PRESS RELEASE

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IASB proposes to exempt investment entities from consolidation requirements

The International Accounting Standards Board (IASB) published today proposals to define investment entities as a separate type of entity that would be exempt from the accounting requirements in IFRS 10 *Consolidated Financial Statements*.

Investment entities are commonly understood to be entities that pool investments from a wide range of investors for investment purposes only. Currently, IFRS 10 *Consolidated Financial Statements* would require consolidation if an investment entity controls an entity it is investing in. However, when developing IFRS 10, investors commented that this would not provide them with the information they need to assess the value of their investments. To address this issue, the exposure draft published today proposes criteria that would have to be met by an entity in order to qualify as an investment entity. These entities would be exempt from the consolidation requirements and instead would be required to account for all their investments at fair value through profit or loss. The exposure draft also includes disclosure requirements about the nature and type of these investments.

This project is being undertaken jointly by the IASB and the US national standard-setter, the Financial Accounting Standards Board (FASB). Both boards' proposals are broadly aligned. However, the FASB is considering proposing that the exemption would extend to cases in which the investment entity is owned by a larger group that is not itself an investment entity. The FASB will publish its exposure draft in due course.

The exposure draft *Investment Entities* is open for public comment until 05 January 2012 and can be accessed via http://go.iasb.org/open+to+comment. The FASB will align its comment period with that of the IASB to ensure joint redeliberations. A podcast on these proposals and a high-level summary of the proposals (IASB Snapshot) is available on the project page. If adopted, the proposals would be integrated into IFRS 10.

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Notes to editors

About the IASB

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 15 full-time members drawn from 11 countries and a variety of professional backgrounds. By 2012 the Board will be expanded to 16 members. Board members are appointed by and accountable to the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.