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This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

Profile last updated 3 March 2015

### PARTICIPANT IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRS

Organisation Staff of the US Securities and Exchange Commission

#### Role of the organisation

The US Securities and Exchange Commission (SEC or 'the Commission') is the principal US federal agency that is responsible for administering the federal securities laws. Since the time of its establishment, in 1934, the federal securities laws have set forth the SEC's broad authority and responsibility to prescribe the methods to be followed in the preparation of accounts and the form and content of financial statements to be filed under those laws, as well as the responsibility to ensure that investors are furnished with other information necessary for investment decisions. To assist it in meeting this responsibility the SEC historically has looked to private-sector standard-setting bodies to develop accounting principles and standards.

Since its formation in 1973, the Financial Accounting Standards Board (FASB) has established standards of financial accounting for the preparation of financial reports by nongovernmental entities. The FASB operates as part of the Financial Accounting Foundation (FAF), a private sector, not-for-profit organization. The FASB publishes its standards in the FASB Accounting Standards Codification™. The standards in this codification are collectively commonly referred to as 'US GAAP'.

The SEC recognises the financial accounting and reporting standards of the FASB as "generally accepted" for purposes of the federal securities laws. As a result, registrants are required to comply with those standards in preparing financial statements filed with the Commission, unless the Commission directs otherwise. For purposes of the federal securities laws, the SEC or its staff will supplement or supersede FASB standards if it is appropriate to do so. This can come in the form of additional disclosure requirements or interpretive guidance, or may involve establishing accounting requirements in the absence of authoritative guidance. The SEC and its staff monitor the FASB's procedures, qualifications, capabilities, activities and results with respect to its ability to continue to fulfil its role.

Website [www.sec.gov](http://www.sec.gov)

**COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS**

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?

Yes.

In *Commission Statement in Support of Convergence and Global Accounting Standards*, dated 24 February 2010, the SEC stated:

"In addition to reaffirming the Commission's strong commitment to a single set of global standards, the recognition that IFRS is best-positioned to be able to serve the role as that set of standards for the US market, and the convergence process ongoing between the Financial Accounting Standards Board ('FASB') and the International Accounting Standards Board ('IASB'), this statement outlines certain of these factors that are of particular importance to the Commission as it continues to evaluate IFRS through 2011."

Link to *Commission Statement in Support of Convergence and Global Accounting Standards*, dated 24 February 2010:

<http://www.sec.gov/rules/other/2010/33-9109.pdf>

Has the jurisdiction made a public commitment towards IFRS as that single set of high quality global accounting standards?

See the excerpt from the 24 February 2010 Commission Statement, above.

What is the jurisdiction's status of adoption?

The SEC permits but does not require its foreign private issuers to use IFRS as issued by the IASB in preparing the issuer's financial statements.

The SEC does not permit its domestic issuers to use IFRS in preparing their financial statements; rather, it requires them to use US GAAP. However, pursuant to the Sarbanes-Oxley Act, the SEC's continued recognition of the standards of the FASB as 'generally accepted' is, among other things, contingent on whether the FASB "...considers, in adopting accounting principles, ... the extent to which international convergence on high quality accounting standards is necessary or appropriate in the public interest and for the protection of investors." The FASB is currently completing its responsibilities pursuant to the 2002 Norwalk Agreement, which has focused on standard-setting efforts to converge IFRS and US GAAP.

On 18 May 2008 the Council of the American Institute of Certified Public Accountants (AICPA) amended its member Code of Professional Conduct to designate the IASB with respect to international financial accounting and reporting principles. Such a designation affects whether an AICPA member who prepares or audits financial statements pursuant to IFRS may affirmatively state that those financial statements are in conformity with 'generally accepted accounting principles'. This designation allows an AICPA member to do so. As part of this decision the AICPA Board agreed that the AICPA Council would reassess in three to five years whether this designation of the IASB remains appropriate.

Additional comments provided on the adoption status?

See the information in the 'Extent of IFRS Application' section, below, with respect to the SEC staff IFRS work plan, on which a report was issued on 13 July 2012.

Link to Final Staff Report *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers*, dated 13 July 2012:

<http://www.sec.gov/spotlight/globalaccountingstandards/ifrs-work-plan-final-report.pdf>

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If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS in your jurisdiction.	Not applicable.
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## EXTENT OF IFRS APPLICATION

### *For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

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Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS in their consolidated financial statements?	No.
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If YES, are IFRS REQUIRED or PERMITTED?	Not applicable.
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Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.
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Are IFRS also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Not applicable.
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For instance, are IFRS required or permitted in separate company financial statements of companies whose securities trade in a public market?	Not applicable.
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For instance, are IFRS required or permitted for companies whose securities do not trade in a public market?	In the US there is no centralised determinant of the financial reporting framework to be used by companies whose capital market activities fall outside the perimeter of the SEC's requirements. In practice, however, many of these US 'private' companies have contractual requirements to prepare financial statements in accordance with US GAAP pursuant to credit agreements with either banks or others from whom they obtain financing. Other 'private' companies may choose to prepare general purpose financial statements for other purposes, in which case they are able to select the accounting framework that fits the purpose. In practice this means they mainly select either US GAAP or another comprehensive basis of accounting, such as the US income tax basis of accounting. They may, however, select IFRS. For example, they may select IFRS if they are subsidiaries of, or have significant ownership held by, an entity that prepares financial statements in accordance with IFRS.
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If the jurisdiction currently does NOT require or permit the use of IFRS for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS for such companies in the future?

