July 22, 2011

Mr. James Kroeker, Chief Accountant
The Securities and Exchange Commission
100 F Street, N.E.
Washington, DC
Via web submission rule-comments@sec.gov topic 4-600

Re: Comments on Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers

File Reference Number 4-600

Dear Mr. Kroeker & SEC Staff:

The Accounting and Auditing Public Company Subcommittee of The Ohio Society of Certified Public Accountants is pleased to express its views on the SEC Staff Paper regarding the possible incorporation of IFRS into the U.S. Financial Reporting System. We believe that the Staff recognizes the significant impact that these decisions will have for U.S. Issuers and the white paper seems to address the desire to insure that the transition is smoothly implemented.

The Ohio Society of Certified Public Accountants represents a diverse group of over 22,000 CPAs licensed in the state of Ohio. The contributors of the comments that follow are CPAs responsible for the financial reporting of public companies subject to SEC rules and regulations. Given the diverse group we represent, our opinions are equally diverse; however our consensus on the IFRS issue is outlined below.

We are of the opinion that the following issues must be addressed for U.S. Issuers:
- Clarity of the Goal / Mission
- Distinction between Large accelerated issuers with global operations vs. U.S. only issuers

Clarity of the Goal / Mission

Repeatedly it is said that the goal of IFRS is the development of "a single set of high-quality, globally accepted accounting standards". We believe that this goal, by definition, seems impossible to achieve with anything more than one global standard setter. Therefore we believe any conversation regarding the specific method of incorporation, adoption, or convergence of IFRS and U.S. GAAP would appear to be somewhat premature, absent any clear decision to move in that general direction. The SEC has yet to publicly decide that IFRS would be good for the U.S. and its investing public. The assessment of the standard-setting process within, and the governance over, the IASB has not been concluded upon, which is a pre-condition to any plan for moving forward with IFRS.

We believe that FASB plays a pivotal role in the standard setting process and likely would need to for the foreseeable future. The described approach includes the FASB retaining the ability to add supplemental or interpretive guidance to U.S. GAAP, when deemed necessary. The FASB would also have the authority to modify or add to the requirements of IFRS.

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These points appear to be counter-intuitive to the often cited benefits of one common set of high quality, globally accepted standards. Such abilities, when exercised, would create nuance differences between the standards, potentially leading to an ultimate scenario in which the more principles-based IFRSs are interpreted or supplemented to the point as to negate the touted benefits of a less prescriptive set of standards. As we have seen from the joint projects undertaken to date, there continues to be differences in standards issued by the two boards, further highlighting potential future differences in opinion and inability for the U.S. standard setters to convincingly influence those in the IASB.

We believe that U.S. issuers would be best served with a clear vision of a realistic future. Therefore if the goal is appropriately redefined to say that "while we acknowledge the desire for a single set of high-quality standards, the reality is that we will work to bridge as many differences as we can agree on", thus while US GAAP may never truly be IFRS, the major accounting principles will be substantially similar. With this as the redefined goal the two boards can continue to work on converging significant accounting principles, with FASB retaining the ability to "bright line" issues and treatments as they see appropriate.

The influence on the standard setting process is brought about by the quality of the standards under consideration, the size of the capital market and the impact on global economies; we believe that FASB can and should continue to play a role in the IASB despite not endorsing a full and immediate conversion to those standards.

Distinction between Large accelerated issuers with global operations vs. U.S. only issuers

The absence of the ability for organizations to elect a "big bang" approach for IFRS adoption appears to be an oversight. Such an election should be part of any prescribed method undertaken to affect a <u>single set</u> of high-quality, globally accepted accounting standards.

We would suggest to the staff that while we believe the approach outlined in the white paper would be beneficial to entities with U.S. only operations and no need for foreign investment, a "big bang" implementation approach for large multinational entities may have value for several reasons.

One is with respect to cost efficiency for differently sized organizations. Companies with the resources to convert to IFRS at a specified point in time may minimize costs over the term of what would be the convergence period, especially if that period lasts more than a few years. Also, earlier adoption of IFRS may increase international investor opportunities for U.S. issuers, particularly those with global name recognition, by making them easily comparable to international competitors.

Another is the value determination that would be made by the investing public. Allowing U.S. registrants to individually elect full adoption would signal value associated with such. Investors in U.S. public companies would make their voices heard and would demand information of greater value and consistency, thus providing insight as to when consistency is better achieved by IFRS, which may vary across industries and market segments. Making this option available to U.S. registrants would not hamper the ability of the SEC to continue pursuit of other methods of IFRS transition, potentially those that would occur over time for companies not electing immediate and full adoption. It would, however, provide valuable information as to the perceived value of such a change.

As noted in the Staff Paper, a main objective is for "a U.S. issuer complying with U.S. GAAP also to be in a position to assert that it is compliant with IFRS as issued by the IASB." With the suggested approach, the timeframe may be such that it will take close to a decade or longer until companies can assert compliance with IFRS. Also, while maintaining U.S. GAAP and the FASB, it is possible that with each convergence project, full IFRS may never be incorporated. An extensive project of this nature may also contradict the goal of minimizing the cost for issuers to convert. While there will be additional costs for any approach, a prolonged convergence approach may require additional resources for an extended period of time.

However, if an election is allowed to early-adopt IFRS by some issuers, a risk of non-compliance with U.S. GAAP may exist if the Commission and/or FASB determine certain areas of IFRS should be altered or clarified for U.S. companies. Therefore, consideration should be given by the Commission to a two-pronged U.S. GAAP approach, whereby companies may elect full IFRS or IFRS modified under U.S. GAAP. The end-goal of "a single set of high-quality, globally accepted accounting standards" could be substantially achieved under this approach by continuously adapting U.S. GAAP to IFRS through the ongoing convergence projects. It would, however, also allow issuers the flexibility of converting early if it would be in their best interest.

We appreciate the opportunity to provide feedback to the proposed work plan and welcome any additional opportunities to further discuss or otherwise support the efforts of the Security and Exchange Commission and its staff in this area. We recognize that the issues are complex and that the admission that the initial goal may be a utopian view will not be received well in the international community, however we believe that a condorsement approach as described in the white paper will best serve the majority of U.S. Issuers.

Respectfully,

The Accounting and Auditing Public Company Subcommittee of The Ohio Society of CPAs

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