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Via E-mail: rule-comments@sec.gov

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Reference: File Number 4600 Commission Statement in Support of Global Convergence

Dear Ms. Murphy:

J.H. Cohn LLP appreciates the opportunity to provide comments and suggestions on the Securities and Exchange Commission ("SEC" or "Commission") Staff Paper – "Exploring a Possible Method of Incorporation" issued under the Work Plan for Consideration of Incorporating International Financial Reporting Standards ("IFRS") into the Financial Reporting System for U.S. issuers (the "Staff Paper"). As one of the top 20 largest public accounting firms in the U.S., J.H. Cohn's primary constituents include private entities (owner-operated businesses) and small to mid-market public entities. Additionally, J.H. Cohn has a well-established practice that serves U.S.-based subsidiaries of foreign entities. These various client groups operate within industries that collectively represent a significant portion of U.S. economic activity. Our commentary below addresses the needs and concerns of our client base.

We begin our remarks within the context of the SEC's tripartite mission, namely the protection of investors; maintenance of fair, orderly, and efficient markets; and the facilitation of capital formation. J.H. Cohn believes that the arguments for a single set of high quality global accounting standards are compelling. Where dual or multiple accounting languages are required, companies and investors are unnecessarily burdened by having to allocate extra resources to their reporting and analytical functions. Moreover, multiple reporting languages can lead to a lack of comparability and uncertainties about the meaning of reported results and implications for future results, which in turn could increase a company's cost of capital. **Thus, J.H. Cohn is supportive of a uniform set of accounting standards, which we believe will provide real economic benefits to various constituents.**

We continue to believe, however, that the financial reporting system in the U.S. is unrivaled in terms of the level of development, transparency, timeliness, due process, oversight, and implementation guidance. As J.H. Cohn contemplates the possibility of U.S. issuers adopting IFRS, we recognize that in spite of the positive attributes of accounting principles generally accepted in the United States of America ("U.S. GAAP"), a missing ingredient is international comparability. As U.S. GAAP and IFRS migrate toward convergence, we recommend a steady and clear path forward both in the interest of minimizing uncertainty and facilitating global accounting transparency. **We believe that the Staff Paper provides a reasonable approach to incorporating IFRS into the financial reporting system for U.S. issuers.**

We wish to contribute to the IFRS discussion by providing the following observations and recommendations:

Definitive Decision

We look forward to a **Definitive Decision** by the Commission as to the incorporation of IFRS into the financial reporting systems for U.S. issuers.

Financial Accounting Standards Board ("FASB") Role

Should the Commission move forward with the adoption of IFRS, J.H. Cohn strongly supports a **continued substantive role for the FASB** in achieving and maintaining these standards. Specifically, we are supportive of the FASB's involvement in:

- Providing input and support to the International Accounting Standards Board ("IASB") in standards development.
- Ensuring that U.S. interests and perspectives are considered in standard setting.
- Continuance of the endorsement process for subsequently issued IFRSs.
- Educating U.S. constituents regarding IFRS.

Timing/Early Adoption Options

The 'defined transition period' of five to seven years discussed in the Staff Paper during which the FASB would work to eliminate differences between IFRS and U.S. GAAP via standard setting appears to be a reasonable time period providing that pre-established dates for adoption of IFRS have been determined.

Furthermore, upon the Commission's definitive affirmative decision to adopt IFRS, we suggest that the Commission consider a **phased approach** by category of filer as well as an **early adoption option** to be available to all issuers. We believe that the experiences of these issuers may assist the remaining issuers during their transitions.

Prospective/Retrospective Application of IFRS

We foresee certain complications with the Staff Paper objective of a U.S. issuer compliant with U.S. GAAP being able to represent that it is also complaint with IFRS. We understand that the Staff Paper proposes prospective application of IFRS (based on FASB determination) in order to ease the cost and effort of adopting IFRS. However, since IFRS 1, First-Time Adoption of

IFRS, generally requires retrospective application, we are of the opinion that financial statement auditors will require issuers to produce documentation to support that the prospective application does not result in a material difference. Such documentation would, for certain issuers, essentially be a computation of the financial statements under IFRS 1. We believe that further guidance and/or consideration of the implications of prospective application and dual compliance is required.

Jurisdictional IFRS

Given the FASB's continuing role and its anticipated authority to 'modify or add to requirements of IFRS if in the public interest or for the protection of investors', we believe it is important that the Commission provide guidelines as to where such actions are required. The more frequent these modifications occur, the greater the risk of developing 'jurisdictional' or 'local' IFRS.

Regulatory Issues

There may be statutory or regulatory reasons to maintain certain elements of U.S. GAAP. For example, under current U.S. Tax Regulations LIFO conformity rules, inventory reporting under a LIFO valuation method is permitted for tax purposes only if the entity values its inventory under LIFO for financial reporting purposes. Since IFRS does not provide for the valuation of inventory under the LIFO method, a potential financial hardship may result for those issuers currently reporting under LIFO. Further consideration of these implications is required.

Flexibility

We are supportive of the 'flexibility' for a transition described in the Staff Paper. Specifically, we look forward to a transition plan which would avoid requiring an issuer to implement a new U.S. GAAP standard and then subsequently require that issuer to implement differing IFRS requirements. As noted within the Staff Paper, the U.S. GAAP and IFRS standards are not perfectly aligned and, as such, the transition plan will require flexibility.

Concluding Remarks

As stated in our opening paragraph, our commentary addresses the needs and concerns of our client base. As such, our commentary is certainly not an exhaustive list of concerns. Indeed, the impact of IFRS conversion reaches far beyond financial reporting. The adoption of IFRS will also affect internal reporting systems, managerial decisions, compensation decisions, and internal control functions.

Although far from perfect, U.S. GAAP has evolved into a comprehensive and increasingly principles-based measurement and recognition system. It covers certain issues that IFRS does not yet address, such as the specialized accounting in certain regulated industries. Indeed, IFRS has benefited, and will continue to benefit, from the U.S. GAAP experience.

Nonetheless, the benefits of a uniform set of accounting standards are certainly compelling. Therefore, while there are clearly many issues and implications to be considered with regard to the convergence of U.S. GAAP and IFRS, we encourage the SEC to take the reins firmly and decisively with regard to the process.

J.H. Cohn appreciates this opportunity to contribute to the IFRS discussion and would be pleased to discuss these issues further. If you have any questions concerning our comments, please contact William Kowals at 1-800-395-2260 ext. 8667.

Very truly yours,

J.H. Cohn LLP

/s/ J.H. Cohn LLP