I am pleased that the Commission is requesting comments to consider incorporating IFRS into the Financial Reporting System for U.S. Issuers.
As discussed in the Final Report of the Advisory Committee on Improvements to Financial Reporting to the United States Securities and Exchange Commission, the report supported the continual movement to a single set of high-quality global accounting standards, coupled with enhanced international coordination to foster their consistent interpretation and to avoid jurisdictional variants. Also, the Committee encouraged the development of a road map to identify issues and milestones.

I am confident that the comment letters will help the staff to develop and execute their work plan. The work plan should assist the staff in their recommendations to the Commission of transitioning our current financial reporting system for U.S. issuers to a system incorporating IFRS.
Based upon the proposed time frame into 2015 and later for incorporation of IFRS, there is adequate time for all of the concerns and implementation approaches to be addressed.

My comments are as follow:

II. Investors' Current Knowledge of IFRS and Preparedness for Incorporation of IFRS

There are many classes of investors to consider. Most investors probably have little knowledge of U.S. GAAP and IFRS. However, the sophisticated investors are use to changes in U.S. GAAP and probably have a good understanding of IFRS. For example, there are many US international mutual funds using the IFRS financial statements from many different countries. Accounting standards and financial statements are just one of many factors used by investors to make an investment decision. I consider myself an investor and I use factors such as the management of the company, the company's strategic plan, its board of directors, growth, product development, research and development, and profitability record, etc. Thus, I use the financial statements but to a small degree. Also, I use an investment adviser, and they have told me that financial statements are important but many other factors are considered to be just as important.
I believe that investors would have the same confidence in IFRS financial statements as they would have in U.S.GAAP financial statements.

Concerning the impact of a change to using IFRS, my view is that the investor would not see this change any different then when FASB changes U.S. GAAP which is quite frequently either through new standards, amendments, interpretations, etc.

Concerning differences between U.S.GAAP and IFRS, I do not see these differences as meaningful to investors. There will be at least five years for the convergence projects to be completed and by then there will probably be no substantial or significant differences. Today, investors have many differences to consider in U.S. GAAP such as different methods of valuing inventory and the different methods of depreciation. Highly sophisticated investors already understand differences between current U.S. GAAP and IFRS.
Additionally, analysts of U.S. mutual funds investing in international equities and debt

instruments understand any differences between U.S. GAAP and IFRS.

Completion of current and future convergence projects during the next five years is important to investors of all types throughout the world. U.S. GAAP needs to be improved just as IFRS does . The uncertainty as to what the final standard will be needs to be eliminated. FASB should not try to be outside the mainstream of the rest of the world since this is detrimental to U.S. companies competing for business in the world and also seeking capital outside of the United States. There are many capital markets outside of New York During recent years, the U.S. equity market has been decreasing relative to the rest of the world.. FASB needs to take a more macro-view from now on concerning what the rest of the world is thinking in terms of setting accounting standards. Thus, completion of the convergence effort is absolutely necessary.

I doubt that most investors spend much time, if any, in understanding accounting standards and how they are promulgated. When IFRS is incorporated into the U. S. financial reporting system, my view is that the time spent by investors to maintain an understanding of accounting standards would not change.

Sophisticated investors today already have adequate resources to understand IFRS. They have the resources because they have to use them to under the many FASB changes in our U. S. standards.
We are in a global economy just as our recent financial crisis proved that point. This is the first time we have been in a global recession. Consequently, investors are paying more attention to the global economy and global factors before making an investment decision. As a result, IFRS becomes more important to investors because of its world-wide acceptance and recognition compared to the U.S. GAAP/

Concerning comparability among different issuers' financial statements, my perspective is that incorporating IFRS would not affect comparability. Instead, incorporating IFRS would help our U.S. companies compete better overseas in several ways-especially our multi-national companies. Today, U.S. GAAP financial statements reflect many different options of measurement and are not compatible in that sense. However, adequate disclosure helps the issue of compatibility.

Another aspect is the investor's investment decision making process. I believe that in incorporating IFRS, IFRS would not change the investor's decision making process.
The decision process is always continuing and being refined because of technological advances. Five or more years of convergence should eliminate any significant differences between U.S. GAAP and IFRS. During this period of time there is ample opportunity for all kinds of investors to understand any significant differences which will ultimately not exist. As I stated earlier, financial statements are just one of many factors to make an investment decision.

U.S. issuers should not be given a choice to use U.S. GAAP or IFRS. This does not enhance comparability of useful financial information and confidence in the financial reporting system. A choice given to U. S. issuers will hurt the U.S. economy and companies competing for business and capital throughout the world and would certainly lessen the confidence in our financial reporting system.

Concerning the influence of using IFRS on an investment decision and transaction to buy, sell, or hold, I do not see IFRS having any influence on this decision.

Regarding the many classes of investors(retail, wholesale, institutional, mutual funds, asset or portfolio manager) or the classes of investments(debt, equities, hybrids, etc.),I believe that incorporating IFRS would not have any impact on investors to influence the the investor's decision.

III. Investors' Education Processes on Changes in Accounting Standards and Timeliness of Education

Concerning the ways investors educate themselves about accounting standards, only the most sophisticated investors review the standard setters projects and activities.
This has to be a very small number of investors such as analysts. My experience indicates that the public accounting firms, trade associations, and investor advocate groups are interested in the changes to accounting standards.

Also, my view is that there is not much interest in the accounting standards process until an exposure draft is released. I believe that an investor does not care as to which standard setter is involved(FASB or IASB).
Investors do not seem interested in round tables and generally a few will take the time to submit a comment letter. Usually, the effective date for a change in accounting standard is delayed for users and preparers to understand the change.

I doubt that most investors would care about more education or communication concerning accounting standards. Again, the investor use other sources of information to make an intelligent decision besides the financial statements.

IV. Extent of Logistics for and Estimated Time Necessary to Undertake any Necessary Changes.

Sophisticated investors do not need much time to digest and understand IFRS. Assuming IFRS is not mandated until at least five years from now, investors will have plenty of time to have a thorough understanding of IFRS through various existing means of communications.

Thank you for giving me the opportunity to comment on this important subject.

Conrad W. Hewitt
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