

Evento celebrativo del decennale OIC  
*Il ruolo del National Standard Setter*

Intervento del Membro dello IASB  
Mr Philippe DANJOU

16 dicembre 2011

Buon giorno a tutti. Good morning.

I would like to apologise to you for not being able to be physically present this morning in Roma, but as you probably know, we have our Board meeting all the week. We at IASB need to work hard this week so as to be able to expose our new proposals on Impairment, Leases, Insurance contracts. And we have our FASB colleagues present in London with us.

I know that today is a very special day for OIC, as you are celebrating your 10<sup>th</sup> anniversary. I wish you a very fruitful anniversary meeting.

10 years is still a young age. I note that IASB, EFRAG and OIC were all set up the same year 2001. We are all still youngsters, but we have grown together. I think we have already achieved a lot during this decade. EFRAG has provided positive advice to the EC for the endorsement of the standards – which overall I think is a necessary process and has worked well. The national standard setters, together with the enforcement authorities – CONSOB and the Bank of Italy in your case - have had to make sure that the transition to IFRS went smoothly and orderly and did not disrupt the confidence of the investors and creditors in the financial information provided under the IFRSs from 2005 onwards.

And we IASB had to deliver a robust and stable platform of standards - the IFRS 2004 package – together with a tool for the first time application – IFRS 1.

We have also had to prepare for the future, i.e. adoption of IFRSs beyond the frontiers of Europe and Australia/New Zealand. So we had to organise the convergence program with FASB, so as to hopefully someday obtain the adoption of IFRSs in the USA. We have already obtained a recognition of IFRSs by the US SEC as from 2007: now the foreign private issuers who report under the IFRSs can access directly the US financial market without reconciliation to the US GAAP. Also we have had to organise cooperation with the Japanese, the Chinese, the Canadian standard setters etc. who are preparing to adopt IFRSs. So this convergence effort is not only about an activity between IASB and FASB but also cooperation with other national standard setters. I mentioned China and Japan, very important ones. The results have been overall positive, as more and more countries are joining the ‘IFRS club’. I think that now more than

100 jurisdictions have applied or permitted the use of IFRSs. Not always as quickly and as directly as we would wish – some are still hesitant, some are halfway on the road to full adoption, some are doing adaptations, rather than straightforward adoption. Although we cannot be totally satisfied with what has been achieved so far, I think we should be optimistic and look at the dynamics which are very, very positive. It seems to me that the dynamics are very strong and the trend towards the adoption of IFRSs in the world is now irreversible.

So, as IASB is becoming progressively the world wide standard setter, and has to deal with more than 100 jurisdictions, we are facing new challenges. IASB is and wants to remain a slim organization, we do not want to become a big bureaucratic machine. And yet we need to be in close contact with thousands of constituents worldwide, to listen to their needs and concerns, whether they are investors or preparers.

This is where the role of the national standard setters (NSS) will become more important. You have a key role to play, to help us stay tuned to the needs of the local markets.

Regional organizations such as EFRAG, or the recently created AOSSG in Asia-Oceania or GLASS in Latin America, are important as well because they provide a forum for cooperation at regional level, mutual understanding and possibly they can initiate new ideas, technical projects for IASB to consider, when those projects are important for their parts of the world.

But as I said at the 10<sup>th</sup> Anniversary event held by EFRAG last month, regional organizations cannot replace the NSS.

NSS, such as OIC, provide us with secondments - staff resources. I want here to thank you for making Leonardo Piombino available to us, he is a very good staff member. It is important that our technical staff is made up of people from various cultures, various geographical origins and not only Anglo-Saxon technical people who share the same way of thinking. We want people to think out of the box and bring new ideas.

NSS can also organize for us outreach events. They are best placed to identify those constituents who are likely to be the most affected by our proposals. Sometimes the companies will come directly to us and say “Look, we have a problem with your proposals”. But very often those companies, specially the smaller ones, are not as well organized and they are not up to date with those

proposals. You are the people who can tell them “Look, there is something going on, maybe it will affect you, maybe you would like to speak to IASB, we can arrange it”.

Finally, NSS can inform us of problems of implementation or issues that we could not detect alone from London, they can suggest solutions to these problems. So, I think that you are very helpful to let us understand which issues need to be addressed by IASB as we continue to develop or improve our standards. In the case of Italy for example, we have been alerted by OIC about the difficulties that arise when IFRSs are used for preparing separate accounts, individual accounts – something that very few jurisdictions have done so far. A problem that we will need to take care of in the future, as soon as we have time to do it, because we publish IFRSs primarily for the preparation of consolidated accounts but it is probably not the end. At some point in time in the future, we would like to see all accounts be prepared under IFRSs. Italy also told us that business combinations under common control are an important area for us to consider where there is no guidance provided under IFRSs and this is likely to create difficulties for the financial markets because two different transactions by different companies will not be comparable if they are not treated in the same way. So, where a specific issue is important to a certain part of the world, we need to know it and you need to press us to consider it. That does not mean we always take on all the issues because we have limited resources and also because many people ask us for a period of calm so we have to balance those two conflicting demands but, at a minimum, we need to be aware of the demands.

Finally, we at IASB, and I personally, very much welcome the active participation of OIC in the work of EFRAG and the IFRS Advisory Council, as well as the participation of Italian preparers in the IFRIC. We, of course, welcome your comment letters which are very interesting to read.

So, let me conclude this short speech by wishing you a very happy 10<sup>th</sup> anniversary. And although we no longer have specific Board members assigned to specific country liaison activity, you can call on me: Paris and London are not very far away from Roma. I am always delighted to come and see you.

Have a good day!