

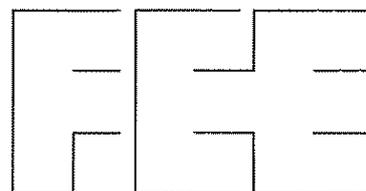
Date
27 September 2007

Secrétariat
Général

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Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street
NE Washington DC 20549-1090
USA



Dear Ms. Morris,

Re: File Number S7-13-07: Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to US GAAP

1. FEE (Fédération des Experts Comptables Européens – European Federation of Accountants) welcomes the opportunity to respond to the SEC proposed Rule on Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to US GAAP and strongly supports the SEC intention to drop the reconciliation statement between IFRS and US GAAP. This step has the potential to reduce significantly the current costly administrative burdens faced by foreign private issuers listed in the US and may be seen as a movement towards one single financial reporting framework on a worldwide basis.
2. We present our general comments. Our responses to a number of the questions which are of greater relevance to us are included in the appendix to this letter.

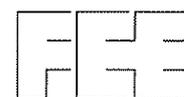
General

3. As the umbrella body for the accountancy profession in Europe, FEE groups together 44 professional accountancy bodies in 32 countries. Many members of these bodies are involved in reviewing or auditing US GAAP financial statements – either for companies listed on stock exchanges, including those subject to registration with the SEC, or for European subsidiaries of US companies. FEE has supported the principles of seeking convergence as set out in the 'Norwalk Agreement' between the IASB and the FASB aiming at convergence between IFRS and US GAAP and confirmed by the various roadmaps agreed within the Transatlantic Dialogue.
4. FEE is strongly committed to high quality, global, principle-based, neutral financial reporting standards. Global financial markets require financial information prepared in accordance with global standards for reasons of competitiveness and comparability and for capital raising purposes. A principle-based approach to financial reporting means that clear principles designed to serve the public interest underpin a limited number of rules that show how those principles should be applied in common situations. This approach promotes consistency and transparency and helps companies and their advisers to respond appropriately to complex situations and new developments in business practice. It also prevents the risk of regulatory overload from detailed rules that may be developed in an attempt to cope with all the eventualities that may arise in practice.



5. As stated in the 2006 FEE Position Paper on "Financial Reporting: Convergence, Equivalence and Mutual Recognition"¹, FEE considers that mutual recognition of IFRS and US GAAP, provided that they are properly applied, is justifiable since both US GAAP and IFRS can now be considered as two equivalent high quality sets of standards. Sufficient convergence steps have already taken place in terms of standards to provide comparable financial statements and to enable users to take similar economic decisions in similar situations. We consider that this position remains valid in 2007.
6. We appreciate the SEC's intended recognition of IFRS as a global standard also in light of the Concept Release on Allowing US Issuers to prepare Financial Statements in accordance with IFRS. We believe that it will become increasingly desirable for the SEC to be able to accept financial statements prepared in accordance with IFRS without reconciliation to US GAAP not only from foreign private issuers but also from US private issuers. We express our support for the introduction of an option for US private issuers to file financial statements prepared in accordance with IFRS.
7. FEE supports the European Commission request for recognition of "IFRS as adopted by the EU" as being equivalent to US GAAP given the relatively small differences that exist. For companies not using the IAS 39 carve-out, financial reporting under "IFRS as adopted by the EU" and IFRS as published by the IASB is the same. If small differences are acceptable between US GAAP and IFRS in that US private issuers can use IFRS as the applicable financial reporting framework in the Concept Release, this should also apply for "IFRS as adopted by the EU", especially since "IFRS as adopted by the EU" and full IFRS are in most cases identical. It should be understood that EU companies and their auditors are compelled to refer to the legally applicable financial reporting framework, i.e. "IFRS as adopted by the EU".
8. The European process for endorsement of IFRS has been set up with the clear objective that all IFRS as published by the IASB are meant to be adopted in the European Union, unless those pronouncements would be contrary to the true and fair view or are not conducive to the European public good. It is intended as a safeguard and not designed to modify or alter original pronouncements issued by the IASB. As a result, differences between "IFRS as adopted by the EU" and "full IFRS" are not likely to arise as a result of this process, apart from timing differences. The IASB has proven helpful in allowing a one year delay between the date of issuance and effective date of its pronouncements, in order to give jurisdictions the time necessary for adoption processes.
9. At present, except for the very small number of companies who do not comply with all IAS 39 requirements, all European issuers are in a position to comply with IFRS as published by the IASB. Efforts are also being actively developed in order to eliminate any difference between IAS 39 as adopted in the EU and IAS 39 as published by the IASB.
10. If it were not possible to achieve an equivalence decision between "IFRS as adopted by the EU" and US GAAP, we suggest as a compromise that the SEC would allow for those foreign private issuers only a reconciliation from "IFRS as adopted by the EU" to "full IFRS" where both are not identical. Foreign private issuers in this case could be left the choice to reconcile to "full IFRS" or to US GAAP, whichever is the least cumbersome for those entities.

