Global IFRS and Offerings Services

U.S. Reporting Newsletter for Non-U.S. Based Companies

Recent Developments

This newsletter reports recent developments in IFRS, U.S. GAAP Accounting and at the SEC that may be of interest to non-U.S. companies.

In this Issue:

IFRS Matters

IASB Issues Exposure Draft on Fair Value Measurements

The International Accounting Standards Board's (IASB) recently issued an exposure draft (ED) on fair value measurements. The IASB's intention is to replace all existing guidance on fair value measurement in IFRS accounting literature with a single standard that is equivalent to Financial Accounting Standards Board (FASB) Statement No. 157, Fair Value Measurements, under U.S. GAAP. The ED defines fair value and explains how to determine it, but does not introduce any new or revised requirements regarding which items should be measured or disclosed at fair value. Comments on the ED were due by September 28, 2009; a final standard is expected to be issued in 2010.

Click here to access the Deloitte's Heads Up on this topic.

IASB Issues IFRS for Small and Medium-Sized Entities

On July 9, 2009, the IASB issued an IFRS that represents the first set of international accounting requirements developed specifically for small and medium-sized entities (SMEs). Although it was prepared on IFRS foundations, it is not part of the full set of IFRSs. The new IFRS addresses the needs of users of an SME's financial statements and cost-benefit considerations. Compared with other IFRSs, it is less complex in a number of ways:

- Topics not relevant to SMEs are omitted.
- Where other IFRSs allow accounting policy choices, the IFRS for SMEs chooses one of the alternatives and therefore does not allow an option.
- Many of the principles for recognizing and measuring assets, liabilities, income, and expenses in other IFRSs are simplified.
- Significantly fewer disclosures are required.
- The IFRS has been written in clear, easily translatable language.

To further reduce the reporting burden for SMEs, revisions to the IFRS will be limited to once every three years. The IFRS is suitable for all entities except those whose securities are publicly traded and financial institutions such as banks and insurance companies. Accompanying the IFRS is implementation guidance consisting of illustrative financial statements and a presentation and disclosure checklist. The IFRS is effective immediately upon issue.

For more information about the new standard, see the AICPA's News Release and Deloitte's IAS Plus Update newsletter.

IASB Seeks Feedback on Impairment Model

On June 25, 2009, the IASB issued a Request for Information that "seeks input on the practical issues that would arise, if an expected loss model was required" for the impairment of financial assets. An expected loss model would require entities to assess expected credit losses on an ongoing basis; therefore, such entities could be required to recognize these losses earlier than they do under the current model in IAS 39. Comments on the Request for Information were due by September 1, 2009.

For more information, see the Request for information and press release on the IASB's Web site.

IASB Publishes Discussion Paper on Accounting for Credit Risk in the Measurement of Liabilities

On June 18, 2009, the IASB published a discussion paper (DP) on the role credit risk plays in an entity's measurement of liabilities. Current IFRSs require that profit or loss resulting from changes in credit risk be recorded when debt is measured at fair value. This may allow for the recognition of gains on the basis of the value of an entity's liabilities. The DP addresses this concern and examines bases for liability measurement other than fair value. Comments on the DP were due by September 1, 2009.

For more information, see the DP and press release on the IASB's Web site.

IASB Amends Accounting for Share-Based Payments

On June 18, 2009, the IASB issued amendments to IFRS 2 that "clarify the accounting for group cashsettled share-based payment transactions." Because the amendments incorporate guidance from International Financial Reporting Interpretations Committee (IFRIC) Interpretations 8 and 11, the IASB has withdrawn those two standards. The amendments are effective for annual periods beginning on or after January 1, 2010, and must be applied retrospectively. Earlier application is permitted.

For more information, see the press release on the IASB's Web site.

IASB Proposes Guidance on Management Commentary

On June 23, 2009, the IASB issued an ED for public comment that would outline best practices for entities to use in preparing and presenting a narrative report containing management commentary to accompany IFRS financial statements. Such commentary could be useful to financial statement users because it would describe "how an entity's financial position, financial performance and cash flows relate to management's objectives and its strategies for achieving those objectives." Comments on the ED are due by March 1, 2010.

For more information, see the press release on the IASB's Web site.

