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Submitted via email submission to: rule-comments@sec.gov

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE,
Washington, DC 20549-1090

File Number S7-27-08

Dear Ms. Murphy:

We welcome the opportunity to comment on the Securities and Exchange Commission's *"Roadmap for the Potential use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers"*

eBay is a global organization that encompasses multiple industries across the technology sector. We therefore appreciate the complexities inherent in maintaining financial records under different accounting and legal standards across the world. eBay supports a transition to a single set of high quality global accounting standards developed and maintained by an independent standard setter. The benefits of a transition will not only simplify accounting for business transactions across our global organization but will also enable investors to evaluate us more effectively compared with other companies across national borders and industry lines by improving the quality of information reported. We believe that International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") is best positioned to achieve this goal.

We do not intend to respond to all questions set forth by the Commission in the proposed Roadmap. We will instead focus our comments on key matters which, in our view, hold significant importance in the decision on how and when U.S. issuers will transition to IFRS.

Our summarized comments on the Roadmap are as follows:





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1. **Timeline** – The Commission should establish a near-term date certain at which time U.S. issuers will be required to adopt IFRS, and provide a two-year window between this date certain and the first mandatory “Date of Transition to IFRS” (defined in IFRS 1 “First-time adoption of IFRS” (“IFRS 1”) as the beginning of the earliest period for which an entity presents full comparative information under IFRS).
2. **Milestones** – We do not believe that it is either necessary or appropriate to condition the decision to move forward with IFRS for U.S. issuers on achievement of milestones. However, the following should be prioritized:
 - The Financial Accounting Standards Board (“FASB”) and IASB (the “Boards”) should aim to issue new identical standards instead of converged standards in order to avoid the adoption of two different standards within a very short period of time; and
 - The Boards should prioritize their convergence projects to ensure that, to the extent possible, a stable set of accounting standards under IFRS is established sufficiently in advance of the first allowed Date of Transition to IFRS to enable issuers to prepare for and implement necessary processes for IFRS adoption.
3. **Early Adoption** – All U.S. issuers should be permitted to early adopt IFRS without the risk of being required to revert to U.S. GAAP. Additionally, early adopters should only be allowed to file their first IFRS financial statements two years prior to the mandatory adopters, and required reconciliations between U.S. GAAP and IFRS should be limited (Proposal A).
4. **Presentation of Comparative Data** – In line with IFRS requirements, the Commission should require the inclusion of only one year of comparative data in an issuer’s first IFRS financial statements and two years of comparative data in the subsequent years.
5. **Presentation of Selected Financial Data** – In order to reduce the burden inherent in redetermining historical financial statements, the Commission should require the inclusion of only two years of IFRS selected financial data in the first IFRS financial statements with a gradual increase in the required number of years of IFRS selected financial data presented in the subsequent years.
6. **Form of Filing First Transitioned Period** – Because of the effort required to transition and the additional comfort provided by an audit, we recommend that the Commission require that an issuer’s first IFRS financial statements be included in an annual filing, either upon early adoption, or mandatory adoption.

Each of the aforementioned points is further elaborated in the following discussion:





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Timeline and Milestones to IFRS Adoption

We believe that a near-term decision on the establishment of a date certain for IFRS adoption and the progress towards key milestones are essential to allow for an efficient and effective transition to IFRS.

First, with a date certain U.S. issuers are much more likely to invest the time and resources required to efficiently and effectively prepare for a transition to a global standard of accounting. We believe that absent a date certain, uncertainty, diversion of management attention and resource allocation issues will deter companies' progress towards preparation for adoption.

Establishing a date certain should be made with sufficient time allowed for filers to prepare for adoption. The Roadmap, as currently established, proposes one year between the Commission's decision date in 2011 and the first mandatory Date of Transition to IFRS (2012 for large accelerated filers), which appears far too short; therefore, we would recommend extending that period to two years.

