



CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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October 18, 2010

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

Re: File No. 4-608 [Release Nos. 33-9134 and 34-62700] and File No. 4-607 [Release Nos. 33-9133 and 34-62699] on Consideration of Incorporating IFRS into the Financial Reporting System for U.S. Issuers

Dear Ms. Murphy:

The U.S. Chamber of Commerce (the “Chamber”) is the world’s largest federation of businesses and associations, representing the interests of more than three million U.S. businesses and professional organizations of every size and in every economic sector. These members are both users and preparers of financial information. The Chamber created the Center for Capital Markets Competitiveness (“CCMC”) to promote a modern and effective regulatory structure for capital markets to fully function in a 21st century economy.

To achieve this objective, it is an important priority of the CCMC to promote an effective financial reporting system, which includes a focus on a single global set of accounting standards. A single, high quality, transparent, predictable, and well-functioning set of global accounting standards, if done right, can benefit companies, investors, and all capital market participants. The CCMC appreciates the leadership of the Securities and Exchange Commission (“SEC”) in working towards this goal.

However, with the tremendous volume of issues presented by the implementation of the Dodd-Frank Act and the accounting convergence projects under consideration, the CCMC believes that the SEC will not get appropriate feedback necessary for consideration of the Work Plan. Accordingly, the CCMC suggests that the SEC also engage in alternative means of soliciting decision useful information, such as roundtables, to ensure appropriate feedback is provided on these important issues.

The SEC staff's Work Plan represents a significant effort to address the issues that need to be considered before determining whether and how the financial reporting system for U.S. companies might incorporate International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"). The Work Plan is consistent with the thrust of the CCMC comment letter to the SEC on the IFRS Roadmap.¹ The CCMC appreciates this opportunity for public comment on topics derived from the staff's Work Plan, including the potential impact of incorporating IFRS on issuers' compliance with contractual arrangements, compliance with corporate governance requirements, and application of legal standards, as well as investors' knowledge and preparedness for IFRS.

Further, an assessment of the requested topics largely depends on the degree to which U.S. Generally Accepted Accounting Principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB") are converged with IFRS. In this regard, we reiterate our support for the necessity of the FASB and IASB working together on completing their major projects to improve U.S. GAAP and IFRS and achieving their convergence.² We appreciate that the FASB and IASB recently modified their strategy for doing so. But, we emphasize that getting it done right should be the priority, rather than completing the major projects by a certain deadline.

In addition, many of the proposed changes in U.S. GAAP as part of the FASB's and IASB's convergence projects, if adopted, are expected to involve significant implementation costs and have significant economic consequences. These costs and consequences are concerning, and it makes no sense to impose them on U.S. companies and markets, only to be followed by another round of costs and consequences to incorporate IFRS that is not substantially converged with U.S. GAAP.

Moreover, CCMC would like to emphasize that a reasonable assessment of the topics on which the SEC staff is seeking comment is premature while both U.S. GAAP and IFRS are in such a state of flux. Individually and together, the FASB and IASB are in the process of dramatic changes in a number of areas of financial reporting. Unsettled issues include those relating to financial instruments, derivatives and hedging, revenue recognition, leases, the presentation of other comprehensive income, fair value measurement, insurance, financial statement presentation, financial

¹ See April 20, 2009, comment letter from the U.S. Chamber of Commerce to the SEC on *Proposed Rule: Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*.

² For example, see August 30, 2010, comment letter from the U.S. Chamber of Commerce to the FASB on *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*.

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instruments with characteristics of equity, consolidations, derecognition, and loss contingencies.

As just one example, changes in existing accounting standards for leases along the lines proposed by the FASB and IASB are expected to impact contractual arrangements. But, given the unsettled nature of accounting for leases under both U.S. GAAP and IFRS, it is difficult to determine the impact of incorporating IFRS on the various types of contractual arrangements listed in the SEC's request for comment. Thus, while some companies are attempting to begin the process of assessing the impact of incorporating IFRS, the significant uncertainty around accounting standards creates challenges for such assessments.

Finally, to facilitate the assessments of IFRS vis-à-vis U.S. GAAP and to help mitigate the impacts of incorporating IFRS, an important consideration is to have a sufficiently long lead-time before migrating the U.S. financial reporting system to IFRS, if the SEC makes the decision to do so. This is especially important given the significant costs that companies and others are being asked to absorb as part of the convergence process.

Because of these challenges and the necessity of collecting information to assist with the Work Plan, the CCMC suggests that the SEC broaden its outreach efforts, including roundtables, to get appropriate feedback on such important issues to the Work Plan. We stand ready to assist in this effort.

Sincerely,

A handwritten signature in black ink, appearing to be "H. D.", with a long horizontal line extending to the right.