



**Via Email**

Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
U.S.A.

16 Park Crescent  
London W1B 1AH  
United Kingdom

Tel.: +44 207 612 7098  
Fax: +44 207 612 7034

[rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Email: [secretariat@icgn.org](mailto:secretariat@icgn.org)  
Web: [www.icgn.org](http://www.icgn.org)

Due Date September 24, 2007

*File Number S7-13-07 Acceptance from Foreign Private Issuers of  
Financial Statements Prepared in Accordance with International Financial  
Reporting Standards without Reconciliation to U.S. GAAP*

Dear Ms. Morris:

I am writing on behalf of the International Corporate Governance Network (ICGN). The ICGN is a global membership organisation of institutional and private investors, corporations and advisors from 38 countries with capital under management in excess of U.S. \$10 trillion. The aim of the ICGN is to contribute to raising standards of corporate governance through the exchange of ideas and information across borders and development of best practices. Information about the ICGN, its members and its activities is available on our website: [www.icgn.org](http://www.icgn.org).

The purpose of the Accounting and Auditing Practices Committee is to address and comment on accounting and auditing practices from an investors' and shareowners' perspective. The Committee through collective comment and engagement strives to ensure the quality and integrity of financial reporting around the world.

[http://www.icgn.org/organisation/committee\\_membership.php?name=AAP](http://www.icgn.org/organisation/committee_membership.php?name=AAP)

Thank you for the opportunity to comment on whether the SEC should accept from foreign private issuers financial statements prepared in accordance with International Financial Reporting Standards without reconciliation to U.S. GAAP. The ICGN and its members have a vested interest in maintaining the efficiency of the capital markets and the integrity of financial statements. We believe that all investors would benefit from having consistent high quality financial reporting standards and support the goal of convergence to International Financial Reporting Standards (IFRS). Being of global membership, many of our members are very familiar with financial statements using IFRS. The development of a single set of high-quality globally accepted accounting standards which enhance comparability and provide needed transparency are important to investors.

ICGN supports the change to allow the acceptance of IFRS-based accounting standards for foreign private issuers without reconciliation to U.S. GAAP. However, we caution the Commission to consider the following issues:

- ***We recommend the reconciliation not be to U.S. GAAP but to the IASB published IFRS.*** More than 100 countries have adopted IFRS, however many countries use country-specific versions, or carve out versions or jurisdiction-based or “endorsed” IFRS. Many of these differences occur because of Company Law adopted by countries. We would suggest a different approach to incentivize versus penalizing these foreign private issuers (i.e. requiring the reconciliation to U.S. GAAP) that have not adopted IFRS as published by the International Accounting Standards Board. We would ask whether the Commission and joint regulatory bodies such as the International Organization of Securities Commissions (IOSCO) provide guidance that would enhance the movement towards a more uniform IFRS. However, in the meantime accepting jurisdiction-based IFRS with reconciliation to IFRS as published by IASB is a good step approach toward more uniform IFRS.
- ***Is there a need for industry specific standards that should be developed by IASB for IFRS?*** Industry accounting guidelines and standards are defined by FASB whereas there is not current industry accounting standards developed in IFRS. *However, we do not believe that this difference should delay the move toward IFRS.*
- ***What steps could be taken to ensure that no perceived conflict of interest exists with standard setters?*** Addressing the funding of the two standard setters – FASB since 2003 has been receiving funding through fees levied on Commission registrants whereas IASB is funded privately through contributions. We note the funding for the IASB could have a perceived negative effect on the quality of the standards as it may appear that the IASB’s independence is compromised with its operations being funded by donor contributions. *Should the IASB move toward being funded through public fees?*
- ***ICGN believes there is a balance in standardization of accounting and the development of professional judgment and the educational consequences in developing accountants’ and auditors’ expertise in the use of IFRS should be addressed. We agree that a significant education drive in the U.S. should include professional training and education of accountants and auditors especially as IFRS becomes more integral with the movement toward convergence.***

ICGN Accounting & Auditing Practices Committee Response --  
SEC – File No. S7-13-07  
September 24, 2007

The ICGN would encourage the SEC to consider these comments prior to the proposed transition.

We appreciate the opportunity to comment. If you would like to discuss any of these points, please do not hesitate to contact Anne Simpson our Executive Director at +44 207 612 7098 or [execdirector@icgn.org](mailto:execdirector@icgn.org). Thank you for your attention and we look forward to your response on the points above.

Yours sincerely,



Christianna Wood  
Chair, ICGN Accounting  
and Auditing Practices Committee

cc: ICGN Board Members  
ICGN Accounting & Auditing Practices Committee