffrey Minton

Item 3: Commission Guidance and Revisions to the Cross-Border Tender Offer, Exchange Offer, Rights Offerings, and Business Combination Rules and Beneficial Ownership Reporting Rules for Certain Foreign Institutions
Office: Division of Corporation Finance
Staff: Mauri L. Osheroff, Christina Chalk, Tamara Brightwell

Item 4: Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards from U.S. Issuers
Office: Division of Corporation Finance and Office of the Chief Accountant
Staff: Wayne Carnall, Paul M. Dudek, Craig Olinger, Michael Coco, Paul Beswick, Jeffrey Minton, Liza McAndrew Moberg

Item 1: Exemption from Registration Under Section 12(g) of the Securities Exchange Act of 1934 for Foreign Private Issuers

The Commission will consider whether to adopt amendments to its rules regarding the circumstances under which a foreign private issuer is required to register a class of equity securities under Section 12(g) of the Exchange Act.

For further information, please contact Elliot Staffin, Division of Corporation Finance at (202) 551-3450.

Item 2: Foreign Issuer Reporting Enhancements

The Commission will consider whether to adopt amendments to the forms and rules applicable to foreign private issuers that are intended to enhance the information that is available to investors.

For further information, please contact Felicia Kung, Division of Corporation Finance at (202) 551-3244.

Item 3: Commission Guidance and Revisions to the Cross-Border Tender Offer, Exchange Offer, Rights Offerings, and Business Combination Rules and Beneficial Ownership Reporting Rules for Certain Foreign Institutions

The Commission will consider whether to adopt revisions to the current exemptions for cross-border business combination transactions and rights offerings to expand and enhance the usefulness of the exemptions, and to adopt changes to the beneficial ownership reporting rules to permit certain foreign institutions to file reports on a shorter form. The Commission also will consider whether to publish interpretive guidance on issues related to cross-border transactions.

For further information, please contact Christina Chalk, Division of Corporation Finance at (202) 551-3263 or Tamara Brightwell, Division of Corporation Finance at (202) 551-3751.

Item 4: Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards from U.S. Issuers

The Commission will consider whether to propose a Roadmap for the potential use by U.S. issuers for purposes of their filings with the Commission of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. As part of the Roadmap, the Commission will also consider whether to propose amendments to various rules and forms that would permit early use of IFRS by a limited number of U.S. issuers.

For further information, please contact Michael Coco, Division of Corporation Finance at (202) 551-3253 or Liza McAndrew Moberg, Office of the Chief Accountant at (202) 551-5300.

http://www.sec.gov/news/openmeetings/2008/agenda082708.htm
