



LONDON INVESTMENT BANKING ASSOCIATION
6 Frederick's Place, London, EC2R 8BT
Tel: 020-7796 3606 Fax: 020-7796 4345
Direct: 020-7367 5507 E-mail: ian.harrison@liba.org.uk

18 September 2007

Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090
USA

By email to: rule-comments@sec.gov

Dear Sirs

File Number S7-13-07
Eliminating Reconciliation Requirements for IFRS Financial Statements

I am writing on behalf of the London Investment Banking Association (LIBA) to respond to the SEC's 2 July Release putting forward a proposed rule for the elimination of the requirement that foreign private issuers filing financial statements prepared under IFRS must also file a reconciliation of those financial statements to US GAAP ("the Proposal"). LIBA is, as you may know, the principal UK trade association for investment banks and securities houses; a list of our members is attached.

LIBA has closely followed the development over recent years of IAS/IFRS and the related EU infrastructure, as well as the IASB/FASB convergence programme. We have provided substantive input to successive stages of these processes through written and oral representations to key international bodies such as the IASB, CESR, EFRAG and the European Commission, as well as to the corresponding UK bodies, and have also had occasional contacts on these matters with SEC staff. Moreover, the global investment banks that form a large part of our membership have extensive experience of applying a range of different GAAPs, including in virtually all cases both IFRS and US GAAP. For all these reasons LIBA is particularly well placed to comment on the issues raised by the Proposal.

We believe the Proposal will bring considerable benefits to the international capital markets, particularly if, as we hope and expect, the European Union brings in reciprocal measures for US issuers with securities listed on a regulated EU exchange. We see the proposed elimination of the reconciliation requirement as an important step towards the creation of a single global set of high quality accounting standards free from "jurisdictional" variations, which is complementary to the existing IASB/FASB convergence programme. It also sends a strong signal of the SEC support for this objective.

We commend the SEC's efforts to remove the US GAAP reconciliation for foreign private issuers, and to support convergence towards a single globally consistent framework of accounting standards. We believe that IFRS is ideally suited to help achieve these goals. The combined work of the SEC, the IASB and the FASB in this area greatly facilitates the provision of the internationally comparable financial information that capital providers find increasingly important for sound economic decision making - one of the most significant issues that the capital markets are facing. We therefore strongly support the SEC in taking the Proposal forward.

Before responding to the SEC's specific questions we have a few general comments of a cautionary nature:

- In many areas, IFRS contains less prescriptive guidance than US GAAP, and relies more on the direct application of principles. This can on occasion give rise to different IFRS filers adopting somewhat different – but potentially equally valid – accounting for similar items. We hope the SEC will accept that this is not necessarily a problem, provided that the financial statements contain sufficient information for users to understand, and if necessary evaluate, any differences.
- It is essential, if the markets are to get full value from US and EU moves towards mutual acceptance of each other's GAAP, that any "jurisdictional" variations of IFRS are minimised. Consistent with this objective, the SEC and other regulators should resist any pressure to issue additional interpretative guidance on IFRS as published by the IASB. In particular, the SEC's wish for "full compliance with the English Language version of IFRS as published by the IASB" (section III A, pp. 38-9)¹ should not in practice mean full compliance with IFRS as supported by additional detailed SEC guidance, as this will increase the complexity of applying IFRS and lead to the emergence of a further IFRS variant based on the SEC's jurisdiction. We would, by the same token, strongly encourage the SEC to put in place the appropriate links with the IASB and IFRIC to ensure that any concerns over the principles and/or interpretation of IFRS are fed into the due processes of the IASB and/or IFRIC at an appropriately early stage of the standard setting process (see also our response to Q 8 below).
- While fully supporting the SEC view that the Proposal should apply only to financial statements that are "in full compliance with ... IFRS as published by the IASB", we also note the emergence of "jurisdictional" versions of IFRS which can create variations in the way in which IFRS is used for the filing of local accounts, and we recognise that such differences may continue to arise as IFRS develops further. We hope the SEC will monitor the development of such differences and will stand ready to adopt a pragmatic approach where warranted. We suggest that the basis of such an approach should be an assessment of whether users are able to make decisions based on IFRS financial statements that are "equivalent" in the CESR sense (see our response to Q2 below). Whatever remedy the SEC may choose to adopt, we hope that such an approach would avoid an automatic requirement to prepare a full reconciliation to US GAAP except where this may be demonstrably necessary (see also our response to Q 16 below).