IASB Issues Exposure Draft and FASB Initiates Deliberations on New Classification and Measurement Requirements for Financial Assets and Financial Liabilities

IASB issued an ED and FASB Initiated deliberations on New Classification and Measurement Requirements for Financial Assets and Financial Liabilities. The IASB's ED and the FASB deliberations are in response to the global financial crisis and recommendations received from their constituents to reduce complexity in the accounting for financial instruments by replacing existing requirements with a simplified and improved approach. Although this is a joint project, each board has decided to separately deliberate the issues and subsequently seek to reconcile any differences in its tentative decisions.

Deloitte's Heads Up publication summarizes the key provisions of the IASB's ED, Financial Instruments: Classification and Measurement, issued on July 14, and the tentative decisions reached by the FASB at its July 15 Board meeting on a similar financial instruments project. The Heads Up includes three appendixes: Appendix A contains a flowchart depicting the classification and measurement model in the IASB's ED, Appendix B compares the IASB's ED and the FASB's tentative decisions, and Appendix C summarizes how some common financial assets and financial liabilities would be classified and measured in accordance with the IASB's ED and the FASB's tentative decisions.

For more information, see the Heads Up on Deloitte's Web site.

IASB Proposes Guidance on Rate-Regulated Activities

On July 23, the IASB issued an ED, Rate-regulated Activities, that would establish how assets and liabilities resulting from rate-regulated activities should be recognized and measured. The IASB added the project to its agenda after receiving ongoing requests for guidance and because of the importance of rate regulation in many jurisdictions that are in the process of adopting IFRSs. The ED's comment period ends November 20, 2009, and the IASB plans to issue a final standard in 2010.

For more information, see the Heads Up publication on Deloitte's Web site.

IASB Amends the Retrospective Application of IFRSs for First-Time Adopters

On July 23, 2009, the IASB proposed amendments to IFRS 1 to address transition to IFRSs for oil and gas assets and to exempt certain entities from reassessing contracts to determine whether an arrangement contains a lease. The amendments are intended to prevent entities from incurring undue costs and efforts as part of their transition to IFRSs. The amendments:

- Exempt entities using the full-cost method from retrospective application of IFRSs for oil and gas assets.
- Exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 when the application of their national accounting requirements produced the same result.

For more information, see the press release on the IASB's Web site.

Tips on Applying IFRS

This section contains some tips and guidance on matters to consider when preparing financial statements in accordance with IFRS. It is not intended to be an exhaustive list of all the requirements relevant in an area of accounting. Rather, we identify and clarify some of the key features of the IFRS standards to provide you with a summary of the key requirements and where applicable, provide some tips on the best practices when adopting or applying the standards.

In this edition of the newsletter, we will focus on the application of the IFRS 8 Operating Segments ("IFRS 8"). IFRS 8, which replaces IAS 14 Segment Reporting, requires an entity to report financial and descriptive information about its reportable segments. IFRS 8 was issued in November 2006 and is effective for annual financial statements for periods beginning on or after January 1, 2009. With the effectiveness of IFRS 8, segment reporting under IFRS and US Generally Accepted Accounting Principles are substantially converged. The tips below highlight some recommended considerations when adopting IFRS 8.

MEASUREMENT BASIS FOR SEGMENT INFORMATION AND ENTITY WIDE DISCLOSURES

IFRS 8.23 requires disclosures of certain items such as profit and loss, revenue from external customers and total assets for each reportable segment. The amounts required to be disclosed are determined on the same measurement basis as that used to report to the chief operating decision maker ("CODM") and hence may or may not be consistent with the IFRS reported amounts.

In addition to the information required to be disclosed under IFRS 8.23, IFRS 8.31-34 requires additional entity-wide disclosures such as revenue from products and services and geographical areas. The amounts reported for the entity-wide disclosures should be consistent with the IFRS reported amounts and are not dependent on the measures used to report to the CODM.

NAMING OF MAJOR CUSTOMERS

IFRS 8 requires an entity to disclose the existence of any customers that represent 10% or more of revenues, the total revenue from each of these customers and the identity of the segment or segments reporting the revenues. Even though total revenue is required to be disclosed for each major customer, the identity of each of these customers need not be provided.

We note that entities owned by a government would be considered a single customer and therefore, the government may need to be disclosed as a major customer. The exercise of accumulating such information can be a significant challenge in practice.

NO EXCEPTIONS FOR REQUIRED DISCLOSURES CONSIDERED PREJUDICIAL TO THE INTEREST OF THE ENTITY

IFRS 8 requires the disclosure of certain information based on internal reports that are regularly reviewed by the entity's CODM. The disclosure of such information may be viewed by the entity as prejudicial to its own interest. However, as there are no exemptions within IFRS 8 from disclosing prejudicial information, such information cannot be omitted in financial statements prepared in accordance with IFRS.

