

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/16/2023

Madrid, 22 June 2023

IOSCO calls for inputs on Goodwill

The Board of the International Organization of Securities Commissions (IOSCO) has today published a [Consultation on Goodwill](#), seeking inputs from market participants to identify good practices for addressing the risk of unrecognized impairment on accumulated goodwill balances and related disclosures arising from business combinations.

Our Consultation builds on the work already done by IOSCO's Committee on Issuer Accounting, Audit and Disclosure (Committee 1), in recognition that the risk of unrecognised impairment on accumulated goodwill and related disclosures is an area of concern, particularly in times of increasing economic uncertainty.

The feedback received will be used to formulate a set of recommendations for regulators, auditors, issuers and those charged with governance (TCWG). They will also underpin IOSCO's engagement with standard setters, including the International Accounting Standards Board (IASB), on improvements to accounting, reporting and disclosure requirements related to goodwill.

IOSCO remains committed to supporting consistent application and enforcement of high-quality reporting standards and disclosure regulations, which are of critical importance to the proper functioning of the capital markets.

In that context, IOSCO reminds issuers of the importance that their accounting and disclosures result in a fair and transparent presentation of the financial position, performance and cash flows of the company. This means the goodwill should not be stated at an amount in excess of its recoverable amount, that impairment losses should be recognised in a timely manner, and that disclosures of significant judgements and key assumptions related to the recoverability be transparent.

How to respond

We ask our stakeholders to respond to this consultation in order to provide additional information that

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will better inform the standard-setting processes and address issues that may arise in practice. Responses to the consultation questions set out in Chapter 4 should be sent to k.nathanail@iosco.org with a subject line: “*Public Comment - Consultation on Goodwill*” no later than Wednesday 20 September 2023.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium’s Financial Services and Markets Authority (FSMA) is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Bahamas, Bangladesh, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius, Mexico, Morocco, the Netherlands, Oman, Ontario, Peru, Quebec, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO’s Affiliate Members Consultative Committee are also observers.
3. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
 - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
 - to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.
4. In February 2021, IOSCO issued a [statement](#) calling on the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) to collaborate closely with each other on accounting for goodwill so that moving forward the alignment between IFRS and U.S. GAAP in this area can be maintained or enhanced.

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5. In November 2022, an IOSCO identified in its [statement](#) that, as economic circumstances evolve and change, it is critical for management to carefully assess the latest economic environment where issuers operate and reflect it in the assumptions used in the accounting estimates, including goodwill impairment tests.
6. In its [2023-2024 work program](#), IOSCO has announced its intention to use the inputs from the consultation to finalize its report on impairment of non-financial assets, including goodwill, setting out recommendations for regulators, auditors, audit committees and issuers generally to promote good practices.

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Carlta Vitzthum

Email:

Website:

Follow IOSCO on [Twitter here](#)

+34 697 449 639

carlta@iosco.org

www.iosco.org