We now turn to the detailed questions set out in the Proposal (please note that we have not responded to all of these questions):

¹ Unless otherwise stated, section and page references in this letter refer to the Proposal

II. ACCEPTANCE OF IFRS FINANCIAL STATEMENTS ... WITHOUT A US GAAP RECONCILIATION ...

A Robust Process for Convergence

Q 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?

We agree that IFRS (as published by the IASB) are of high quality and widely used and that the IASB has a robust process to ensure that comments and concerns from all classes of stakeholder receive proper consideration as new or modified standards are developed; the IASB has, moreover, demonstrated its independence from national and political pressures.

Q 2 Should convergence between U.S. 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 a U.S. 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 U.S. GAAP reconciliation? Should our amended rules contemplate that the IASB and the FASB may in the future publish substantially different final accounting standards, principles or approaches in certain areas?

We believe the key test for whether IFRS filings should be acceptable without reconciliation to US GAAP is whether IFRS and US GAAP are “equivalent” in the sense used by CESR in their work on this topic: whether investors are “able to make similar decisions irrespective of whether they are provided with financial statements based on IFRS or (on US GAAP)”².

Recent years have seen significant progress towards convergence between IFRS and US GAAP, and the accompanying debate has helped analysts and other users of published accounts to gain a better understanding of the effects of those differences that remain, and thus to be in a position to take “similar decisions” on the basis of financial statements prepared under either regime. While agreeing with the SEC that “a particular degree of convergence should (not) be a prerequisite for (their) acceptance of financial statements prepared under IFRS as published by the IASB without reconciliation” (section II A, p.26), we believe convergence is nevertheless a relevant consideration in the SEC’s acceptance of IFRS, and that this process has gone far enough that the CESR equivalence test should now be regarded as met.

While convergence between IFRS and US GAAP remains an important goal in an ever more global market place, we acknowledge that SEC acceptance of IFRS statements without reconciliation to US GAAP could take some pressure off the

² CESR’s June 2005 “Technical Advice on the Equivalence of Certain Third Country GAAP”; paragraph 9, p.4.

convergence process. We do not however believe the SEC should see this as a problem: there may, on the contrary, be merit in allowing the convergence process to operate at a natural pace, without the risk of forcing the IASB/FASB to accept one or other option in situations where the market is comfortable with the coexistence of different approaches (see also our response to Q 45 below).

Whilst we are confident that the IASB and FASB will continue to work together to produce globally converged accounting standards, there remains the possibility that temporary differences may occur. We therefore believe it would be prudent for the amended SEC rules to provide for the scenario where the IASB and FASB “publish substantially different final accounting standards ... in certain areas”. In such a case, we suggest the primary test should be whether the SEC identifies the requirements to be “equivalent” in the sense defined above: provided that this condition is met, this situation need not result in any change to the SEC’s policy on the acceptance of IFRS financial statements without reconciliation to US GAAP.

Consistent and Faithful Application of IFRS

Q 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 a U.S. GAAP reconciliation?

Yes. Although the more principles-based approach of IFRS may occasionally lead to different accounting approaches for essentially similar items, we do not see this as a problem given that the level of disclosure in IFRS financial statements typically provides users with the ability to identify and evaluate such differences. This is evidenced by the already widespread user acceptance of IFRS financial statements.

Q 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?

We believe the existing infrastructure should be sufficient to identify “inconsistent and inaccurate applications of IFRS”. We are also pleased to note (in section II B 2, p.33) that the SEC has established a work-plan with CESR for the exchange of information in relation to the implementation of IFRS, which we believe should help to avoid unnecessary duplication and/or inconsistent rulings between the US and EU regulatory authorities.

Q 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?

We would expect most companies registered under the Exchange Act to have the necessary expertise and experience to ensure that IFRS is applied faithfully and consistently. While it is possible that this may be somewhat less true for some companies that are not so registered, we do not believe this should be relevant to the SEC’s consideration of the Proposal.

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

We believe the relevant constituencies already have sufficient experience for the SEC proposal to go ahead. For example, companies with a primary listing in the EU have now been subject to IFRS for at least two full years, and most have also gained useful experience in making the conversion from previous local GAAP to IFRS.

Q 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.

The IASB as Standard Setter

Q 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 further support the IFRS standard-setting and interpretive processes?

