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Nancy M. Morris,
Secretary
Securities and Exchange Commission
100 F Street NE
Washington DC 20549-1090

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These comments are sent to the Commission taking into consideration the experience of our firm advising foreign private issuers around the world.

The fundamental debate hides the practical reality. It is one of these cases where trying to look at the substance of the case ignores the fact that the reconciliation in US GAAP has proved ineffective. There are two reasons for this: investors get the US GAAP numbers several months after the IFRS numbers are published, and companies outside of the United States manage their businesses on the basis of their IFRS accounts.

The first issue points to the fact that investors who would, by any chance, rely on the US GAAP numbers, would be ill-advised to do so, since those numbers are not substantially different from the IFRS numbers, and the IFRS announcements and publications provide investors with the necessary information several months ahead of the US GAAP numbers.

The second is based on a very basic observation of the way companies are managed: it is impossible for the management of a company to work with two sets of

accounts. Companies outside of the United States have therefore conformed their strategies and financial policies based on the IFRS principles and rules. That is the basis on which the market judges their performance. Financial analysts comment on those numbers.

The 7,000 companies of the European Union who now report accounts in IFRS represent a serious experience. Additional countries outside of the United States are integrating IFRS in their national regulations. This trend points to the possibility to see IFRS becoming the global standard, and will inevitably affect the US GAAP reporting rules. This is in line with the objective of the SEC to reduce the disparities between the United States and other countries. The IASB has, quite often, actually "borrowed" US GAAP rules and integrated them into their own since they were providing a robust core of accounting principles.

The seriousness and professionalism of the cooperation that has been established between the FASB and the IASB since 2002, provides a high level of convergence between the two sets of standards. This "robust progress" is clearly outlined in the release, and the SEC has been a powerful force moving this effort in the right direction.

This letter comments on the first 17 questions of the release, since the other questions are more of a specific technical response outside of the competence of our firm.

1. Outside of the United States, IFRS is considered to be the accepted norm and while there are always questions about some of its aspects, it is considered to be robust and reliable. Namely, the

Working group of the IOSCO has demonstrated that robustness.

2. The current level of convergence between the two sets of standards is perceived to be close enough by analysts and investors so that, while further convergence will be helpful, there is no need to wait for further convergence to accept IFRS accounts since US investors have already largely been exposed to IFRS reporting.

The question of the consistency of the application of IFRS throughout the countries who adopt them is a serious one: most countries do have accounting boards and are not willing to necessarily accept IFRS without adjustments and they themselves are subject to outside influences. So the statement by the SEC that it would have to be the original form of IFRS that would apply to the IFRS acceptance for foreign private issuers and not its possible national adjustments is the only way this acceptance makes sense.

Should neither the IASB nor IFRIC has addressed a particular accounting issue, there could be a form of joint 'emergency hearing' mechanism to look at the question if it is not a complex one. Should that not be possible, the company should be entitled to use an methodology agreed with its auditor, and spell out this new rule in the "accounting principles" in its Annual Report.

3. It is not possible to answer that question in general terms. While the answer is broadly that the convergence is sufficient, there might be some areas where such convergence has not yet been established. As long as reconciliation is required, it could be limited to those cases.
4. It is important that this information-sharing arrangement exists, and a dialogue on those differences will lead to better quality and convergence of the information to the benefit of the investors..
5. ----
6. The adoption is unlikely to be implemented before the 2007 accounts are published. If this is right, most IFRS users will have three years IFRS experience. This might be the right time to ensure that those standards are robust enough, and it might be the right "waiting time" for new IFRS users.
7. The acceptance of IFRS will certainly facilitate the listing of foreign private issuers, but the current list of those issuers is diversified and strong enough for the standards to be adopted without requiring further delays.
8. ----
9. ----
10. Investors want to have as convergent a set of standards as possible, provided that they are robust. This is the case of both IFRS and GAAP. US investors are trading every day millions of those shares based on IFRS information being available. There is no major difference in the complexity of the two main standards. US investors have learned to rely on the original standards of the issuer

since they recognize that it is the most effective way to judge their performance. Most analysts are conversant in both standards.

11. Investors already understand IFRS accounts and take decisions on that basis today.
12. ----
13. Such issuers could be allowed not to reconcile as early as for their 2008 accounts without any further delay
14. The only way to achieve a practical result in the timing of the filing is to ensure that companies from countries who adhere to the IOSCO International Passport can use their domestic filing and annual report in real time in the United States. Anything else will further delay the process and make such publications inconsistent with the local market, putting US investors to a disadvantage. It would be almost impossible for companies to prepare simultaneously a US regulatory registration while filing their domestic reports.
15. This rule has effectively disadvantaged US investors invested in foreign private issuers who were effectively unable to participate to subsequent public offerings in the United States. It appears therefore to be counter-productive.
16. There is no reason why such statements would not be possible. However, there might be circumstances where issuers or auditors have accepted a deviation for good reasons: those cases should be exceptional and well documented in the issuer's domestic filing and annual report.
17. If the acceptance of IFRS is not seamless, there will be resistance to registration and listing since the initial reconciliation is by far the most complex, burdensome and costly.

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We commend the SEC for this important work in a very delicate matter and sincerely hope that the decisions that will be taken on this release will be an improvement of the information for the benefit of all investors.

I hope that these comments will be useful to this undertaking.