

I am pleased that the Commission is requesting comments concerning the impact of legal considerations when IFRS is incorporated into the financial reporting system for U.S. issuers.

A major consideration should be the passage of time-at least five years-to approach all the legal implications of incorporating IFRS. Over 100 countries have had similar challenges and have been able to incorporate IFRS into the various legal contracts, statutes, agreements, etc.

My comments are as follow:

II. Contractual Arrangements

To avoid many of the questions asked as to the impact of IFRS on contractual arrangements, when the SEC mandates IFRS which the effective date may be at least five years away, FASB should adopt and incorporate IFRS as U.S. GAAP. FASB would remain a legal entity and should be an office of the IASB in the United States. Obviously, FASB would have a reduced role with a part-time board and staff to assist the IASB.

Thus, U.S. GAAP would be IFRS and would still be applicable legally without changing thousands of legal documents, contracts, agreements, statutes, plans, leases, etc. Also since over 100 countries have already adopted IFRS, the SEC should ask those countries what the conversion or adoption impact was on legal instruments.

Further, since there will be at least five years or more to prepare for any legal implications, I do not see this as a problem or barrier to mandatory use of IFRS in the United States. Also, assuming that convergence efforts continue for another five years, there will be no differences to consider for legal purposes.

III. Corporate Governance, Stock Exchange Listing Requirements

I do not believe that incorporating IFRS into the financial reporting system will affect the composition, expertise and functions of an audit committee. The requirement of financial experts should not be a problem. Once the uncertainty of mandating IFRS by the SEC is accomplished, there will be substantial seminars, conferences, educational sessions etc to educate audit committee members concerning any differences of adopting IFRS. For example, I am on the board and audit committee of a company which is a wholly-owned subsidiary of a foreign parent which uses IFRS. Every quarter, the audit committee reviews the adjustments from U.S. GAAP to IFRS. The differences are immaterial but are understood by the audit committee members. The adjustments are well-explained and disclosed to the audit committee

members. I know that considerable staff is spent every quarter to make the adjustments from U.S. GAAP to IFRS.

My view is that all of the multi-national listed companies in the U.S. have educated their audit committee members about IFRS and the impact of IFRS in their overseas financial statements. Also, I know that the public accounting firms have assisted their multi-national clients in educating their audit committee members. Further, the public accounting firms have issued numerous publications on a continuing basis about IFRS to U.S. audit committees. Again, most likely, five years from now, there will be no significant differences between U.S. GAAP and IFRS.

I have been a designated financial expert for five public companies. The SEC should consider requiring disclosure of "continuing education" in the proxy statements just as the disclosure requirement is for attendance at board of director meetings. The required continuing education disclosure would improve the expertise and knowledge for many audit committee members.

When the SEC decides to mandate IFRS, I am sure that there will be many seminars, conferences, and other training methods to educate audit committee members about IFRS.

In summary, most of the legal implications caused by the SEC mandating IFRS can be avoided by having FASB adopt IFRS as U. S. GAAP and remain a legal entity as it is now. If possible, FASB could be a wholly-owned subsidiary of the IASB.

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

Conrad W. Hewitt
Immediate Past Chief Accountant, U.S. Securities and Exchange Commission