We believe it is important that the SEC and its staff engage fully with the IASB and/or IFRIC in relation to issues which it perceives as significant in relation to the Proposal, and we welcome, in particular, the approach proposed (in section II.B.3, p.32) to “circumstances where neither the IASB nor IFRIC has addressed a particular accounting issue that causes significant difficulties in practice”³. On a more general point (and as noted in the second bullet point on page 2 of this letter), we hope the SEC will resist any pressures to issue extensive guidance as to what it sees as the “correct” interpretation of IFRS, which could otherwise lead to the emergence of a jurisdictionally distinct “SEC IFRS”.

Q 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?

As indicated in our response to the previous question, it is important that the SEC makes its views on specific issues known to the IASB at an early stage of their due process, so as to ensure that any specific SEC concerns can be fully considered by the IASB along with those of its other constituents.

Summary

Q 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

³ Essentially, this is to “consider referring the accounting issue to the IASB or the IFRIC for resolution.”

with IFRS as published by the IASB without a 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. How familiar are investors with financial statements prepared in accordance with IFRS as published by the IASB? Will the ability of an investor to understand and use financial statements that comply with IFRS as published by the IASB vary with the size and nature of the investor, the value of the investment, the market capitalization of the issuer, the industry to which the issuer in question belongs, the trading volume of its securities, the foreign markets on which those securities are traded and the regulation to which they may be subjected, or any other factors? If so, should any removal of the reconciliation requirement be sensitive to one or more of these matters, and, if so, how?

It will be evident from our comments at the beginning of this letter that we regard “the development of a single set of high-quality globally accepted standards” as of great importance to investors.

Experience with the transition from local GAAP to IFRS in Europe suggests that investors, analysts and other users of financial statements have in general had relatively few problems in adapting to the new regime; we have, in particular, seen no evidence of any adverse effects on the liquidity of securities traded on EU markets. Given the sophisticated nature of the US markets, and the extensive technical advice that is available to investors from many sources, the EU experience suggests it is unlikely that adoption of the Proposal would create material problems for US investors.

III. DISCUSSION OF THE PROPOSED AMENDMENTS TO ALLOW THE USE OF IFRS FINANCIAL STATEMENTS WITHOUT RECONCILIATION TO U.S. GAAP

Eligibility requirements

Q 11 Without a reconciliation, will investors be able to understand and use financial statements prepared using IFRS as published by the IASB in their evaluation of the financial condition and performance of a foreign private issuer? How useful is the reconciliation to U.S. GAAP from IFRS as published by the IASB as a basis of comparison between companies using different bases of accounting? Is there an alternative way to elicit important information without a reconciliation?

As preparers, LIBA members report that they receive few, if any, requests from analysts or other users for technical explanation and/or supplementary information in relation to their US GAAP reconciliation from IFRS (or indeed from other GAAP) financial statements. As IFRS financial statements are typically published well before the US GAAP reconciliation, this suggests that investors are indeed able to understand, and moreover prefer to use, these statements, and that at a practical level they find IFRS to be equivalent (in the sense used by CESR) to US GAAP.

Q 12 In addition to reconciling certain specific financial statement line items, issuers presenting an Item 18 reconciliation provide additional information in accordance

with U.S. GAAP. What uses do investors and other market participants make of these additional disclosures?

At least when the primary GAAP is IFRS, our impression is that very limited use is made of such additional information.

Q 13 Should we put any limitations on the eligibility of a foreign private issuer that uses IFRS as published by the IASB to file financial statements without a U.S. GAAP reconciliation? If so, what type of limitations? For example, should the option of allowing IFRS financial statements without reconciliation be phased in? If so, what should be the criteria for the phase-in? Should only foreign private issuers that are well-known seasoned issuers, or large accelerated filers, or accelerated filers, and that file IFRS financial statements be permitted to omit the U.S. GAAP reconciliation?

We do not believe that any such limitations are either necessary or desirable. As stated above, we consider that investors are able to make equivalent decisions using financial statements prepared under either IFRS or US GAAP; imposing limitations of this kind would therefore not provide any benefit.

Q 14 At the March 2007 Roundtable on IFRS, some investor representatives commented that IFRS financial statements would be more useful if issuers filed their Form 20-F annual reports earlier than the existing six-month deadline. We are considering shortening the deadline for annual reports on Form 20-F. Should the filing deadline for annual reports on Form 20-F be accelerated to five, four or three months, or another date, after the end of the financial year? Should the deadline for Form 20-F be the same as the deadline for an issuer's annual report in its home market? Should we adopt the same deadlines as for annual reports on Form 10-K? Why or why not? Would the appropriateness of a shorter deadline for a Form 20-F annual report depend on whether U.S. GAAP information is included? If a shorter deadline is appropriate for foreign private issuers that would not provide a U.S. GAAP reconciliation under the proposed amendments, should other foreign private issuers also have a shorter deadline? Should it depend on the public float of the issuer?