IFRS Tools

IAS Plus Website

IAS Plus is a resource that discusses current and potential future developments in the IFRS environment. Deloitte is pleased to offer e-learning materials for IFRS free of charge on IAS Plus.

IAS Plus Update Newsletters

The IAS Plus Update newsletters are published at the time of release of new and revised Standards and Interpretations, EDs and discussion documents and include summaries of the documents and consideration of the principal amendments/proposals. Special edition newsletters are also issued from time to time, summarizing key IASB and IFRIC proposals and pronouncements. The IAS Plus Update newsletters issued between June and August 2009 include discussions on the following topics:

- Additional exemptions for first –time adopters
- IASB proposes guidance on rate-regulated activities
- New classification and measurement guidance for financial instruments
- Simplified financial reporting – IASB provides relief for SMEs
- IASB issues proposals regarding management commentary
- Clarification of accounting for group cash-settled share-based payment transactions
- IASB seeks views on the role of credit risk in liability measurement
- Amendments to IFRIC 14
- Proposed exposure draft for expanded guidance on fair value measurement

Click here to access the latest special edition and updated newsletters on the IAS Plus Web site.

IFRS Resource Library

As IFRS continue to gain acceptance around the world, more U.S. companies are inquiring about what IFRS means for them. IFRS Resource Library includes a collection of Deloitte IFRS materials and resources, including industry white papers and publications mentioned in this newsletter that further explore the many aspects of this evolving issue. Deloitte is committed to providing the latest information and support on IFRS for companies, schools and the finance profession.

Click here to access the publications available on IFRS Resource Library.

IFRS Insights

Developed by the IFRS Solutions Center, IFRS Insights responds to the growing need among U.S. companies for current information on IFRS developments and the increasing demand for insights on IFRS implementation. Each issue of the newsletter will draw on news and perspectives from the network of experienced IFRS professionals of the member firms of Deloitte Touche Tohmatsu to cover relevant topics for CFOs and senior financial executives. Recent issues include the following topics:

- An overview of International Accounting Standards Board's (IASB) recently issued IFRS for Small and Medium-sized Entities

- An article about IFRS for insurance companies and a look at the industry's accounting landscape
- A brief overview of International Accounting Standard (IAS) 19, Employee Benefits
- Featured IFRS survey results on private companies
- A feature on convergence — what it is and isn't
- An article about how IFRS can be a catalyst for change in the tax function
- An overview of International Accounting Standard (IAS) 12, Accounting for Income Taxes
- An update on IFRS developments around the world
- A feature on leading a cost-effective IFRS transition
- An article about the role of IFRS tools and solutions in an IFRS assessment
- An overview of selecting exemptions on first-time adoption of IFRS – defined benefit plans
- A brief summary of the comment letters submitted in response to the SEC's proposed IFRS roadmap

Click here to access the latest editions of the newsletter.

U.S. GAAP Matters

FASB Issues Exposure Draft on Allowance for Loan Losses Disclosures

On June 24, 2009, the FASB issued an ED of a proposed FASB Statement, *Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The ED adds disclosure requirements that are intended to supplement existing guidance in U.S. GAAP. The proposed Statement would be effective beginning with the first interim or annual reporting period ending after December 15, 2009. Early adoption is encouraged. Comments on the ED were due by August 24, 2009.

Click here to access the Exposure Draft at FASB's website.

Click here to see the Deloitte' Heads up for details.

Updated Roadmap Released on Accounting for Business Combinations

This new edition of *Accounting for Business Combinations and Related Topics — A Roadmap to Applying FASB Statements 141(R), 142, and 160*, which consists of interpretive guidance and real-world examples of how to implement the guidance in Statements 141(R), 142, and 160, updates the January 2009 publication in Deloitte's Roadmap series. The new edition reflects the issuance of FSP FAS 141(R)-1, which affects the accounting for acquired contingencies in a business combination, and includes various other amendments.

Click here to access the updated version of the Roadmap

Statement 167 Adoption Issues — Insights for the Asset Management Industry

The FASB's recent issuance of Statement 167, which amends the consolidation accounting for variable interest entities (VIEs), will likely have considerable implications on the financial reporting of the asset management industry. Asset managers may be required to consolidate the funds they sponsor that are VIEs because of their decision-making authority over the funds' investments and their economic interests with the funds. Deloitte has released a publication, *Statement 167 Adoption Issues — Insights for the Asset Management Industry* which highlights some of the implications and issues that asset managers are likely to encounter as they begin to implement the new accounting requirements, including:

- Practical application of the standard.
- Consolidation models.
- Consideration of economic involvements.
- Implications on financial statement presentation.

