

**International Organization of Securities Commissions and IFRS Foundation**  
**Statement of Protocols for Cooperation on**  
**International Financial Reporting Standards**

**14 May 2016**

**I. Introduction**

The International Organization of Securities Commissions (IOSCO) and the IFRS Foundation (the ‘Foundation’) have a shared objective of promoting and facilitating transparency within the capital markets through the development and consistent application of IFRS Standards. Capital markets authorities are responsible for regulating the form and content of financial reporting for those markets. The Foundation’s objectives include the development of, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards (IFRS Standards) and the promotion of their use and rigorous application.

IOSCO has long supported the work of the Foundation through its standard-setting body, the International Accounting Standards Board (‘the Board’), in its efforts to develop IFRS Standards as a high-quality set of accounting standards that can be applied globally.

**II. Objectives of the Statement of Protocols**

In October 2012 the IOSCO Board and the Foundation agreed to further progress their interactions on IFRS Standards, with a particular focus on the manner in which they are applied in practice, as a means of improving financial statements prepared in accordance with IFRS Standards across the world. This Statement of Protocols translates this decision into working terms, in that it:

- captures and recognizes the nature of the co-operation on IFRS Standards between IOSCO and the Foundation;
- identifies areas of mutually supportive work, which each institution will use its best endeavors to undertake; and
- provides for continued strengthening of future co-operation between IOSCO and the Foundation.

IOSCO and the Foundation are parties to a memorandum of understanding (‘MOU’) between the capital markets authorities who formed the Monitoring Board and the Foundation. This Statement does not alter the MOU; instead, it captures a common intention for mutual interaction at the working level. The regular transparency and confidentiality policies and practices of IOSCO and of the Foundation will apply to these interactions.

**III. Provisions of the Statement of Protocols**

**Strategic Discussions**

Objective of Interactions: Foster the discussion of broad financial reporting issues between the leadership of IOSCO and the Foundation.

- A. Representatives of the Foundation and the IOSCO Board will meet periodically, as deemed appropriate, to share perspectives on strategic matters related to globally accepted financial reporting standards.

- B. The IOSCO C1 Chair and/or Vice Chair and members of the Board will meet periodically, as deemed appropriate, to share perspectives on IFRS Standards and related regulatory matters.
- C. Both IOSCO and the Foundation believe that the role of IFRS Standards in the global capital markets will continue to evolve. Accordingly, both parties intend to review, at the time of the Foundation Trustees' future reviews of the Foundation's structure and effectiveness, the functioning and effectiveness of these protocols with the aim of enhancing the scope or operation of the protocols, if enhancements are judged to be necessary.

### **Development of IFRS Standards**

Objective of interactions: Foster the sharing of information and C1 members' consensus views in support of work in the development of IFRS Standards.

IOSCO and the Foundation have a common interest in ensuring that the body of IFRS Standards is comprehensive, is well developed and maintained, and is both auditable and enforceable.

Accordingly, each will continue to:

- A. periodically discuss, with each other, IFRS initiatives, Standard-setting projects, Post-implementation Reviews and other relevant matters such as securities regulatory developments;
- B. respond, in the case of IOSCO, to the Board's proposed new Standards and amendments, as appropriate, commenting in particular on the financial reporting suitability and enforceability issues raised therein and, in the case of the Board, consider IOSCO's comments in the normal course of its work; and
- C. invite, as appropriate, in the case of the Foundation, IOSCO involvement, as an observer or a member in the Board's consultative groups, committees and task forces, recognizing that the Foundation determines these compositions on a case-by-case basis.

### **Implementation of IFRS Standards**

Objective of interactions: Foster the sharing of information to support both parties in their work in the application of IFRS Standards on a globally consistent basis.

IOSCO and the Foundation also have a common interest that IFRS Standards should be consistently applied in practice across varying national contexts and settings. Timely communication between securities regulators and the Board and its staff can lead to the early detection of implementation issues and the opportunity to prevent or limit the development of diversity in practice.

Consequently, each will continue to:

- A. evaluate diverse vehicles for delivery of IFRS Education Initiative training materials and/or sessions tailored to the needs of securities regulators;
- B. discuss, with each other, at least once a year and as necessary for urgent matters, the types of IFRS implementation issues that the IOSCO members have identified or are currently

discussing;

- C. identify, in the case of IOSCO, situations of diversity in practice that become evident to C1 members, and, if appropriate, submit a request to the IFRS Interpretations Committee to consider the matter;
- D. receive, in the case of the Foundation, IOSCO observers' input from the perspective of a securities regulator into the work of the IFRS Interpretations Committee;
- E. periodically share and exchange, with each other, information about the progression in the use of IFRS Standards, including the extent and nature of guidance on the application of IFRS Standards in IOSCO member jurisdictions around the world;
- F. identify and explain, in the case of the Foundation, the aspects of the implementation of the Board's new or significantly amended Standards that IASB staff anticipate are most likely to be of interest to securities regulators;
- G. organize, in the case of IOSCO, periodic IFRS enforcers' discussion sessions, available to all IOSCO members and with IASB board members and/or IASB staff as guests, to discuss the issues and IFRS Standards that seem to be raised most frequently or are most significant in enforcement matters; and
- H. inform IOSCO, in the case of the Foundation, of the nature of any particularly time-sensitive implementation matters regarding IFRS Standards that IASB staff assesses as urgently requiring input from the group of securities regulators and promptly gather, in the case of IOSCO, the appropriate related regulatory input from the IOSCO members;