While it may on the surface seem reasonable that foreign private issuers should, if they are to have the benefit of filing IFRS statements without reconciliation to US GAAP, also be held to the same deadlines as domestic issuers, this overlooks the fact that they may have additional filing obligations to their home country regulators. US domestic issuers will not face the additional requirement of reporting to regulators equivalent to the SEC in another country, and so it may penalise foreign issuers if the SEC holds them to the same filing deadlines as domestic registrants. A change of this nature could require significant additional investment in the financial reporting infrastructure of foreign private issuers. Any proposed change to the existing filing deadlines for foreign private issuers should therefore be subject to further consultation, including a detailed cost/benefit analysis.

If, in particular, US GAAP information were still also required, we would envisage that a longer filing deadline would still be necessary.

Q 15 Although reconciliation to U.S. GAAP of interim periods is not ordinarily required under the Exchange Act, foreign private issuers that conduct continuous offerings on

a shelf registration statement under the Securities Act may face black-out periods that prevent them from accessing the U.S. public capital market at various times during the year if their interim financial information is not reconciled. Even if commenters believe we should continue the U.S. GAAP reconciliation requirement for annual reports that include IFRS financial statements, to address this issue should we at least eliminate the need for the U.S. GAAP reconciliation requirement with respect to required interim period financial statements prepared using IFRS as published by the IASB for use in continuous offerings? Should we extend this approach to all required interim financial statements?

Irrespective of the SEC's final decision on the requirement for a US GAAP reconciliation for annual reports, we would support the elimination of the US GAAP reconciliation requirement for all interim period financial statements.

Q 16 Is there any reason why an issuer should not be able to unreservedly and explicitly state its compliance with IFRS as published by the IASB? Is there any reason why an audit firm should not be able to unreservedly and explicitly opine that the financial statements comply with IFRS as published by the IASB? What factors may have resulted in issuers and, in particular, auditors refraining from expressing compliance with IFRS as published by the IASB?

Where an entity has prepared its financial statements in full compliance with IFRS as published by the IASB, we see no reason why an issuer and its auditor should not be able to make the necessary compliance statement. However, as noted in the third bullet point on page 2 of this letter, potential problems could arise where local "jurisdictional" IFRS diverges from "pure" IFRS as published by the IASB.

A particular concern for LIBA members is that the EU might fail to endorse one or more key Standards/Interpretations as issued by the IASB/IFRIC, and that the resulting differences between "EU IFRS" and IFRS as published by the IASB might make it legally impossible for a company whose primary listing is on a regulated EU exchange (and which is therefore subject to the EU IAS Regulation) to make the necessary statement of compliance.

As noted above, we hope the SEC will take a pragmatic approach to such issues, and will not automatically require a full reconciliation to US GAAP unless this is demonstrably required to enable users to make "equivalent" decisions. In these circumstances, the SEC might, for example, consider accepting a reconciliation from "jurisdictional IFRS" to "pure" IFRS as published by the IASB, even though such a reconciliation may not be sufficient for an entity and its auditor to state explicitly and unreservedly that the underlying financial statements are in compliance with IFRS as published by the IASB.

On this point we have also seen a near-final draft of the European Commission's response to the SEC's Proposal, which highlights the legal predicament faced by companies in jurisdictions that require the use of IFRS as endorsed by a local jurisdiction. A key point made by the Commission is that there could still be an operational burden for such entities to determine whether the jurisdictional IFRS and IFRS as published by the IASB are the same.

Notwithstanding the above, we strongly encourage the SEC to continue its support for continued progress towards a globally consistent IFRS, which we believe has to be the preferred longer term solution to potential problems caused by jurisdictional variations in IFRS.

Q 17 If the proposed amendments are adopted, should eligible issuers be able to file financial statements prepared using IFRS as published by the IASB without a U.S. GAAP reconciliation for their first filing containing audited annual financial statements? If the amendments are adopted, what factors should we consider in deciding when issuers can use them? For example, should we consider factors such as the issuer's public float (either in the United States or worldwide), whether the issuer has issued only public debt, or the nature of the filing to which the amendments would be applied? Will investors be prepared to analyze and interpret IFRS financial statements without the reconciliation by 2009? If not, what further steps, including investor education, may be necessary?

