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P R O C E E D I N G S

OPENING REMARKS

CHAIRMAN COX: Good afternoon and welcome. I know that our commissioners are just getting settled, but I want to welcome and thank right off the bat, our distinguished panel, as well as all who are with us here in the auditorium, and those who are joining us by web cast.

This is the first public meeting for two of our commissioners, Commissioner Luis Aguilar, who was sworn in last Thursday, and our newest commissioner, Troy Paredes, who was sworn in last Friday.

So Luis and Troy, a warm welcome to both of you. We are glad that you are on board, and look forward to working with you as we tackle the very full agenda that we just had a chance to outline for the press next door.

Now, let me turn to our panelists, and extend to them both the welcome that you so richly deserve, but also the appreciation from the commission for the expertise that you bring to this and the necessary preparation, in the case of many of you who travel, in time and commitment.

We are very, very grateful for what you're offering to the public and to the commission and our process today.











1           Since I became chairman just over three years ago  
2 now, the commission has consistently made it a priority not  
3 only to work toward the convergence of IFRS and U.S. GAAP,  
4 but to envision and to implement a set of high-quality,  
5 globally accepted accounting standards that would be used in  
6 every major capital market in the world.

7           So without a doubt, this is one of the most  
8 important policy matters related to financial reporting in  
9 the U.S. capital markets today. Now, with that overview, I'd  
10 like to start the discussion and to introduce our first  
11 panel. I'd like to introduce our moderators, Conrad Hewitt  
12 and Wayne Carnall. So thank you very much for taking it from  
13 here.

14           Conrad?

15           MR. HEWITT: Well, thank you, Chairman Cox. It's a  
16 pleasure to be here today on this important subject that we  
17 have. My co-moderator is Wayne Carnall, who is the chief  
18 accountant of the Division of Corporation Finance.

19           And I'd also like to welcome the panelists, as  
20 Chairman Cox has. And I also want to thank the viewers that  
21 we have on the web cast. We always have a large number of  
22 viewers on our web casts that we have.

23           I will do the introductions now. Starting on the  
24 right of the stage, Leslie Seidman, is a board member of the  
25 Financial Standards Accounting Board.





























1                   Yes, Leslie?

2                   MS. SEIDMAN: I'd just like to follow up on the  
3 point that Charlotte made about the holistic view, or the  
4 principle underlying IFRS. Whenever there is a significant  
5 problem in financial reporting, we, the FASB, try and take a  
6 look at whether there is an issue with the application of an  
7 existing standard, or whether there is actually a deficiency  
8 in the standard itself.

9                   In the case of QSPE's, the principle behind the  
10 exemption from consolidation was if the entity's activities  
11 are entirely limited and prescribed up front, then it's  
12 reasonable to conclude that no one controls it. And  
13 therefore, it's appropriate for no one to consolidate it.

14                   And each party who is associated with it would just  
15 account for its particular involvement. I think what's  
16 happened in practice is that the application of the standard  
17 has been stretched to such a degree that it's no longer  
18 recognizable.

19                   So I think in this particular case, there is a  
20 combination of, perhaps, a lack of a clear articulation of  
21 the principle in the standard, and application that was not  
22 consistent with the underlying principle.

23                   So as has been said before, we are planning to  
24 issue a proposal shortly that will rescind that exemption,  
25 and subject all SPE's to the same consolidation standard.























































































































































1                   And then there's like probably, too many options  
2 where there is choices to reflect the same reality. And  
3 that's really where investors probably have a greater  
4 concern.

5                   So I think you can't just broad brush -- well, if a  
6 certain accounting standard has two ways of doing it,  
7 therefore it's bad. You really got to dig under a little bit  
8 to get at it, and understand which are -- whether it's bad  
9 options, or less desirable or more desirable.

10                  Roger?

11                  MR. HARRINGTON: Yeah. I just wanted to comment a  
12 little bit more on the information being provided, and the  
13 comment around providing more information. I mean, we have  
14 100 pages of notes in our form 20-F. So there is a  
15 considerable amount of disclosure in that document.

16                  What I do wonder sometimes, is whether we are  
17 giving the right kind of disclosure. So I think it's right  
18 to say we should give more disclosure, if it's more  
19 disclosure of the right information.

20                  And I think there is also a judgment to be made  
21 here about is it better to disclose information than actually  
22 record items in your income statement? -- an important  
23 judgment about which of those you choose.

24                  So I do wonder sometimes, how much of that 100  
25 pages of information is actually being used by investors?





































































