Click here to access the publication on Deloitte's website.

EITF Approves Guidance on Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance

Certain entities that have recently issued convertible debt have also executed share-lending arrangements on their own shares with the investment bank underwriting that issuance for below market consideration (usually for the par value of the shares lent to the investment bank). While the share-lending arrangement with the underwriter is executed at below market rates, the issuer benefits under the arrangement by completing the issuance of the convertible debt for less of an underwriting fee or a lower interest rate than would otherwise be attainable.

The Task Force reached a final consensus in Issue 09-1 to require an entity that enters into a share-lending arrangement on its own shares (that are classified in equity pursuant to other authoritative accounting guidance) in contemplation of a convertible debt issuance (or other financing) to initially measure the share-lending arrangement at fair value and treat it as an issuance cost. The Task Force also reached a final consensus to exclude the shares borrowed under the share-lending arrangement from basic and diluted EPS.

In addition, the Task Force reached a final consensus that if it becomes **probable** that the share-lending arrangement counterparty will default on the arrangement (not return the entity's shares within the specified period), the issuing entity should record a loss in current earnings that is equal to the fair value of the shares outstanding less any recoveries. The entity will continue to adjust the loss until actual default. On the basis of the guidance for contingently returnable shares, upon default (not when default is probable), the issuing entity will include the shares outstanding under the share-lending arrangement (net of any share recoveries) in basic and diluted EPS.

The final consensus is effective for new share-lending arrangements issued in periods beginning on or after June 15, 2009. For all other share-lending arrangements, the final consensus is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2009, with retrospective application to those arrangements outstanding on the Issue's effective date.

For further details see Deloitte's June 2009 *EITF Snapshot.*

EITF Issues Draft Abstracts on Revenue Arrangements With Multiple Deliverables and Software Revenue Recognition

On July 7, 2009, the EITF issued two draft abstracts reflecting consensuses-for-exposure reached at its June 18 meeting.

Revenue Arrangements With Multiple Deliverables (Issue 08-1)

Before evaluating how to recognize revenue for transactions with multiple revenue-generating activities, an entity should identify all the deliverables in an arrangement. If there are multiple deliverables, an entity must evaluate each deliverable to determine the unit of accounting and whether it should be treated separately or in combination in accordance with ASC 605-25 (EITF Issue 00-21) or other applicable guidance. Thus, under ASC 605-25, an entity may be required to combine multiple deliverables into a single unit of accounting.

Issue 08-1 proposes to:

- Eliminate the fair value threshold criterion for separation of multiple deliverables in ASC 605-25.
- Amend ASC 605-25 to include a hierarchy for an entity to use when estimating the selling price of deliverables that meet the other two conditions for separation in ASC 605-25-25-5 (i.e., an entity must use the selling price that is highest in the hierarchy).
- Eliminate the residual allocation method and require an entity to apply the relative selling price allocation method in all circumstances when applying ASC 605-25.
- Require disclosures (quantitative and qualitative), by similar type of multiple-deliverable arrangement, about the significant judgments an entity used in applying Issue 08-1 and changes in those judgments or in the application of that Issue that may significantly affect the allocation of revenue. An entity would also be required to disclose inputs, methods, and significant assumptions it used in evaluating its arrangements and the significant deliverables in those arrangements.

Software Revenue Recognition (Issue 09-3)

Issue 08-1, discussed above, proposes to change the criteria in ASC 605-25 (Issue 00-21) for determining when individual deliverables can be accounted for as separate units of accounting for revenue recognition purposes. The separation requirements in ASC 985-605 are somewhat similar to those in ASC 605-25, which Issue 08-1 proposes to replace. To address concerns about the differences between the separation model in Issue 08-1 and that in ASC 985-605, the Task Force formed a working group to consider different alternatives for this Issue.

The Task Force reached a consensus-for-exposure to amend ASC 985-605 and ASC 985-605-15-3 (Issue 03-5) to exclude from their scope all tangible products containing both software and nonsoftware components that function together to deliver the product's essential functionality. That is, the entire product (including the software deliverables and nonsoftware deliverables) would be outside the scope of ASC 985-605 and would be accounted for under other accounting literature (e.g., ASC 605-25 (as amended by Issue 08-1)). The consensus-for-exposure will include factors that entities should consider when determining whether the software and nonsoftware components function together to deliver the product's essential functionality and are thus outside the revised scope of ASC 985-605. In addition, the consensus-for-exposure is expected to include examples illustrating how entities would apply the revised scope provisions.

