
SEC Commissioner Calls for New Approach to Accounting Standards Convergence

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In a [March 26 speech at the Brooklyn Law School](#), SEC Commissioner Kara Stein discussed the long-running issue of whether the United States should move from US Generally Accepted Accounting Principles (US GAAP) to International Financial Reporting Standards (IFRS). Ms. Stein characterized the objective of a single set of globally recognized, high quality accounting standards as "a wonderful vision," but said she was not convinced of a need to abandon US GAAP in favor of IFRS. She commented, "To be frank, this debate between dueling standards needs to move on," and added that "[r]ather than debating the winner of the battle between US GAAP versus IFRS, we should be thinking anew about what kind of accounting regime we want going forward." Ms. Stein suggested that the SEC Division of Corporation Finance's disclosure effectiveness project be used to address accounting and financial reporting as well. She concluded: "We should be looking, on a globally coordinated basis, at the real needs of investors and issuers in the 21st century and re-imagining our accounting regimes to better serve them. We can adopt the best of what we have here in US GAAP, in IFRS, and the best of the new thinking out there."

Meanwhile, the staff of the SEC's Office of the Chief Accountant (OCA) continues to study the possibility of permitting US public companies to supplement their US GAAP financials with information based on IFRS. This idea was floated in December 2014, by Chief Accountant James Schnurr, who indicated that under current law, companies generally could not do this because the IFRS information would be considered "non-GAAP" information. (See [this previous post](#).) According to news reports, at a recent meeting of the Financial Accounting Standards Advisory Council, a staff member of the OCA suggested that allowing companies to provide supplemental IFRS information would not necessarily be "the end of the road" for the SEC's consideration of IFRS and its current study is "just one step in the longer journey."

Authors

Thomas W. White

RETIRED PARTNER

☎ +1 202 663 6000