



28 September 2007

Ms Nancy M Morris
Secretary
Securities & Exchange Commission
100 F Street NE
WASHINGTON DC 20549

Dear Ms Morris

File S7-13-07

The Group of 100 (G100) which is an organisation representing the interests of Chief Financial Officers and senior finance executives of Australia's major business enterprises is pleased to provide comments on the proposed rule.

We refer to File Number S7-13-07 on 'Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to US GAAP' ("the Proposal") issued by the SEC on 2 July, 2007.

A number of G100 constituents are foreign private issuers who have lodged both registration statements and annual reports on Form 20-F for many years. Whilst enjoying the benefits of participation in the US debt and equity markets, the costs of compliance with the US rules and regulations is significant for foreign private issuers. In addition to preparing a set of financial statements which are prepared in accordance with their 'home GAAP' and complying with the requirements of their regulator, they must also comply with lengthy and complex US requirements including the preparation of the Form 20-F. The most significant part of the work effort in preparing the Form 20-F is the preparation of the reconciliation from their home GAAP to US GAAP. This activity involves many hundreds of hours work in training, research, calculation, recording and drafting US GAAP disclosures in addition to the considerable cost of having the reconciliation and associated disclosures audited. As a result, the G100 welcomes this very important proposal by the SEC to provide an option for foreign registrants to no longer prepare reconciliation to US GAAP from IFRS as published by the IASB.

While the G100 broadly supports the SEC's initiative, we emphasise the following:

- The G100 believes that there is no valid reason for delaying the removal of the US GAAP reconciliation beyond the proposed 2009 time frame.

- The Commission should adopt a 'soft' regulatory approach in determining what constitutes IFRS in each jurisdiction. For example, in Australia, the Australian Accounting Standards Board (AASB) makes accounting standards as delegated legislation under the Corporations Act 2001. In making standards that apply to companies and other reporting entities the AASB uses IASB Standards as the "foundation" Standards to which it adds material detailing the scope and applicability of a Standard in the Australian environment. This involves "word for word" adoption of the substantive requirements of IASB Standards. We therefore believe that the Australian equivalents to IFRSs would comply with the SEC proposal.
- Much of the benefit of applying IFRSs without presenting a US GAAP reconciliation will be lost if interpretations of the applications of IFRSs by the SEC is driven by a mindset which is focused on seeking outcomes which would have been achieved by applying US GAAP in the first place. The IFRS Standards represent an attempt to develop a consistent international approach and interpretations should be made from that perspective. Requiring interpretations and practices which represent the views of a regulator in reinforcing its existing domestic practice will tend to erode the benefits and attractions of adopting IFRSs and the credibility of the IASB.

Specific Questions

1. *Do investors, issuers and other commenters agree that IFRS are widely used and have been issued through a robust process by a stand-alone standard setter, resulting in high-quality accounting standards?*

Yes. The G100 believes that the due process adopted by the IASB in developing IFRSs and Interpretations is robust and thorough and leads to the development of high-quality accounting standards. In Australia, IFRSs are applied. For example, financial reports prepared by entities under the financial reporting provisions of the Corporations Act must be drawn up in accordance with the Australian Accounting Standards, the substantive requirements of which are adopted word for word from IFRSs.

2. *Should convergence between US GAAP and IFRS as published by the IASB be a consideration in our acceptance in foreign private issuer filings of financial statements prepared in accordance with IFRS as published by the IASB without US GAAP reconciliation? If so, has such convergence been adequate? What are commenters' views on the processes of the IASB and the FASB for convergence? Are investors and other market participants comfortable with the convergence to date, and the ongoing process for convergence? How will this global process, and particularly the work of the IASB and FASB, be impacted if at all, if we accept financial statements prepared in accordance with IFRS as published by the IASB without a US GAAP reconciliation? Should our amended rules contemplate that the IASB and FASB may in the future publish substantially different final accounting standards, principles or approaches in certain areas?*

From an Australian perspective we are concerned that a literal and narrow interpretation of IFRS as published by the IASB may inhibit Australian registrants from benefiting from the proposals. We believe that the criteria should apply to the substantive content and drafting of the IFRSs adopted in different jurisdictions. As indicated above, under Australian legislative requirements and practice Accounting Standards are delegated legislation and, while changes are made to accommodate these requirements, such as the inclusion of additional material relating to the scope and applicability of the Standard, the substantive requirements, as issued by the IASB, are adopted.

