

Ms Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-9303  
The United-States of America

24 September 2007

Dear Ms Morris,

We welcome the opportunity to comment on Release No 33-8818 dated July 2, 2007 of the Securities and Exchange Commission (SEC) that proposes to accept, from foreign private issuers, financial statements prepared in accordance with IFRS as published by the IASB without reconciliation to US GAAP.

As auditors of foreign private issuers preparing financial statements under IFRS, we warmly welcome the proposition of the SEC to eliminate reconciliation between US GAAP and IFRS.

We do not seek to respond to each question set out in the SEC's proposal, but we would rather draw your attention to the following subjects.

### **IFRS as a high-quality and widely used set of standards**

We believe that the process implemented since 2001 by the IASB for the publication of new standards is quite robust. It ensures a high-quality set of principle-based standards designed to cover the accounting treatments of as many transactions as possible. In addition, the IASB works on means of reducing the number of accounting options to enhance comparability between entities. We feel that the due process put into place by the IASCF Constitution and the IASB ensures transparency and permits the IASB to be independent as is required from a standard-setter.

High quality standards for financial reporting was what the European Union was looking for in order to achieve comparability and true and fair representation of European listed companies' consolidated financial statements. Its decision to choose IFRS as the set of standards to be applied by public entities preparing consolidated accounts, concerns about 7 000 entities, which seems a rather large sample to test the application of IFRS. Another indicator of the wide utilisation of IFRS is that many other countries such as Australia, China, Japan, etc. also contemplate the use of IFRS or have already put them into force in their jurisdiction.

### **Impact of the convergence process on the elimination of reconciliation to US GAAP**

The Norwalk agreement on convergence between the IASB and the FASB does not require that IFRS and US GAAP be identical at any stage. According to us, this does not call into question the efficiency of the convergence project. On the contrary, it ensures independence and helps improving standards' quality.

### **Role of the adoption process in Europe and IFRS as adopted by the EU**

We understand that from a US investor's point of view, IFRS as adopted by the European Union may not enhance the quality of the financial information given in the notes to the accounts.

However, the European Union aims at providing listed companies with a set of standards that ensures the best information taking into account legal constraints and the general objective of giving a true and fair view to readers of the accounts.

As far as Europe is concerned, we are of the opinion that very few differences between IFRS as published by the IASB and IFRS as adopted by the EU will arise from the adoption process by the European Union. Today's identified differences are mainly due to timing constraints on the adoption process and differences on very specific items of IAS 39. In practice, we are of the opinion that most European companies comply with both IFRS as published by the IASB and IFRS as adopted by the EU.

Moreover, there are cases when the intervention of Europe is a mean to improve quality of standards. IFRIC 3 is a good illustration of the importance of the adoption process in the EU as it enables to examine the suitability of any new text before adoption and might be a way of highlighting practical difficulties and inconsistencies that the IASB may be willing to correct.

In the light of the above elements, we are fully supportive of a proposition that would consist in considering IFRS as adopted by the European Union equivalent to IFRS as published by the IASB. However, in case the SEC maintains its requirement of a reference to full IFRS only, we strongly recommend that foreign private issuers be given the choice to reconcile their financial statements either to US GAAP or to IFRS as published by the IASB, as both set of standards are deemed to be equivalent.

**Reasons to delay the elimination of reconciliation to US GAAP**

Finally, we cannot think of any reason why the elimination of reconciliation be delayed. Indeed, due to the 2002 European regulation on the application of the IFRS to consolidated accounts of listed companies, these were getting prepared since then to present their consolidated financial statements under IFRS and their auditors have got a growing knowledge and experience in IFRS. So far two sets of accounts under IFRS have already been presented (2005 and 2006). By 2009, four periods will have been presented under IFRS, which seems a fair level of experience that ensures investors and creditors to be provided with a fair financial reporting compliant with IFRS. We also are of the opinion that, in the context of rather frequent changes in IFRS in order to improve financial reporting quality, a delay would be useless.

We would be pleased to discuss our comments with you and remain at your disposal should you require further information.

Yours sincerely,



**Patrick de Cambourg**  
Chairman of the Group Executive Board