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Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

1st of June 2011

Sent per e-mail

SEC ROUNDTABLE ON INTERNATIONAL FINANCIAL REPORTING STANDARDS

File No. 4-600

Dear Chairman Schapiro:

Norse Solutions appreciates the opportunity to comment on benefits and challenges in potentially incorporating International Financial Reporting Standards (“IFRS”) into the financial reporting system for issuers based in the United States of America.

As the largest supplier of software and services for the efficient administration, accounting and disclosure of share-based compensation plans in the North-European region, Norse Solutions (“Norse”) have delivered accounting and valuation software and services to our clients since before the adoption of IFRS in Europe. Consequently, we have the longest experience related to one of the more complex IFRS standards, IFRS-2¹ (share-based payment), in the world today. In addition, we also perform complex valuation/simulation work in accordance with IAS 32/39² and IFRS-7³.

As of today Norse has clients in all industries, located in 11 countries. We license software to and cooperate with several of the major international banks (including an increasing number of the U.S. based broker/dealers/service providers) in servicing their clients, all reporting under IFRS.

With our unique position, having the longest experience in handling software development according to some of the more complex IFRS standards, we wish to give our input and share our views on the following topics;

- (i) Share-based payment and Good Corporate Governance
- (ii) Good Corporate Governance and the importance of disclosure
- (iii) Attracting foreign investment to U.S. issuers
- (iv) Transparency and quality for all industries
- (v) Availability of technology for adoption of IFRS in the U.S.
- (vi) Summary

¹ IFRS-2 is the IFRS equivalent of ASC topic 718 –formerly known as FAS 123(R)

² Financial instruments, classification, recognition and measurement

³ Financial instruments - disclosures

(i) Share-based payment and Good Corporate Governance

Several major scandals related to the use of share-based payment on both sides of the Atlantic Ocean have led to a general mistrust in companies' ability to establish and operate fair incentive programs that can tolerate scrutiny and are in the interests of the share-holders at large. IFRS-2 provides openness that re-establishes trust in share-based payment, allowing it to foster the entrepreneurial spirit vital for world economy and incentivize employees and employers to focus on value creation.

(ii) Good Corporate Governance and the importance of disclosure

The evolving "standard" on Good Corporate Governance in most developed countries is an open book policy with full disclosure as the best strategy, particularly with regards to incentive programs and share-based payment. The introduction and enforcement of one global standard which have openness as an integral part is a crucial element for the Corporate Governance system to function effectively and thereby to regain and increase investors' trust.

(iii) Attracting foreign investment to U.S. issuers

Today, it is difficult to compare U.S. and non-U.S. companies because of the difference between U.S.GAAP and IFRS. For investors to easily compare companies cross border, an expensive conversion is required for every U.S. based company they are to consider before an investment is made. A recent study⁴ made by the U.S. Department of Commerce on the U.S. Share of Global foreign direct investment (FDI) inflows show a clear declining trend from 45% in 1983 to less than 15% in 2007. The top 10 FDI positions in the U.S. are; Central/Western Europe (62%), Japan (11%), Canada (10%), Australia (3%). All of these countries have already adopted IFRS with the exception of Japan. In addition, the majority of the top 10 FDI Growth Countries on investments into the U.S. has also already adopted or is adopting IFRS.

The decline in foreign investments is, in our view, to a large degree attributed to the unavailability of comparable financial figure from U.S. Issuers vs. Issuers reporting according to IFRS. The added costs and uncertainty related to conversion of figures makes it somewhat unattractive for foreign investors to consider investing in U.S. companies today, and will be increasingly more so in the future as most other countries adopt IFRS. In the long run, the cost of conversion and reduced availability of comparable figures will put U.S. companies in a difficult situation and should be reason enough to go ahead with a full adoption. With the same argument as above, a partial adoption of IFRS will also require conversions and will hence also be counter-productive.

(iv) Transparency and quality for all industries

As share-based payment is used in almost every industry in the U.S., Norse Solutions believe that U.S. issuers, investors, employee-investors and the society as a whole will benefit from increased transparency and compliance. Examples from major industries such as energy, passenger transportation and food industry show that the introduction and enforcement of more stringent rules and regulations improves the product quality. A tighter regime, as represented by introducing IFRS will thus push sub-standard operators to sharpen their game or leave the business. In short, Norse Solutions believe that the introduction of IFRS will contribute to increased acceptance from investors when it comes to Issuers' use of share-based payment.

⁴ Invest in America and FDI in the United States, Aaron S. Brickman, Director, Invest in America, United States Department of Commerce, International Trade Administration.

(v) Availability of technology for adoption of IFRS in the U.S.

The technological impact of operating with one global standard is not to be overlooked. With the two main standards now in place, many U.S. companies face increased costs, inaccuracies and inefficiency as their subsidiaries requires reporting under IFRS, whereas the consolidated group reports under U.S. GAAP. There are many challenges in the conversion process and few providers of accounting software are able to handle both standards in one and same system. As conversions must be carried out on an ongoing basis as long as there are two major standards in use, this leads to greater risk of errors and inaccuracies in the consolidated group accounts as well as increased costs and lowered transparency.

There are many proficient providers of technology related to accounting and disclosure under IFRS, also in the U.S. As an example, the niche industry of share-based payment administration has a related IFRS-2 standard which is the IFRS equivalent of ASC topic 718 (formerly know as FAS 123(r)). IFRS-2 is one of the more complex standards to develop accounting software for. Still, several U.S. providers are already marketing their IFRS-2 capabilities and are building or have already built functionality to that effect. As such niche software already is available in the U.S. the lack of technology support for IFRS is not a valid argument against the introduction of IFRS.

(vi) Summary

In our opinion, it is important for the U.S. to adopt IFRS now since it eases the cross-border communication of information between investors and thus help attract foreign investment into the U.S. At the same time, such adoption will assists in re-establishing the trust from investors (in particular foreign), employee-investors and the general public. The technology necessary for adoption is available. Many international companies and investors will reduce accounting costs as they no longer would need to follow two standards. An adoption will promote the U.S. as an attractive market place.

A partial adoption of IFRS by SEC would not meet the intentions of a global standard. It would rather be counter-productive as the benefits lie with applying the same yardstick when measuring companies cross border.

Norse Solutions strongly supports that IFRS is incorporated into the financial reporting system for U.S. issuers. We are at your disposal, should you wish us to comment further or participate more actively in the discussions going forward.

Sincerely,



Arne Peder Blix
President and Chief Executive Officer | Co-Founder
[Norse Solutions AS - Your Best Option](#)