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April 20, 2009

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

VIA EMAIL: rule-comments@sec.gov

Re: File Number S7-27-08
Roadmap for the Potential Use of Financial Statements Prepared in accordance with International Financial Reporting Standards by U.S. Issuers

Dear Ms. Murphy:

Cisco Systems, Inc. ("Cisco") appreciates the opportunity to comment on the Securities and Exchange Commission's ("Commission") *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* ("Roadmap").

Overview and Summary

We fully support efforts by the Commission to allow and eventually mandate U.S. issuers to prepare financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). We believe significant long-term benefits will result from developing a single set of global accounting standards.

Today's financial and capital markets are globally interconnected. The current economic crisis has demonstrated that there is a need for greater international cooperation by the world's accounting standard setters and regulators. In response to the crisis, the G-20 leaders have also recently made several recommendations, including improving transparency in financial reporting and calling for the achievement of a single set of high-quality global accounting standards. We agree that the economic crisis has highlighted the need for a globally consistent accounting framework and we believe that IFRS is best positioned to achieve that goal. This Roadmap is an important step by the Commission because IFRS cannot be considered truly global unless it becomes widely used in the U.S.

We respectfully emphasize that although we are fully supportive of steps taken by the Commission towards IFRS adoption by U.S. issuers, there are several issues that the Commission should consider revising in the proposed Roadmap before it is finalized. We believe the most critical issues are:

Mandatory transition dates

We believe the Commission should proceed with an IFRS Roadmap that includes a final rule with mandatory transition dates. We do not support establishing conditional milestones.

The Commission should proceed with, and communicate dates for the mandatory adoption of IFRS by all U.S. issuers in the proposed Roadmap. We do not support the Commission's proposal to evaluate the progress of the milestones before making a determination in 2011 on whether to proceed with rules requiring the use of IFRS in the U.S. We believe the proposed approach creates a significant amount

of uncertainty, including the potential of reverting back to U.S. GAAP after a U.S. issuer has early adopted IFRS, which will discourage issuers from taking action until a final decision is reached. The approach in the Roadmap has the following disadvantages:

- It discourages eligible U.S. issuers from electing the early adoption option;
- In the current economy, companies will not want to expend significant resources until a decision to transition to IFRS is made. By having a 2011 decision point, there is insufficient time to prepare for mandatory transition beginning in 2014 as most U.S. issuers will not begin preparing until a final rule is determined in 2011;
- It discourages other market participants (standard setters, analysts, educators, auditors, and consulting firms) from beginning their transition efforts.

While we understand the purpose of the milestones listed in the proposed Roadmap, we believe it would be more appropriate to frame such milestones as "checkpoints" and not conditional milestones.

We are supportive of the proposed schedule for mandatory adoption beginning 2014 only if mandatory transition dates are established in the Roadmap and major convergence projects are completed in 2011 as further described below.

IFRS as issued by the International Accounting Standards Board ("IASB")

The benefits of a single set of global accounting standards will only be achieved if local standard setters do not deviate from the IASB version of IFRS. We believe it is critical to establish a sustainable oversight and enforcement model that supports and enforces only the IASB version of IFRS.

To truly achieve a single set of high quality global accounting standards, the application and enforcement of the standards must be consistent on a global basis. We respectfully request that the Commission take into account the potential and propensity for standard setters to deviate from IFRS as issued by the IASB and to avoid creating a U.S. version of IFRS.

We believe that the Commission should be aware of and avoid the following situations:

- The creation of a U.S. version of IFRS caused by the issuance and application of U.S. accounting rules in the interpretation of IFRS;
- The creation of local versions of IFRS in other countries caused by the issuance and application of statutory accounting rules in the interpretation of IFRS.

Consistent with the G-20 recommendations, we also encourage the Commission to continue working with other regulatory groups, both within the U.S. and globally, to develop a sustainable model to provide oversight and ensure the consistent application and enforcement of IFRS accounting concepts.

IASB and FASB joint projects

Convergence projects should continue because they will improve the quality of existing IFRS and U.S. GAAP standards and will result in continued progress towards a single set of global accounting standards.

During the past year, the U.S. has been strongly considering conversion to IFRS. We believe this increased focus has helped to build momentum on joint IASB and Financial Accounting Standards Board ("FASB") critical projects, including revenue recognition, leases, financial statement presentation, and financial instruments. We are supportive of continuing convergence efforts on these projects since considerable progress has been made, including thoughtful deliberations between Boards which also

reflect public feedback. We also support continuing convergence work because notwithstanding the Commission's Roadmap for the adoption of IFRS in the U.S., we believe that U.S. GAAP can be improved in each of these areas by working with the IASB and converging with IFRS. However, we suggest the FASB consider limiting its projects to only convergence or critical projects and to cease issuing new standards after the projects identified in the Memorandum of Understanding are completed, to establish a stable accounting platform and to provide sufficient time for the orderly conversion to IFRS in the U.S.