The draft abstracts can be accessed on FASB's Web site. Also see Deloitte's June 2009 *EITF Snapshot*

Topic D-110 Announced

At the June 2009 EITF meeting, the SEC observer announced Topic D-110, which deals with whether escrowed share arrangements are compensatory. Escrowed share arrangements typically exist in a business combination or initial public offering and are used to hold shares until a certain contingency is met in the future.

The SEC observer stated that Topic D-110 clarifies the SEC staff's views that an entity must use judgment when determining whether an escrowed share arrangement is compensatory. The observer also acknowledged that Topic 7 of the Division of Corporation Finance's Financial Reporting Manual (FRM) includes a section on escrowed shares that is outdated. The observer stated that this section will be deleted from the FRM and replaced by Topic D-110.

For further details see Deloitte's June 2009 *EITF Snapshot.*

SEC's Division of Corporation Finance Updates the Financial Reporting Manual

On July 24, 2009, the SEC's Division of Corporation Finance (the "SEC staff") released an updated Financial Reporting Manual (FRM). The revisions update the FRM issued on April 2, 2009. Most of the affected sections or paragraphs are marked "Last updated: 6/30/2009." For example, a new section, Topic 4: Independent Accountants' Involvement, was added to the FRM and updates content published in the SEC's "Staff Training Manual" (i.e., Division of Corporation Finance — Accounting Disclosure Rules and Practices: An Overview), which was last updated in 2000. The content for Topic 4 now reflects various new rules and interpretations that have been published since 2000, namely rules of the PCAOB. Among other changes, Section 13100 was revised to include guidance on the effect of subsequent events on Forms S-3 and S-8. An Index was also added to the FRM. Because the SEC staff has indicated that it will update the FRM periodically, users should be sure to always refer to the most current version.

Financial Reporting Manual can be accessed at the SEC's Web site.

New Roadmap Released on SEC Reporting for Business Combinations and Related Topics

SEC Reporting for Business Combinations and Related Topics — A Roadmap to Applying SEC Regulation S-X to the Acquisition of a Business has been added to Deloitte's Roadmap series.

When a registrant acquires (or is probable of acquiring) a significant business or real estate operation (acquiree), it may be required to provide separate financial statements of the acquiree and pro forma financial information in a Form 8-K, registration statement, or proxy statement. This new roadmap is a valuable tool for understanding the related SEC reporting considerations. The codified roadmap features an executive summary as well as over 100 Deloitte interpretive Q&As.

In addition to content from Regulation S-X, this roadmap incorporates material from

- The SEC's Financial Reporting Manual (issued in December 2008 and updated in April and July 2009).
- SEC Regulations Committee Meeting minutes.
- Other SEC rules and regulations.

In addition, the roadmap covers how certain provisions of Statement 141(R) (as codified in ASC 805) affect the SEC reporting considerations for business combinations.

The Roadmap can be accessed on Deloitte's website.

FASB Continues Deliberations on Financial Instruments and Decides on Presentation

Deloitte's Heads Up discusses the FASB's Accounting for Financial Instruments project. On August 13, 2009, the FASB met to continue its discussions about the presentation of financial instruments in financial statements. The FASB expects to issue an ED on classification, measurement, impairment, and presentation of financial instruments as well as hedge accounting by the end of this year or early 2010.

The Heads Up can be accessed on Deloitte's website

Highlights of SEC Regulations Committee's April 2009 Meeting Released

The highlights from the April 3, 2009, SEC Regulations Committee summarize the emerging technical accounting and reporting issues related to SEC rules and regulations discussed by the Regulations Committee with the SEC staff. Issues discussed include:

Current Financial Reporting Matters

- *Risks and Uncertainties* — The SEC staff continues to issue comments on compliance with SOP 94-6 disclosures.
- *Benefit Plan Curtailments* — In light of recent headcount reductions, the SEC staff will look closely at the accounting and disclosure of defined benefit plan curtailments.
- *Going-Concern Disclosures* — The SEC staff will assess going-concern disclosures to determine whether they comply fully with applicable professional standards and are consistent with MD&A discussions of liquidity and capital resources.
- *Section 404(a)* — The SEC staff will focus on whether non-accelerated filers have fully complied with the requirements of Section 404(a).