Second, we believe the milestones proposed in the Roadmap are key objectives that will ensure a successful transition from U.S. GAAP to IFRS. However, we do not believe that the accomplishment of those key objectives should be a prerequisite for the Commission to finalize its decision on the mandatory "First IFRS Reporting Period" (defined in IFRS 1 as the latest reporting period covered by an entity's first IFRS financial statements). In our view, one of the most critical milestones as established by the Commission relates to the improvements in accounting standards. This milestone mentions the need for overall improvements in accounting standards prior to a decision to transition to IFRS. As we now appear to be moving toward adoption of IFRS, we believe that the Boards should aim at issuing identical standards instead of converged standards in order to avoid the adoption of two different standards within a very short period of time. Additionally, we strongly believe that the Boards should prioritize the list of convergence projects currently undertaken, to ensure that a stable IFRS set of accounting standards is established prior to the first mandatory Date of Transition to IFRS.

Early Adoption Proposal

eBay recognizes the benefits of early adoption to IFRS and therefore supports the Commission's proposal to permit early adoption. However, we believe that this option should not be limited in scope, but rather should be available to all U.S. issuers.





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We believe that early adoption should be encouraged as it will provide insightful information about the conversion process, transition issues and provide early IFRS exposure to the financial community. Additionally, early adoption will serve as a strong influence on others pushing them to embark on their own conversion project and help promote the advancement of the various convergence projects currently underway. Unfortunately, in our view, it is likely that very few if any companies will take the necessary steps to early adopt under the conditions proposed in the Roadmap for the following reasons:

- uncertainty over the mandatory First IFRS Reporting Period;
- risk of required reversion to U.S. GAAP in 2011; and
- the need for ongoing reconciliations between U.S. GAAP and IFRS.

In addition to those challenges, converting an entire accounting and reporting system is an enormous undertaking, requiring a significant investment in financial and human resources. In order to persuade some companies to initiate their IFRS adoption project, we believe that the SEC must remove any realistic risk that it will require a reversion back to U.S. GAAP to assure the financial community that a company's efforts and investment in early adoption will permit permanent implementation of IFRS.

We do not share the Commission's view that early adoption should be limited to certain U.S. issuers. We believe that by extending the choice of early adoption to all U.S. issuers, regardless of industry or size, the Commission will create a network effect that will facilitate efforts to meet several of the milestones identified by the Commission – particularly, improvements in accounting standards and education and training – and maximize the benefits of the early adoption process. In addition, we believe that the Commission's proposed transition period which would allow for the co-existence of U.S. GAAP and IFRS accounting standards for U.S. issuers, while important, is much too long (five to seven years in the current proposal), and will ultimately impair comparability among industries or industry peers for a lengthy period. As an alternative, we would propose that the period between the First IFRS Reporting Period for early adopters and the first mandatory adopters be limited to two years. As currently proposed, with a mandatory First IFRS Reporting Period of 2014, we would encourage that early adoption be permitted first in 2012. By 2012, we expect that most companies will have completed their preliminary IFRS preparation and will be in a position to analyze and evaluate the first IFRS financial statements filed by early adopters. Additionally, by 2012, the





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Boards' convergence projects should be substantially complete, allowing for IFRS financial statements to be prepared on the basis of an established set of global accounting standards.

Finally, despite some risk of lack of comparability among industries or industry peers during the transition period, we believe that the reconciliations requirement between U.S. GAAP and IFRS to be provided by early adopters under Proposal A, which is consistent with IFRS 1, should be sufficient to limit the impact of this transition. On the other hand, as the obligation of early adopters to provide quantitative reconciliations expire, as noted above, a period of lesser comparability may follow if the transition period is lengthy. In our view, the cost to comply with Proposal B for ongoing reconciliations between IFRS and U.S. GAAP during a lengthy transition period will not justify its limited benefits and will in fact discourage early adoption as companies will be unwilling to bear the additional burden and potential risk of liability caused by an ongoing obligation to reconcile.

Presentation of Comparative Data

As currently proposed, there is a discrepancy between the SEC's reporting rules which require U.S. issuers to publish two years of comparative data in their annual financial statements and IFRS which requires one year of comparative data. We agree that two years of comparative data provide users of financial statements with a broader overview of the financial results of a U.S. issuer over a more meaningful period, particularly as a new set of accounting standards is applied. Nonetheless, we are sensitive to the fact that IFRS 1 requires retroactive application of IFRS effective at the end of the First IFRS Reporting Period to all financial information included in the first IFRS filing.

