



September 20, 2007

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

Dear Ms Morris,

**File Number 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**

The following comprises the response of the staff of the Canadian Accounting Standards Board (AcSB staff) to the Commission's proposal.

The AcSB is an independent body with the authority to develop and establish standards and guidance governing financial accounting and reporting in Canada.

The AcSB is implementing a strategy to adopt International Financial Reporting Standards (IFRSs) as Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises. Under the AcSB's published "Implementation Plan for Incorporating IFRSs into Canadian GAAP", Canadian enterprises with public accountability, including reporting issuers under Canadian securities legislation, will apply IFRSs commencing on a date still to be confirmed but expected to be January 1, 2011.

In the past, the Commission has described high-quality standards as consisting of a "comprehensive set of neutral principles that require consistent, comparable, relevant and reliable information that is useful for investors, lenders and creditors, and others who make capital allocation decisions." The Commission also expressed the view that high-quality accounting standards "must be supported by an infrastructure that ensures that the standards are rigorously interpreted and applied." We believe that IFRSs currently meet those criteria, but also acknowledge that improvements will be made.

We support the Commission's proposal to accept IFRS financial statements from foreign private issuers without reconciliation to U.S. GAAP. By adopting IFRSs, we mean without modification and strongly support the SEC position on this issue. This proposal further assists the movement towards a single set of high-quality, globally-accepted accounting standards. Eliminating the U.S. GAAP reconciliation requirement not only eases the burden on financial statement preparers, but is also supported by academic research indicating that financial statement users' decisions are not noticeably affected by this information. In fact, the increased use of a common set of standards without the U.S. GAAP reconciliation will provide users with information that has greater comparability than the current situation of multiple GAAPs with the reconciliation. It also encourages users to incorporate IFRSs into their accounting systems globally, which potentially means faster reporting. Therefore, financial statements prepared in accordance with a single set of standards are superior, more reliable and more complete than any reconciliation note could be.

As many of the questions in the Commission's proposal revolve around a common theme, we have chosen not to respond to individual questions, but rather focus on the primary issue of whether or not financial statements prepared using IFRSs without a U.S. GAAP reconciliation will adequately serve the needs of all stakeholders. Since many countries now require or allow the use of IFRSs, and many others are replacing their standards with IFRSs, it is increasingly apparent that IFRSs are gaining worldwide recognition. Providing global standards that are comparable, and, therefore, more easily understood, addresses a primary concern discussed in the proposal regarding the adequacy of financial information for investors/users, and also supports the proposition that a U.S. GAAP reconciliation is not necessary with IFRS financial statements.

The continued progress of the IASB and FASB in their work plans towards convergence adds strength to the argument that, since convergence is expected, the degree of convergence at a particular point in time should not be a prerequisite for accepting IFRS financial statements without a U.S. GAAP reconciliation. Therefore, we believe that eliminating the U.S. GAAP reconciliation requirement for IFRS financial statements from foreign private issuers is just another integral step in the path towards global convergence.

We would be pleased to elaborate on our views in more detail if you require. If so, please contact Peter Martin, Director, Accounting Standards at +1 416 204-3276 (e-mail [peter.martin@cica.ca](mailto:peter.martin@cica.ca)) or Grace Lang, Principal, Accounting Standards at +1 416 204-3478 (e-mail [grace.lang@cica.ca](mailto:grace.lang@cica.ca)).

Sincerely,



Peter Martin, CA  
Director, Accounting Standards