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Ms Florence E. Harmon  
Acting Secretary  
Securities and Exchange Commission  
100 F Street  
NE Washington DC 20549-1090  
USA

THE  
INSTITUTE OF  
CHARTERED  
ACCOUNTANTS  
OF SCOTLAND



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

20 April 2009

Dear Ms Harmon

**FILE NUMBER S7-27-09 ROADMAP FOR THE POTENTIAL USE OF FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH IFRS BY US ISSUERS**

The Institute of Chartered Accountants of Scotland is pleased to respond to the SEC's request for comments on the above proposed rule.

The Institute is the first incorporated professional accountancy body in the world. The Institute's Charter requires us to act primarily in the public interest, and our responses to consultations are therefore intended to place the general public interest first. Our Charter also requires us to represent our members' views and protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

We strongly support the SEC's intention to require US issuers to prepare their financial statements in accordance with IFRS which we believe will be of benefit to US companies and investors as well as to the global capital markets more generally. This will result in greater consistency and comparability between entities operating internationally and therefore will contribute to the smooth functioning of the capital markets. The use of a single set of global principles-based accounting standards will boost the transparency and integrity of financial reporting internationally, and in the current economic climate this proposal by the SEC is vital in building confidence in financial reporting.

ICAS is committed to the promotion of principles-based financial reporting standards, which we believe are the only standards that can fully serve both the needs of business and the public interest. Global standards must be principles-based rather than rules-based so that they are capable of being applied effectively across different jurisdictions and cultures. Principles-based standards require a clear hierarchy of overarching concepts, principles that reflect these concepts and limited additional guidance. They require the exercise of judgement by preparers, auditors and regulators in applying the principles to specific situations, and key to this is clear explanation of the judgements applied. All interpretation issues must be addressed by a global body, and national versions of standards or interpretations should not be developed.

ICAS strongly supports the work of the IASB to develop and improve IFRSs as the global accounting framework. As part of this, we support the aim of convergence, as long as this results in the highest quality accounting solutions being adopted. Convergence should not be seen as an end in itself, and we strongly believe that the primary aim is to ensure that IFRSs are of the highest quality possible, whether or not they converge with other national GAAPs.

In relation to the approach to and cost of transition to IFRS, the US will be able to draw on the experience of the European transition to IFRS, which was relatively smooth. We believe that the transition would be aided by an early commitment by the SEC to IFRS adoption – this will give US companies and investors clarity as to how the transition will work in practice.

I hope our comments are useful to you, please do not hesitate to contact me if you wish to discuss any of them further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Amy Hutchinson', followed by a long horizontal flourish.

AMY HUTCHINSON  
Assistant Director, Accounting & Auditing