In practice, a substantial amount of preliminary work can be performed in advance of the first IFRS filing; however, an entity can only truly finalize its first IFRS financial statements with all comparative data near the end of its First IFRS Reporting Period. We believe that requiring two years of comparative data in the first IFRS financial statements can be overwhelming and costly with limited benefits, so we suggest that the Commission consider application of the transition requirements in IFRS requiring only one year of comparative data. In addition, as the primary objective of IFRS 1 is to create comparable information over all periods presented in accordance with IFRS effective at the end of the First IFRS Reporting Period, requesting two years of comparative data will not improve comparability between first time adopters and entities that already apply IFRS.





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Therefore, we propose that the Commission strongly consider a transitional exception for the first IFRS financial statements by requiring only one year of comparative data, and adopt full presentation of two years of comparative data in subsequent years.

Presentation of Selected Financial Data

The Commission's rules requiring five years of selected financial data in annual reports provides the readers of the financial statements an insightful overview of the results of the entity over an extended period. However, we believe that it would be unduly burdensome to require companies to recast five years of selected data from U.S. GAAP to IFRS. Additionally, we believe that it would be confusing for the readers of the financial statements to have some years of selected financial data in U.S. GAAP with others years in IFRS in the same set of financial statements. For those reasons, we support the Commission's proposal to allow U.S. issuers to only present the same number of years of IFRS selected historical financial data as required in their first IFRS financial statements (as discussed above, we favor one year and not two years of comparative data). In each of the three subsequent fiscal years, the IFRS issuer will provide one additional year of selected financial data based on IFRS, culminating in five years of selected financial data.

Form of Filing First Transitioned Period

We support the Commission's view that the first IFRS filing should be included in an annual report and not in an interim report. The effort required to transition and the additional comfort provided by an audit of a completed set of annual financial statements provide a compelling case for the Commission to require issuer's first IFRS financial statements to be an annual audited financial statements. In addition, because an interim report is an update to information included in the prior year's annual financial statement and is required only to include condensed footnotes, including notes reflecting material changes since the prior year, the transition from U.S. GAAP to IFRS, would result in all notes included in the prior year's annual financial statements becoming stale and therefore inappropriate to incorporate by reference in condensed financial statements prepared under IFRS and included in an interim report.

In Question 33 the Commission is suggesting for the First IFRS Reporting Period either (1) that U.S. issuers file at the beginning of the period a Form 10-K/A including two years financial statements under IFRS, or (2) that the issuers continue filing their Form 10-Q under U.S. GAAP during the period and file their annual report under IFRS at end of the period. We believe that the first option would no longer be relevant under our suggestion that early adoption be permitted to all companies regardless of industry or size





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up to two years prior the mandatory First IFRS Reporting Period, and that only one year of comparative data should be required. Under our proposal all companies would be permitted to early adopt IFRS and file an IFRS Form 10-K for the year prior to the mandatory First IFRS Reporting Period, and thus a Form 10-K/A under IFRS would not be necessary to allow the use of IFRS in Form 10-Q during the mandatory First IFRS Reporting Period. Therefore we recommend that the Commission require that an issuer's first IFRS financial statements can only be included in an annual filing, either upon early adoption, or mandatory adoption.

Conclusion

In summary, we strongly support the objective of a single set of high quality global accounting standards and we believe that IFRS is well positioned to achieve this goal. We believe that a date certain for mandatory adoption of IFRS set by the Commission in the near term is necessary to set in motion all the steps required for a successful implementation.

We would be happy to speak with you to clarify or elaborate any of our views expressed in this comment letter. Please do not hesitate to contact me at (408)-376-6636 (or pdepaul@ebay.com) or Glen Ceremony at (408)-376-5263 (or gceremony@ebay.com)

Very truly yours,

Phillip P. DePaul
Vice President, Chief Accounting Officer
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