

ABA
AMERICAN BAR ASSOCIATION

Defending Liberty
Pursuing Justice
Section of Business Law
321 North Clark Street
Chicago, IL 60610
312.988.5000
email: businesslaw@abanet.org
website:
www.abanet.org/buslaw

October 4, 2007

[via e-mail to:rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Ms. Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File No. S7-13-07
“Acceptance From Foreign Private Issuers of Financial Statements Prepared
in Accordance with International Financial Reporting Standards Without
Reconciliation to U.S. GAAP”
Release Nos. 33-8818, 34-55998; International Series Release No. 1302

Ladies and Gentlemen:

This letter is submitted on behalf of the Committee on Federal Regulation of Securities and the Committee on Law and Accounting (the “Committees”) of the Section of Business Law of the American Bar Association in response to the request for comments by the Securities and Exchange Commission (the “Commission”) in its July 2, 2007 proposing release referenced above (the “Proposing Release”).

The comments expressed in this letter represent the views of the Committees only and have not been approved by the American Bar Association’s House of Delegates or Board of Governors and therefore do not represent the official position of the American Bar Association (the “ABA”). In addition, this letter does not represent the official position of the ABA Section of Business Law, nor does it necessarily reflect the views of all members of the Committees.

We support the Commission’s proposal to eliminate the requirement that financial statements prepared in accordance with the English language version of International Financial

Reporting Standards (“IFRS”)¹ published by the International Accounting Standards Board (the “IASB”) be reconciled to generally accepted accounting principles used in the United States (“U.S. GAAP”). We believe that the elimination of the reconciliation requirement for financial statements prepared in accordance with IFRS (the “Proposed Reconciliation Elimination”) at this time is consistent with investor protection and may be an important step towards a uniform set of accounting standards to be used by foreign private issuers and U.S. domestic issuers alike.

In considering the Proposed Reconciliation Elimination, we take special note of the Commission’s statements in the Proposing Release that:

1. The Commission staff has over the years acquired a broad understanding of the standards.²
2. The Commission staff has gained experience in reviewing financial statements prepared in accordance with IFRS, or IFRS written in languages other than English³, and is also continuing to identify for IFRS filers ways to promote increased disclosure and clearer presentations in subsequent financial statements filed with the Commission.⁴
3. The Commission believes that the auditor community has embraced IFRS as a workable set of standards that can generally be applied across industries and countries.⁵
4. The Commission’s consideration of acceptance of financial statements prepared using IFRS is also premised on the IASB’s sustainability, governance and continued operation in a stand-alone manner as a standard setter, which is a factor in the development of a set of high-quality globally accepted accounting standards.⁶

We understand that the Commission’s consideration of the Proposed Reconciliation Elimination involves a delicate balancing. There can be no question that a reconciliation to U.S. GAAP facilitates the ability to compare financial statements with those prepared in accordance with U.S. GAAP. On the other hand, imposing a burden on foreign issuers utilizing IFRS to prepare a reconciliation to U.S. GAAP may prevent such issuers from offering their securities or listing their securities in the United States, and therefore may limit the investment opportunities available to U.S. investors. To the extent that a U.S. investor chooses to purchase securities of the issuer on a foreign market, the investor may lose many of the protections afforded to investors purchasing securities in the U.S., including Commission and other oversight of the offering process and offering participants.

¹ Except as otherwise expressly stated, references in this letter to IFRS are to the English language version of IFRS published by the IASB.

² See Proposing Release, Section II.B.

³ Id.

⁴ See Proposing Release, Section II.B.1.

⁵ See Proposing Release, Section II.B.2.

⁶ See Proposing Release, Section II.C.

Because of these various factors, we support the Commission's Proposed Reconciliation Elimination. We believe that the Proposed Reconciliation Elimination should be approved and implemented as promptly as possible, and should not be deferred until IFRS achieves certain additional benchmarks or until convergence is finally achieved, which may take many years. In the interim, the delay may adversely affect the investment opportunities and protections of the U.S. federal securities laws afforded to U.S. investors.

The Commission notes in the Proposing Release that Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 expressly exclude from the safe harbor provisions of such sections any information "included in a financial statement prepared in accordance with generally accepted accounting principles," and states that "the safe harbor may not be available to the forward looking information included in IFRS financial statements," such as information about market risk that is called for by IFRS 7. Whether or not issuers are required to provide such information in their financial statements, market risk information is currently required to be set forth in Item 11 of Form 20-F, which has the benefit of the safe harbor. We believe that the Commission should adopt a safe harbor provision or provide other relief, so as not to subject a foreign private issuer that prepares its financial statements in accordance with IFRS, or any other accounting standard, to greater risk of liability than would be imposed on an issuer that prepares its financial statements in accordance with generally accepted accounting principles that may not require forward looking information, such as U.S. GAAP.

We note that certain commenters have suggested that the Commission extend the elimination of reconciliation to issuers that prepare financial statements in accordance with IFRS as adopted by the European Union ("EU"). Among other things, these commenters note that no country has adopted IFRS as published by the IASB as its definitive accounting standard, and that, unlike IFRS as adopted by the EU, IFRS as published by the IASB is not subject to regulatory oversight. Because one of the principal goals of eliminating the reconciliation requirement is to encourage foreign issuers preparing financial statements in accordance with a high-quality body of accounting principles that is supported by an effective infrastructure to issue and to list their securities in the United States, we believe that the Commission should seriously consider these suggestions. Although we are not in a position to reach a conclusion on this step in connection with the current rulemaking proposal, we strongly encourage the Commission to review this matter on an expedited basis, and to work with the EU, EU member states and professional organizations to seek to resolve any concerns the Commission may have about the implications of extending the proposed reconciliation elimination to include issuers that prepare financial statements in accordance with IFRS as adopted by the EU.

We appreciate the opportunity to provide these comments. Members of the Committees are available to discuss them should the Commission or the staff so desire.

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Respectfully submitted,

/s/ Keith F. Higgins

Keith F. Higgins, Chair of the
Committee on Federal Regulation of
Securities

/s/ Linda L. Griggs

Linda L. Griggs, Chair of the Committee
on Law & Accounting

Drafting Committee:

Abigail Arms
Bruce Bennett
Peter M. Casey
Catherine T. Dixon
Margaret Foran
Barbara Jones
Stanley Keller
Bruce Alan Mann
Paul Mackey
Matthew G. Medlin
Stephen Quinlivan
Richard H. Rowe
Jeffrey W. Rubin
Walter Van Dorn
Thomas W. White

cc: Christopher Cox, Chairman
Paul S. Atkins, Commissioner
Kathleen L. Casey, Commissioner
Annette L. Nazareth, Commissioner
John W. White, Director, Division of Corporation Finance
Conrad Hewitt, Chief Accountant