

MEDIA RELEASE



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

IOSCO/MR/32/2023

Madrid, 15 December 2023

IOSCO publishes its Recommendations on Accounting for Goodwill

The Board of the International Organization of Securities Commissions (IOSCO) has today published its report “[*Recommendations on Accounting for Goodwill*](#)” for issuers, audit committees (or those charged with governance), and external auditors aimed at enhancing the reliability, faithful representation and transparency of goodwill recorded and disclosed in the financial statements.

IOSCO believes that the recommendations contained within the report will also be useful to standard setters, including the International Accounting Standards Board, as they pursue initiatives to enhance business combination disclosures and related matters of goodwill impairment testing.

The report is a result of the work of 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, including “close call” situations, is an area of concern, particularly in times of increasing economic uncertainty. The report was preceded by a 90-day public consultation launched in June 2023, that sought input from a wide array of stakeholders to identify good practices on this topic.

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. This report will underpin IOSCO’s continued productive engagement with standard setters on improvements to accounting, reporting and disclosure requirements related to goodwill.

In that context, IOSCO again 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.

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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.
5. In November 2022, 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.

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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.
7. In June 2023, IOSCO launched a 90-day [Consultation on Goodwill](#), that sought 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.

MEDIA ENQUIRIES

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