

International Organization of Securities Commissions and IFRS Foundation

Statement of Protocols for Cooperation on International Financial Reporting Standards

16 September 2013

I. Introduction

The International Organization of Securities Commissions (IOSCO) and the IFRS Foundation (the Foundation) have a shared objective to promote and facilitate transparency within the capital markets through the development and consistent application of International Financial Reporting Standards (IFRS). Capital markets authorities are responsible for setting the form and content of financial reporting for those markets. The IFRS Foundation's objectives include the development of, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards (IFRSs) and the promotion of their use and rigorous application.

IOSCO has long supported the work of the Foundation through its standard-setting body, the International Accounting Standards Board (IASB), in their efforts to develop IFRSs as a high-quality set of accounting standards that can be applied globally. In October 2012 the IOSCO Board and the IFRS Foundation agreed to further progress their interactions on IFRSs, with a particular focus on the manner in which they are applied in practice, as a means to improve financial statements prepared in accordance with IFRS across the world. This Statement of Protocols translates this decision into working terms, in that it:

- Captures and recognizes the nature of the present and continuing cooperation on IFRSs between IOSCO and the Foundation;
- Identifies further areas of mutually supportive work which each institution will use best endeavors to undertake; and
- Provides for continued strengthening of future cooperation between IOSCO and the Foundation.

IOSCO and the Foundation are parties to a memorandum of understanding (MOU) between the capital markets authorities who formed the Monitoring Board and the Foundation. This Statement does not alter the MOU; rather, it captures a common intent for mutual interaction at the working level. The regular transparency and confidentiality policies and practices of IOSCO and of the Foundation will apply to these interactions.

II. Development of IFRS

IOSCO and the Foundation have a common interest in ensuring that the body of IFRS is comprehensive, is well developed and maintained, and is both auditable and enforceable. Accordingly, each will continue to:

- A. Periodically discuss, with each other, IFRS initiatives, standard-setting projects, post-implementation reviews and other relevant matters such as securities regulatory developments; and

- B. Include, in the case of the Foundation, IOSCO involvement in the IASB's consultative groups, committees and task forces, as appropriate, recognizing that the Foundation determines these compositions on a case-by-case basis; and
- C. Respond, in the case of IOSCO, to the IASB's proposed new standards and amendments, as appropriate, commenting in particular on the financial reporting integrity and enforceability issues raised and, in the case of the IASB, considering IOSCO's comments in the normal course of its work.

III. Implementation of IFRS

IOSCO and the Foundation also have a common interest that IFRS be consistently applied in practice across varying national contexts and settings. Timely communication between securities regulators and the IASB and its staff can lead to the early detection of implementation issues and the opportunity to prevent or limit the development of diversity in practice. Therefore, each will continue to:

- A. Discuss, with each other, at least once a year and as necessary for urgent matters, the types of IFRS implementation issues that the IOSCO members are discussing or have recently included in IOSCO's electronic IFRS forums; and
- B. Identify, in the case of IOSCO, situations of diversity in practice that become evident either from discussions or from notations in IOSCO's electronic IFRS forums, and, if appropriate, submit a request to the IFRS Interpretations Committee to consider the matter; and
- C. Receive, in the case of the Foundation, IOSCO's input into the work of the IFRS Interpretations Committee, both as an official Observer to the Committee's activities and via the IASB staff's outreach process for researching new issues.

Further, IOSCO and the Foundation will begin to:

- D. Periodically exchange, with each other, information about the progression in the use of IFRSs within jurisdictions around the world, to sustain credible updated data sets about this use by mutually keeping abreast of developments; and
- E. Identify and explain, in the case of the Foundation, the aspects of the implementation of the IASB's new or significantly amended standards that the IASB staff anticipates are most likely to be of interest to securities regulators; and
- F. Organize, in the case of IOSCO, an annual IFRS enforcers' discussion session, available to all IOSCO members and with IASB members and/or IASB staff as guests, to discuss the issues and standards that seem to be raised most frequently or most significantly in IFRS enforcement matters; and
- G. Inform IOSCO, in the case of the Foundation, of the nature of any particularly time sensitive IFRS implementation matter that the IASB staff assesses to urgently require input from the group of securities regulators and promptly gather, in the case of IOSCO, the appropriate related regulatory input from the IOSCO members.

IV. Next Steps

Both IOSCO and the Foundation believe that the role of IFRSs in the global capital markets will continue to evolve. Accordingly, in approximately two years representatives of the IOSCO Board and of the Foundation will meet to review how these protocols have contributed to the goals they have in mind, and to determine whether there are ways to improve them.