¹ http://www.fee.be/publications/default.asp?library_ref=4&content_ref=555



Auditing Based on Global Standards

11. The proposed rule confirms the continued need for compliance with PCAOB Auditing Standards even when a foreign private issuer is no longer required to prepare the reconciliation to US GAAP. The auditor would still be required to conduct the audit in accordance with the standards of the PCAOB and any SEC guidance relating to auditing (US GAAS). We urge the SEC to replace this requirement with the option to use International Standards on Auditing (ISAs) as issued by the IAASB. ISAs are developed to a robust due process and appropriate governance. If also ISAs could be considered acceptable, international standards will be allowed for both reporting purposes and auditing purposes.

Global Interpretations

12. We welcome the increased cooperation between the SEC and CESR as evidenced by the work plan of August 2006. We fully recognise that regulators have an important role to play in the consistent application of IFRS. The governance at preparer level, the work of the auditor and the infrastructure put in place by the regulator will foster the consistent and faithful application of IFRS around the world.
13. We wish to emphasise that global standards should be interpreted at global level, i.e. by IFRIC rather than by national mechanisms. We are therefore of the opinion that, instead of issuing interim measures by the staff, the SEC should refer the accounting issue immediately to IASB or IFRIC unless it consists of a specific national issue. Global standards require global interpretations.

We would be pleased to discuss with you any aspect of this letter you may wish to raise with us.

Yours sincerely,

Jacques Potdevin
President

**RESPONSES TO SOME OF THE DETAILED QUESTIONS RAISED IN THE SEC
PROPOSED RULE ON "ACCEPTANCE FROM FOREIGN PRIVATE ISSUERS OF
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS WITHOUT RECONCILIATION TO US GAAP**

Question 1 - Do investors, issuers and other commenters agree that IFRS are widely used and have been issued through a robust process by a stand-alone standard setter, resulting in high-quality accounting standards?

Yes, FEE is of the opinion that the IASB and IFRIC due process can be characterised as a robust process. In Europe, under the 2002 IAS Regulation, all listed companies use IFRS in their consolidated accounts. The IAS Regulation gives also the possibility of voluntary adoption in the individual accounts and/or by unlisted companies. As a result, a wide range of companies – both listed and unlisted – are using IFRS.

Question 2 - Should convergence between U.S. GAAP and IFRS as published by the IASB be a consideration in our acceptance in foreign private issuer filings of financial statements prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation? If so, has such convergence been adequate? What are commenters' views on the processes of the IASB and the FASB for convergence? Are investors and other market participants comfortable with the convergence to date, and the ongoing process for convergence? How will this global process, and, particularly, the work of the IASB and FASB, be impacted, if at all, if we accept financial statements prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation? Should our amended rules contemplate that the IASB and the FASB may in the future publish substantially different final accounting standards, principles or approaches in certain areas?

As stated in our letter, FEE concluded already in its Position paper of March 2006 "Financial Reporting: Convergence, Equivalence and Mutual Recognition" that mutual recognition of IFRS and US GAAP, provided that they are properly applied, is justifiable since both US GAAP and IFRS can now be considered as two equivalent high quality sets of standards. Sufficient convergence steps have already taken place in terms of standards to provide comparable financial statements and to enable users to take similar economic decisions in similar situations. Since 2006, this situation has further progressed and our conclusions are still fully valid. The convergence process does not necessarily entail full convergence: there is no need for identical sets of standards (IFRS and US GAAP) but a need to progress in a similar direction to allow deeper convergence on a longer term horizon.

The SEC 2006 announcement that US GAAP and IFRS did not need to be identical before the requirement for US GAAP reconciliation was removed has been a very positive and critical move. Convergence would not serve that ultimate objective if the FASB and IASB had to align their standards even if the standard finally adopted did not meet the desirable level of quality. While we are of the opinion that convergence efforts and the development of joint projects must continue after the reconciliation has been removed, we believe that none of the Boards should feel compelled to align its final decision to the final decision of the other Board, unless they are convinced that the underlying requirements best serve the quality of financial reporting provided to investors and creditors.

Question 3 - Is there sufficient comparability among companies using IFRS as published by the IASB to allow investors and others to use and understand the financial statements of foreign private issuers prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation?

Yes. We are fully supportive of IFRS as global standards. Europe has now two years of experience with IFRS for all of its listed companies and other companies that report in accordance with IFRS on a voluntary basis. Although preparers and their auditors are constantly gaining further experience with IFRS, the first surveys on application of IFRS in Europe show positive results. As stated in our letter, we believe that both IFRS and US GAAP provide comparable financial statements which enable users to take similar economic decisions in similar situations. Comparability was one of the key drivers in requiring the use of IFRS in Europe.

Question 5 - What are commenters' views on the faithful application and consistent application of IFRS by foreign companies that are registered under the Exchange Act and those that are not so registered?