The G100 considers that although the present convergence activities of the FASB and IASB are a significant step in the right direction the process should deal with issues more expeditiously.

The G100 believes that the SEC, in adopting the proposal, should indicate an expectation that such convergence should continue and that the FASB and IASB should seek to ensure that substantially different outcomes do not occur. This should be highly unlikely given a principles-based approach and agreement on a conceptual framework.

3. *Is there sufficient comparability among companies using IFRS as published by the IASB to allow investors and others to use and understand the financial statements of foreign private issuers prepared in accordance with IFRS as published by the IASB without US GAAP reconciliation?*

Yes. IFRS requires extensive disclosure of accounting policies which provide users with sufficient knowledge of the company's policies. We consider there is sufficient consistency in applying IFRSs to ensure comparability.

4. *Do you agree that the information-sharing infrastructure being built in which the Commission participates through both multilateral and bilateral platforms will lead to an improved ability to identify and address inconsistent and inaccurate applications of IFRS? Why or why not?*

Yes. However, given the rigour applied to compliance with IFRSs from 1 January 2005 by both issuers and their auditors we do not believe there is widespread inaccurate or inconsistent application of IFRSs.

5. *What are commenters' views on the faithful application and consistent application of IFRS by foreign companies that are registered under the Exchange Act and those that are not so registered?*

The application of IFRS is mandatory for all Australian companies. The Australian regulator, the Australian Securities and Investment Commission (ASIC), undertakes regular views of financial reports which ensure consistent and correct application of IFRS amongst all Australian companies, regardless of whether those companies are registered under the Exchange Act or not.

6. *Should the timing of our acceptance of IFRS as published by the IASB without US GAAP reconciliation depend upon foreign issuers, audit firms and other constituencies having more experience with preparing IFRS financial statements?*

No. In respect of Australian companies who are registrants have substantial experience in applying IFRSs which were adopted for annual reporting periods beginning on or after 1 January 2005. Further, we believe that the international audit firms have robust processes and experience with the implementation of IFRSs.

7. *Should the timing of any adoption of these proposed rules be affected by the number of foreign companies registered under the Exchange Act that use IFRS?*

No.

8. *The IASB Framework establishes channels for the communication of regulators' and others' views in the IFRS standard-setting and interpretive processes. How should the Commission and its staff support the IFRS standard-setting and interpretive processes?*

Support could be provided through active participation in IASB processes and activities and acceptance of the outcomes of those processes.

The Commission and its staff should continue to be involved as part of the standard setting process both through the continuation of the convergence program, involvement in IASB forums and participation in the IASB's due process. We do not believe the Commission or any other securities regulator should be providing interpretive views where an issue has not been addressed by the IASB or IFRIC. This would result in the formation and application of 'regulator GAAP' which may not necessarily be consistent with the IFRS accounting framework and will only apply to the companies in that jurisdiction. We would prefer to see additional resources provided to the IFRIC to expedite the resolution of issues placed on its agenda.

9. *How should the Commission consider the implication of its role with regard to the IASB, which is different and less direct than our oversight role with the FASB?*

See above.

10. *The Commission has gathered certain information from representatives of issuers, investors, underwriters, exchanges and other market participants at its public roundtable on IFRS. We are interested in receiving information from a broader audience. Is the development of a single set of high-quality globally accepted standards important to investors? To what degree are investors and other market participants able to understand and use financial statements prepared in accordance with IFRS as published by the IASB without the US GAAP reconciliation? We also encourage commenters to discuss ways in which the Commission may be able to assist investors and other market participants in improving their ability to understand and use financial statements prepared in accordance with IFRS as published by the IASB?*