Although the Proposal does not comment on specific timing, we understand the SEC is considering an effective date in early 2009 so that calendar year filers will not be required to file a reconciliation with their 2008 accounts. In this case, we hope the SEC will consider relieving such filers of the obligation to reconcile their 2008 interim results if otherwise required.

We believe that, if the changes envisaged in the Proposal are adopted, they should apply to all foreign issuers registered under the Exchange Act. The relative ease with which the EU markets have adapted to IFRS filings suggests that US investors should be ready to make use of IFRS statements without reconciliation by 2009.

US GAAP Reconciliation

Q 21 Would issuers have any difficulty in preparing interim period financial statements that are in accordance with IFRS as published by the IASB?

We do not believe that the requirements for interim statements would pose any materially different problems from the requirements for annual statements.

Q 24 Are there accounting subject matter areas that should be addressed by the IASB before we should accept IFRS financial statements without a U.S. GAAP reconciliation?

Although we recognise that there are accounting subject matters that still need to be addressed by the IASB we believe, as noted above, that sufficient progress has been made to allow the SEC to accept financial statements prepared under IFRS without reconciliation to US GAAP for all foreign private issuers.

Q 25 Can investors understand and use financial statements prepared using IFRS as published by the IASB in those specific areas or other areas that IFRS does not address? If IFRS do not require comparability between companies in these areas, how should we address those areas, if at all? Would it be appropriate for the Commission to require other disclosures in these areas not inconsistent with IFRS published by the IASB?

We do not consider it necessary for the SEC to take any specific action in relation to areas which have not yet been fully addressed by the IASB. In this context we note that:

- (a) in those limited areas where IFRS does not provide specific guidance, paragraph 12 of IAS 8 indicates that it may be acceptable to use pronouncements of other standard-setting bodies with a similar conceptual framework, such as US GAAP;
- (b) while IFRS are broadly principles-based, it is to be expected that foreign private issuers will in practice be audited by a small number of firms (typically by one of the “Big Four” accountants) and that this will result in very few significant differences in the application of IFRS; and that
- (c) where divergence may still exist among foreign private issuers, it will in many cases reflect different acceptable interpretations, as would also occur under US GAAP.

Accounting and Disclosure Issues

Q 27 With regard to references to U.S. GAAP in non-financial statement disclosure requirements, should we amend the references to U.S. GAAP pronouncements that are made in Form 20-F to also reference appropriate IFRS guidance, and, if so, what should the references refer to? Would issuers be able to apply the proposed broad approach to U.S. GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the U.S. GAAP references for definitional purposes?

We believe some of the non-financial statement disclosure requirements will need to be updated and/or expanded to reflect the equivalent IFRS terminology. For example, Securities Act Guide 3 requires certain disclosures relating to “troubled debt restructurings”, “charge-offs” and “non-accrual loans”: these terms are specific to US GAAP and there are no obvious equivalents in IFRS. The SEC may wish to consider providing IFRS “translations” to cover such cases in order to ensure comparability for investors, whilst retaining the US GAAP references for definitional purposes.

Q 30 Are there issues on which further guidance for IFRS users that do not reconcile to U.S. GAAP would be necessary and appropriate? Should issuers and auditors consider guidance related to materiality and quantification of financial misstatements?

We do not believe any further guidance from the SEC to be either necessary or appropriate (see also the second bullet point on page 2 of this letter and our responses to Q 8 and Q 9 above).

Q 31 If a first-time IFRS adopter provides, in a registration statement filed during the year in which it changes to IFRS, three years of annual financial statements under a Previous GAAP and two years of interim financial statements prepared under IFRS as published by the IASB, should we continue to require that the interim financial statements be reconciled to U.S. GAAP?

We believe it would be inconsistent with the spirit of the proposal to continue to require interim financial statements to be reconciled to US GAAP. (See also our responses to Q 15 and Q 17 above).

Q 32 Would a U.S. GAAP reconciliation be a useful bridge from Previous GAAP financial statements to annual financial statements prepared under IFRS as published by the IASB that are not reconciled to U.S. GAAP?

We do not believe such a reconciliation to be either necessary or appropriate. It is our understanding that most companies that transition to IFRS do provide a reconciliation from their previous GAAP to IFRS as part of their financial statements. We consider that this reconciliation should provide sufficient information to enable a user to assess the impact of a conversion to IFRS.

IV. GENERAL REQUEST FOR COMMENTS

Q 44 If progress does not continue towards implementing a single set of high quality globally accepted accounting standards, will investors and issuers be served by the absence of a U.S. GAAP reconciliation for financial statements prepared using IFRS as published by the IASB?