Current Practice Issues — The SEC staff expressed its views on (1) significance testing for the disposition of an equity interest that results in loss of control after adoption of Statements 141(R) and 160 and (2) treatment of transaction costs and contingent consideration in the Regulation S-X significance tests for the purchase of an investment accounted for under the equity method (Rule 3-05).

Other Topics

- *Materiality* — Regarding materiality analyses submitted to the SEC staff, the staff expects a discussion of how errors affect key performance indicators. Differences in qualitative factors may lead companies with errors of equal quantitative magnitude to justifiably reach different materiality conclusions.

- *Form S-8 Reporting Requirements* — The SEC staff expects to issue a C&DI to address updating requirements when there is a change in accounting, discontinued operations, change in segments, etc., and the company files a registration statement on Form S-8.

The Meeting Highlights can be accessed on CAQ's website

Highlights of SEC Regulations Committee's June 2009 Meeting Released

The highlights from the June 23, 2009, SEC Regulations Committee Meeting summarize emerging technical accounting and reporting issues related to SEC rules and regulations discussed by the Regulations Committee with the SEC staff.

Issues discussed include:

Current Financial Reporting Matters — Recent SEC Staff Comment on:

- Goodwill and long-lived asset impairment.
- Deferred tax asset valuation allowances.
- Recent FASB Standards — Other-than-temporary impairment of debt securities and fair value measures in inactive markets.
- Fair value measures.

Current Practice Issues

- Predecessor financial statements.
- Reconsideration events for variable interest entities.

Other Topics

- Reporting retrospective accounting changes — The SEC staff changed its perspective from that conveyed at the September 2003 meeting and expressed a view that once a company files interim information that requires retrospective treatment, any subsequent amendment to Form 10-K to correct an error should reflect the retrospective accounting.

- SEC staff views were also expressed on the following topics: (1) redeemable equity classified outside of permanent equity, (2) push-down accounting after adoption of Statement 160 (as codified in ASC 810), (3) information required in registration statements when there are retrospective adjustments to provisional amounts after adoption of Statement 141(R) (as codified in ASC 805), and (4) the FASB Codification (in addition, the CAQ has issued an alert setting forth views on the Codification).

The Meeting Highlights can be accessed on CAQ's website

Other Matters

PCAOB Adopts New Auditing Standard on Engagement Quality Review

On July 28, 2009, the PCAOB:

- Adopted Auditing Standard No. 7, Engagement Quality Review (EQR).
- Issued a concept release requiring the engagement partner to sign the audit report.

Under the EQR standard, the engagement quality reviewer would focus its review "on the areas that are most likely to contain a significant engagement deficiency." The EQR standard would provide a framework and guidelines to assist the engagement quality reviewer. The EQR standard must be approved by the SEC before it is effective. If approved by the SEC, the standard will be effective for audits and interim reviews for fiscal years beginning on or after December 15, 2009.

The concept release would expand the signature requirements on an audit report. In addition to the current requirement of an audit firm to sign its name on the audit report, the release would require engagement partners to sign the audit report. The comment period for this concept release is 45 days.

For more information, see the news release on the PCAOB's Web site.

SEC Proposes Rule on Municipal Securities Disclosure

On July 17, 2009, the SEC issued a proposed rule containing amendments to certain requirements regarding information that a broker, dealer, or municipal securities dealer provides to the MSRB. The amendments would require dealers of municipal securities to determine within 10 days of certain events whether the issuer has provided notice regarding those events. The rule also amends the list of events for which an issuer must provide notice and modifies the events that would trigger a notice to the MSRB.

For more information see the proposed rule on SEC's Web site

SEC Issues Final Rule Adopting Updated EDGAR Filer Manual

Revisions have been made to the EDGAR Filer Manual regarding the 2009 U.S. GAAP Taxonomy, the Schedule of Investments Taxonomy, and the filer support hours of operation. The SEC issued a final rule adopting the revisions. In addition, the Code of Federal Regulations will incorporate the updated manual by reference.

For more information see the final rule on SEC's Web site

SEC Proposes Say-on-Pay and Proxy Disclosure Rules and Approves Discretionary Broker Voting Rule

In July 2009, the SEC proposed the following two rules related to executive compensation:

- **Say-on-Pay for TARP Recipients** — Section 111(e) of the Emergency Economic Stabilization Act requires each TARP recipient to have an annual nonbinding shareholder vote on executive compensation as long as it has TARP loans outstanding. The proposal clarifies how the proxy rules apply in such situations. Comments on the proposal were due by September 8, 2009.