Most recently, as directed by the SEC in its 24 February 2010 Commission Statement, the SEC staff executed a work plan that was intended to aid the Commission in its evaluation of the impact that the use of IFRS by US companies would have on the US securities markets. As a result of this work, on 13 July 2012 the staff of the SEC published a report entitled *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers: Final Staff Report* (the SEC Staff Report). The SEC Staff Report represented the culmination of over two years' work by the SEC staff to analyse the issues related to the possible incorporation of IFRS into the US financial reporting system.

The SEC Staff Report was designed to inform the SEC Commissioners about various matters associated with their IFRS policy considerations. The SEC Staff Report did not make a recommendation on whether, how, or when IFRS should be incorporated into the US financial reporting system for domestic issuers. The Commission has not made a determination about whether and, if so, how and when to incorporate IFRS into the US financial reporting system.

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**For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:**

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Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS in their consolidated financial statements?

Yes.

If YES, are IFRS REQUIRED or PERMITTED in such cases?

IFRS as issued by the IASB are permitted.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

It applies to all foreign private issuers, as this term is defined in the SEC's rules.

## IFRS ENDORSEMENT

Which IFRS are required or permitted for domestic companies?

Not applicable.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:

The financial statements of a foreign private issuer must include in both the auditor's report and in the notes to the financial statements an explicit and unreserved statement that the financial statements have been prepared in accordance with IFRS as issued by the IASB. If these assertions are not provided, then the financial statements are required to be reconciled to US GAAP.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS and the jurisdiction's GAAP)?

Yes.

If the financial statements also comply with a jurisdictional GAAP in addition to compliance with IFRS as issued by the IASB, then compliance of the financial statements with the jurisdictional GAAP may also be stated in the notes to the financial statements. If this occurs, then the auditor will also opine on the compliance of the financial statements with the jurisdictional GAAP.

Are IFRS incorporated into law or regulations?

No.

While the body of standards composing 'IFRS as issued by the IASB' is invoked under the SEC regulations for the reporting by foreign private issuers, the text of IFRS is not included in either the federal securities laws or the SEC rules and regulations.

If yes, how does that process work?	Not applicable.
If no, how do IFRS become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS (including Interpretations) in place	Not applicable.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS become a requirement in the jurisdiction?	The SEC's regulations that permit the preparation of financial statements of foreign private issuers in accordance with IFRS as issued by the IASB invoke the body of IFRS as it is amended from time to time.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS and/or made any modifications to any IFRS?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS in the jurisdiction?	None.

## TRANSLATION OF IFRS

Are IFRS translated into the local language? Not applicable because English is the local language.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS? Not applicable.

## APPLICATION OF THE IFRS FOR SMEs

Has the jurisdiction adopted the IFRS for SMEs for at least some SMEs? Not applicable.  
As stated above in the 'Extent of IFRS Application' section, in the US there is no centralised determinant of the financial reporting framework that these companies are either required or permitted to use for preparing their general purpose financial statements. Accordingly, there is no organisation that would make a centralised 'adoption' decision for the use of IFRS for SMEs in the US.

If no, is the adoption of the IFRS for SMEs under consideration? Not applicable.

Did the jurisdiction make any modifications to the IFRS for SMEs? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the IFRS for SMEs in the jurisdiction, and are they required or permitted to do so?	Not available. Information about whether US 'private' companies have decided, in practice, to prepare their financial statements in accordance with IFRS for SMEs is not accumulated.
For those SMEs that are not required to use the IFRS for SMEs, what other accounting framework do they use?	'SMEs' in the US are part of the broader group of 'private companies'. If not specified in its contractual commitments, a US private company is able to select the accounting framework that fits the purpose of its financial statements. These frameworks can include US GAAP, IFRS as issued by the IASB, or other bases of accounting such as the US income tax basis of accounting.
Other comments regarding use of the IFRS for SMEs?	<p>With respect to SMEs, the AICPA is in the process of considering comments on its proposed financial reporting framework for privately held small- and medium-sized entities (called the 'FRF for SMEs'). This proposed framework is intended as a self-contained 'other comprehensive basis of accounting' to be made available to smaller-to medium-sized, owner-managed, for-profit, private companies that are not required to produce financial statements in accordance with US GAAP.</p> <p>With respect to the broader group of all US 'private' companies, the FAF contains a body—the Private Company Council (PCC)—whose role is to contribute to the FASB's process of setting accounting standards for private companies.</p> <p>The PCC has the following two principal responsibilities:</p> <ol style="list-style-type: none"> <li>1. Determine whether exceptions or modifications to existing non-governmental US GAAP are required to address the needs of users of private company financial statements. Such exceptions or modifications are subject to FASB approval both at the exposure draft stage and at final adoption.</li> <li>2. Serve as the primary advisory body to the FASB on the appropriate treatment for private companies for items under active consideration on the FASB's technical agenda.</li> </ol>