We believe the IFRS framework is sufficiently robust to be used by all market participants, irrespective of whether US GAAP and IFRS eventually converge. Provided the “equivalence” test is met (see our response to Q 2 above), we do not believe the absence of a US GAAP reconciliation would cause any problems for investors or issuers.

Q 45 Where will the incentives for continued convergence lie for standard setters, issuers, investors and other users of financial statements if the reconciliation to U.S. GAAP is eliminated for issuers whose financial statements are prepared using IFRS as published by the IASB?

As indicated in our response to Q 2 above, the adoption of the Proposal may, at least in the short term, reduce the incentives for continued progress towards convergence. We do not, however, necessarily see this as a disadvantage: it could on the contrary have the benefit of giving users and preparers an opportunity to make a considered comparative evaluation of the key differences between IFRS and US GAAP, and thus provide useful guidance to the IASB and FASB on their approach to further convergence.

VI. COST-BENEFIT ANALYSIS

Q 47 Do you agree with our assessment of the costs and benefits as discussed in this section? Are there costs or benefits that we have not considered? Are you aware of data and/or estimation techniques for attempting to quantify these costs and/or benefits? If so, what are they and how might the information be obtained?

We believe eliminating the US GAAP reconciliation will indeed reduce costs for foreign private issuers without prejudicing the quality of information available to

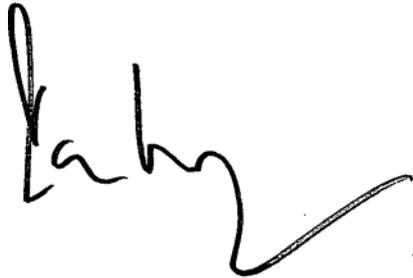
investors, but it may be difficult to quantify this benefit without a detailed survey of issuers who are affected by the proposed change.

Q 48 Which foreign private issuers would have the incentive to avail themselves of the proposed amendments, if adopted? Are there any reasons for which an issuer that is eligible to file IFRS financial statements without reconciliation under the proposed amendments would elect to file a reconciliation? If so, what are they?

We believe the great majority of companies able to avail themselves of the proposed amendments would do so, although there may be some occasions where this may not occur. A foreign private issuer all of whose peers are in the U.S. might, for example, choose to continue to provide US GAAP figures through a reconciliation so that investors can more easily make direct comparisons.

I hope the Commission will find the above comments to be helpful; please let us know if there are aspects which are unclear or where you would like us to expand our remarks.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Harrison', with a long, sweeping flourish extending to the right.

Ian Harrison
Director

LONDON INVESTMENT BANKING ASSOCIATION

LIST OF MEMBERS

ABN AMRO Bank	HBOS Treasury Services plc
Altium Capital Limited	HSBC Bank plc
Ambrian Partners Limited	ING Bank NV London Branch
Arbuthnot Latham & Co., Limited	Instinet Europe Ltd
Arbuthnot Securities Limited	Investec plc
Arden Partners plc	Jefferies International Limited
Banc of America Securities Limited	JP Morgan Cazenove Ltd
Barclays Capital	J.P. Morgan Securities Ltd
Bayerische Hypo- und Vereinsbank AG	KBC Peel Hunt Ltd
Bear, Stearns International Limited	Kaupthing Singer & Friedlander
BNP Paribas	Lazard & Co., Limited
Brewin Dolphin Securities	Lehman Brothers
Bridgewell Group plc	Libertas Capital Group plc
Calyon	Merrill Lynch Europe PLC
Cantor Fitzgerald Europe	Mizuho International plc
Cenkos Securities Limited	Morgan Stanley International Ltd
CIBC World Markets	NCB Stockbrokers Limited
Citigroup Inc.	Noble & Company Limited
Close Brothers Corporate Finance Ltd	Nomura Code Securities Limited
Collins Stewart Europe Limited	Nomura International plc
Credit Suisse Securities (Europe) Ltd	N M Rothschild & Sons Limited
Daiwa Securities SMBC Europe Limited	Numis Securities Limited
Dawnay, Day & Co., Limited	Oriel Securities Limited
Deutsche Bank AG London	Panmure Gordon & Co
Dresdner Kleinwort	PiperJaffray Ltd
Evolution Securities Limited	Sanford C. Bernstein Limited
Fox-Pitt Kelton Limited	Société Générale
Goldman Sachs International	3i Group plc
Greenhill & Co. International LLP	UBS AG London
Hawkpoint Partners Limited	Winterflood Securities Limited

18 September 2007