- **Proxy Disclosure and Solicitation Enhancements** — The proposed rules require incremental proxy disclosures, including new disclosure requirements for executive compensation, and changes to the proxy solicitation process. Comments on this proposal were due by September 15, 2009.

The SEC also finalized an amendment to the New York Stock Exchange (NYSE) rule for discretionary proxy voting by broker-dealers, which would designate director elections as nonroutine matters. This rule is effective for annual meetings held on or after January 1, 2010.

For additional information on the proposals and final NYSE rule, see the summary on Deloitte's Center for Corporate Governance Web site.

AICPA Issues Exposure Draft on Quality-Control Standards

On June 1, 2009, the Auditing Standards Board (ASB) of the AICPA issued a proposed Statement on Quality Control Standards (SQCS) as part of the AICPA's Clarity Project as well as to further the ASB's ongoing strategy to converge its standards with the International Auditing and Assurance Standards Board (IAASB's) International Standard on Quality Control (ISQCs). Comments on the proposal were due by August 31, 2009.

For more details see the proposed SQCS on the IASB's website

Financial Crisis Advisory Group Issues Report

Financial Crisis Advisory Group (FCAG) issued its Report on the Standard-Setting Implications of the Global Financial Crisis. The FCAG was formed by the IASB and the FASB to consider financial reporting issues arising from the global financial crisis. FCAG released a report with its recommendations on accounting standard-setting activities and other changes to the international regulatory environment as a result of the global financial crisis. The report contains a series of recommendations to improve the functioning and effectiveness of global standard setting and articulates four main principles:

1. Effective financial reporting.
2. Limitations of financial reporting.
3. Convergence of accounting standards.
4. Standard-setter independence and accountability.

The FCAG will reconvene in December to review the progress made on its recommendations.

Report of the Financial Crisis Advisory Group can be accessed at the IASB's Web site.

SEC Investor Advisory Committee Sets Agenda

The SEC Investor Advisory Committee was formed to give investors greater input into the SEC's work. At its first meeting on July 27, the Committee identified a range of issues it plans to address. A few key areas include:

- Proper disclosures: Is the information currently available to investors sufficient to meet their needs? What changes may be needed?
- Technology: Could the flow of information to and from investors be enhanced through technology?
- Majority voting: Should majority voting for directors be mandatory for all U.S. companies?
- Proxy voting: Does the current proxy voting system provide investors the information they need to make informed decisions and hold corporate directors accountable?

The Committee will be forming several subcommittees to address these issues and will involve additional external expertise.

The Announcement can be accessed at the SEC's website.

FASB Responds to CIFiR Recommendations

The FASB has issued a report describing the actions it has taken on the recommendations provided in the final report of the SEC's Advisory Committee on Improvements to Financial Reporting (CIFiR). CIFiR's final report, which was issued on August 1, 2008, outlined recommendations intended to increase the usefulness of financial information to investors, while reducing the complexity of the financial reporting system to investors, preparers, and auditors. CIFiR was chartered by the SEC in July 2007 to improve accounting standard setting.

The FASB Response can be accessed at the FASB's website.

SEC's Division of Corporation Finance Issues Compliance and Disclosure Interpretations

On August 14, 2009, the SEC's Division of Corporation Finance (the "Division") released its Compliance and Disclosure Interpretations (C&DIs), which are the SEC staff's interpretations of the Securities Act Sections. Some of the C&DIs are new, some are revisions to previous interpretations, and some were previously published in other publications. More specifically, the C&DIs provide SEC staff interpretations about:

- Regulation FD (fair disclosure).
- Executive compensation disclosures.
- Securities Act Sections, Rules, and Forms.
- Exchange Act Sections, Rules, and Forms.
- The effect of changes in accounting principles, changes in segments, or discontinued operations in registration statements on Form S-8.

The Compliance and Disclosure Interpretations can be accessed on SEC's website.

