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NYU STERN ROUNDTABLE ATTENDEES AGREE THAT CONVERGENCE OF U.S. AND INTERNATIONAL ACCOUNTING STANDARDS WILL FACE OBSTACLES

Participants Consider Whether Interpretation, Implementation and Regulation of a Uniform Standard Will Impact the Success of Convergence

NEW YORK, NY – April 7, 2004 – New York University Stern School of Business’s Vincent C. Ross Institute of Accounting Research recently convened regulators, industry experts and leading academics to debate the issues confronting the U.S.’s acceptance of uniform International Accounting Standards. The forum began with a discussion over the definitions of harmony and convergence, and how different interpretations play an important role in creating a uniform accounting standard. The consensus was that a harmonizing approach does not mean “one-size-fits-all,” but does accommodate national differences, while convergence is “moving together toward a common result.” While the Financial Accounting Standards Board (FASB) and the Securities and Exchange Commission (SEC) use the term convergence, the attendees challenged the notion that a single set of accounting standards would be adopted by countries around the world.

There was a general consensus among the participants that even if a consistent and quality international accounting standard were created, problems of interpretation, implementation and regulation (enforcement) would still persist.

The participants discussed how these challenges have been addressed to date:

- The U.S. and European interpretative bodies are working together in an effort to eliminate differences in interpretation of similar standards
- The SEC and the International Organization of Securities Commissions (IOSCO) agreed to ensure compliance with, and enforcement of, their securities
and derivatives laws and regulations as part of the Multilateral Memorandum of Understanding (MOU)

- In October 2002, FASB and the International Accounting Standards Board (IASB) announced the “Norwalk Agreement,” marking a significant step toward formalizing their commitment to creating a uniform accounting standard used in the U.S. and abroad
- In January 2005, All EU-listed public companies will be required by the European Union to prepare their consolidated financial statements using IASB Standards

Most of the endeavors listed above are considered short-term convergence projects, selecting between existing U.S. GAAP and International Financial Reporting Standards (IFRS). Some participants remained skeptical as to how total convergence will be achieved through this type of arbitrary process. Whatever the case may be, it appears as if FASB and the SEC are committed to working towards adopting a uniform accounting standard that would be recognized globally.

The Ross Roundtable provides a forum for “public opinion shapers” to discuss important developments in capital markets and the financial world. Visit http://www.stern.nyu.edu/ross/ for more information on Ross Institute events and programs.

About NYU Stern
New York University Stern School of Business, located in the heart of Greenwich Village, is one of the nation’s premier management education schools and research centers. NYU Stern offers a broad portfolio of academic programs at the graduate and undergraduate levels, all of them informed and enriched by the dynamism, energy and deep resources of the world’s business capital.