Enforcement of IFRS in Europe does not distinguish between foreign companies registered under the Exchange Act and other companies. CESRfin coordinates the enforcement of IFRS in Europe for listed companies and contributes to the consistent application of IFRS within the EU. The EC Roundtable on consistent application of IFRS within the EU provides a platform to discuss application and interpretation issues aiming at consistent application of IFRS. The EU Roundtable does not take positions or issue interpretative guidance. Rather it identifies those issues that it believes should be dealt with by the IFRIC. Recent surveys demonstrate an appropriate level of application of IFRS within the context of principle based standards. The discrepancies found mainly relate to disclosures.

Question 6 - Should the timing of our acceptance of IFRS as published by the IASB without a U.S. GAAP reconciliation depend upon foreign issuers, audit firms and other constituencies having more experience with preparing IFRS financial statements?

No. In Europe, there is now two years experience with the preparation and audit of IFRS financial statements on a large scale. Moreover, the preparation and adaptation process started already in 2002 when the IAS Regulation was adopted. Processes have been put in place in relation to auditing, oversight and enforcement to ensure a high quality of the application of IFRS. All key constituencies have been involved in these procedures in order to ensure that companies implement IFRS consistently and successfully.

Question 11 - Without a reconciliation, will investors be able to understand and use financial statements prepared using IFRS as published by the IASB in their evaluation of the financial condition and performance of a foreign private issuer? How useful is the reconciliation to U.S. GAAP from IFRS as published by the IASB as a basis of comparison between companies using different bases of accounting? Is there an alternative way to elicit important information without a reconciliation?

In Europe stakeholders of financial information have been able to deal with convergence from national GAAP to IFRS without major issues arising. In several European countries, the national GAAP differed substantially from IFRS, facing much greater differences than between IFRS and US GAAP. Hence we are of the opinion that the removal of the reconciliation requirement to US GAAP would not give rise to major issues and we expect that investors will be able to deal with the convergence from US GAAP to IFRS in the same way that investors have been able to deal with convergence from national GAAP to IFRS in Europe.

Question 13 - Should we put any limitations on the eligibility of a foreign private issuer that uses IFRS as published by the IASB to file financial statements without a U.S. GAAP reconciliation? If so, what type of limitations? For example, should the option of allowing IFRS financial statements without reconciliation be phased in? If so, what should be the criteria for the phase-in? Should only foreign private issuers that are well-known seasoned issuers, or large accelerated filers, or accelerated filers, and that file IFRS financial statements be permitted to omit the U.S. GAAP reconciliation?

No distinction should be made in this area and no limitations should be put on the eligibility of foreign private issuers using IFRS without US GAAP reconciliation.

Question 16 - Is there any reason why an issuer should not be able to unreservedly and explicitly state its compliance with IFRS as published by the IASB? Is there any reason why an audit firm should not be able to unreservedly and explicitly opine that the financial statements comply with IFRS as published by the IASB? What factors may have resulted in issuers and, in particular, auditors refraining from expressing compliance with IFRS as published by the IASB?

As stated in our letter, the legal reporting framework within the EU is "IFRS adopted by the EU". Companies and auditors could in addition state compliance with "full IFRS" in those cases where financial statements, prepared under "IFRS adopted by the EU" are identical to "full IFRS" i.e. where the IAS 39 carve-out is not used and when there are no temporary differences between the two reporting frameworks. FEE has encouraged such a statement of compliance and the related reference thereto in the audit opinion in its paper "Analysis of Responses to FEE Discussion Paper on Reporting Issues in Relation to Endorsed IFRS and Possible Implications for the Audit Report"² of October 2005.

Question 21 - Would issuers have any difficulty in preparing interim period financial statements that are in accordance with IFRS as published by the IASB?

Question 22 - Do foreign private issuers that have changed to IFRS generally prepare interim financial statements that are in accordance with IFRS, and do they make express statements to that effect?

The EU Transparency Directive requires interim reporting by listed companies in the form of half yearly financial reports in accordance with IAS 34. Compliance with this requirement has not given rise to significant practical difficulties.

Question 26 - Should issuers that are permitted to omit a U.S. GAAP reconciliation for their current financial year or current interim period be required to disclose in their selected financial data previously published information based on the U.S. GAAP reconciliation with respect to previous financial years or interim periods?

No, the general requirements on comparative figures apply. Omission of the reconciliation to US GAAP does not constitute a difference in this respect.

Question 42 - Without the reconciliation to U.S. GAAP, should we be concerned about member firm requirements to have persons knowledgeable in accounting, auditing and independence standards generally accepted in the United States review IFRS financial

² http://www.fee.be/publications/default.asp?library_ref=4&content_ref=511

statements filed with the Commission? Are there alternative ways in which concerns may be addressed?

As stated in paragraph 11 of our letter, we believe that auditors of foreign private issuers should be allowed to conduct audits based on ISAs rather than based on US GAAS. Auditors in Europe operate under high quality standards with appropriate quality control within the profession and through public oversight systems