Deloitte Offers Dbriefs, Live Webcasts for Executive Level Audience

Now available to the audience outside of the U.S., Deloitte offers Dbriefs, live webcasts that give valuable insights on a variety of business topics aimed at executive level audience across function and industry including:

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- Private Aircraft: Fasten Your Seatbelts and Raise Your Tray Tables
  September 29
- FIN 48: It's Here to Stay - Are You Ready?
  August 25

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- Independent Leadership: The Role of the Non-Executive Chairman
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- Following the Fraud: Litigation Risks from Mismanagement during a Downturn
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  August 12

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- Material Weaknesses and Restatements: Is Tax Still in the Hot Seat?
  August 03

Risk Intelligence

- Beyond Controls: Reducing Financial Reporting Risk through Process, People, and System Improvements
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- Integrating Tax in a Risk Intelligent Enterprise: What Executives Outside of Tax Need to Know
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Recent Deloitte Publications

Below is a list of Deloitte publications about the most recent rule proposals and legislative actions.

- Accounting Roundup – July 2009
- Accounting Roundup – Second Quarter in Review 2009
- Accounting Roundup – May 2009
- Accounting Roundup – April 2009
- Accounting Roundup – First Quarter in Review 2009
- EITF Snapshot – June 18, 2009 Meeting
- EITF Snapshot – March 12, 2009 Meeting
- Heads Up: FASB Issues Guidance on Measuring Fair Value of Liabilities
- Heads Up: FASB Continues Deliberations on Financial Instruments and Decides on Presentation
- Heads Up: IASB Proposes Guidance on Rate-Regulated Activities
- Heads Up: IASB Issues Exposure Draft and FASB Initiates Deliberations on New Classification and Measurement Heads Up: Requirements for Financial Assets and Financial Liabilities
- Heads Up: FASB Proposes Expanding Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses
- Heads Up: IASB's Exposure Draft Proposes Expanded Guidance on Fair Value Measurement
- Heads Up: FASB Amends the Consolidation Guidance Related to Variable Interest Entities
- Heads Up: FASB Issues New Standard on Transfers of Financial Assets
- Heads Up: FASB Issues Guidance on Management's Assessment of Subsequent Events
- Heads Up: FASB Issues Guidance on Combinations Involving Not-for-Profit Entities
- Heads Up: FASB Codification
- Heads Up: Guidance Proposed on Inactive Markets, Distressed Transactions, and Other-Than-Temporary Impairments
- Heads Up: FASB and IASB Issue Preliminary Views on Lease Accounting
- Heads Up: FASB Amends Statement 141(R)'s Guidance on Contingencies
- Heads Up : Board Approves Three FASB Staff Positions in an Attempt to Clarify Fair Value Accounting
- Heads Up: Valuation Resource Group Discusses Nine Topics at September 23 Meeting
- Heads Up: COSO, PCAOB, and CAQ Address Internal Controls
- Heads Up: SEC Issues Financial Reporting Manual
- Heads Up: SEC Publishes Final Rule Mandating Use of "Interactive Data"
- Heads Up: IASB Issues an Exposure Draft on Consolidation
- Heads Up: SEC Modernizes Oil and Gas Company Reporting
- Heads Up: Beneficial Guidance — FASB Issues Amendments to OTTI Model for Certain Investments in Securitizations
- Financial Reporting Alert 09-2: Acceleration of the Vesting of Deep Out-of-the-Money Share Option Awards
- Financial Reporting Alert 09-1: Impact of Credit Downgrades on the OTTI Analysis of Perpetual Preferred Securities
- Newsletter: IFRS Insights
- IFRS and U.S. GAAP - A Pocket Comparison
- International Financial Reporting Standards for U.S. Companies - Implications of an accelerating global trend
- Buckle Up (On the Road to IFRS) – Straight Talk Book Series - Book No. 11
- SEC Reporting for Business Combinations and Related Topics: A Roadmap to Applying SEC Regulation S-X to the Acquisition of a Business
- Software Revenue Recognition: A Roadmap to Applying AICPA SOP 97-2
- Consolidation of Variable Interest Entities: A Roadmap to Applying Interpretation 46(R)'s Consolidation Guidance

- Uncertainty in Income Taxes: A Roadmap to Applying Interpretation 48
- Accounting for Business Combinations and Related Topics: A Roadmap to Applying FASB Statements 141(R), 142, and 160 (Updated July 2009)
- A Roadmap to the Accounting and Regulatory Requirements of Postretirement Benefits: Including an Overview of Statement 158
- FASB Statement No. 123(R), Share Based Payment: A Roadmap to Applying the Fair Value Guidance to Share-Based Payment Awards
- Under Control: Sustaining Compliance with Sarbanes-Oxley in Year Two and Beyond On Optimizing SOX Compliance
- Audit Committee Brief Archive
- Special Reports: SEC Comment Letters on Domestic Registrants

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