While we support convergence efforts between the two Boards, we reiterate the importance of the Commission establishing mandatory IFRS transition dates. We are concerned that if convergence were to continue without a targeted mandatory IFRS transition date, the goal of a single set of high quality global accounting standards will not be successfully achieved. Convergence is a prolonged approach that does not always result in fully converged standards. Therefore, we favor a conversion approach to IFRS in the U.S. over a convergence approach.

Limited early adoption option

We support the limited early adoption option but believe that the earliest practical early adoption date is after current major convergence projects are completed in 2012.

We are supportive of certain U.S. issuers having the option to report their financial statements using IFRS prior to the mandatory adoption date in 2014; however, we believe that the earliest feasible limited adoption date is 2012, which is after major FASB and IASB convergence projects are targeted for completion. We are generally supportive of the eligibility criteria in the proposed Roadmap as it provides a structured approach to determine the companies for which adoption will promote comparability within an industry and also have available resources for the conversion. One recommendation we have on the eligibility criteria is that U.S. issuers should be given the option to define their own industry and competitors and not be limited to the sources listed in the proposed Roadmap.

Transition

We believe that only one year of comparative IFRS financial statements should be required because it provides sufficient and useful information. The costs of providing the additional information far outweigh any benefits to financial statement users.

We firmly believe that the best option would be to allow presentation of only one year of comparative IFRS financial statements when issuers adopt IFRS for the first time, which is consistent with the provisions of IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). The requirement to present comparative IFRS financial statement for more than one year would impose costs on issuers that are out of proportion to the potential benefits to users as it would result in an additional year of having to simultaneously maintain accounting records in two standards of accounting. This would impose an excessive financial and administrative burden on issuers with complex accounting policies and processes. Further, presentation of one year of comparative financial information would be consistent with the Commission's requirements for first time foreign private issuers and with the requirements for other first time adopters, such as companies in the European Union who adopted IFRS in 2005.

We would like to emphasize that for many U.S. issuers, it will be extremely difficult to apply the requirements of IFRS 1 in those areas where a large number of transactions occur and where no optional exemptions or mandatory exceptions exist. For example, restating revenue for comparative periods along with the reconciliation requirements will be extremely cumbersome and time consuming in the year of IFRS adoption.

Alternative proposal for U.S. GAAP information

We strongly support Proposal A because it provides sufficient and useful information. Proposal B places undue burden on U.S. issuers and would not produce reliable information.

For those companies that early adopt IFRS, the Commission is proposing two alternatives for reporting U.S. GAAP comparative information:

Proposal A - follow IFRS 1 (i.e., restatement of comparative financial statements; reconciliations of equity from U.S. GAAP to IFRS for the opening balance sheet date as well as at the end of the latest period reported under U.S. GAAP; reconciliations from U.S. GAAP to IFRS for the income statement, comprehensive income, and statement of cash flows for the latest period reported under U.S. GAAP).

Proposal B - follow IFRS 1 and, in addition, include supplemental unaudited U.S. GAAP information reconciling financial statements from IFRS to U.S. GAAP for all periods included in the filing. The supplemental information would be required on an ongoing basis.

We strongly support Proposal A, which is consistent with the requirements of IFRS 1. We respectfully highlight that Proposal B, which calls for the initial and ongoing reconciliation of financial information between IFRS and U.S. GAAP, is unwarranted. It will require companies to maintain both IFRS and U.S. GAAP financial records for an excessive period of time. Furthermore, the quality and reliability of the information would be doubtful since the information would not be subject to internal controls or procedures and not subject to an independent auditor's examination. We firmly believe that any reconciliation requirement beyond the requirements of IFRS 1 should not be an option in the final Roadmap.

We have provided our detailed comments and responses to selected questions identified in the proposed Roadmap in Attachment A of this letter.

We thank the Commission for the opportunity to provide our comments on this issue. If you have any questions regarding our letter or would like to discuss our views in further detail, please feel free to contact me directly at (408) 527-0448.

Sincerely,



Jonathan Chadwick
Senior Vice President, Corporate Controller and Principal Accounting Officer
Cisco Systems, Inc.

Attachment A
Responses to Specific Questions set forth in the proposed Roadmap

The role of IFRS in the U.S. capital markets

Question 1: Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?

We strongly agree that U.S. investors, issuers, and markets would benefit from the development and use of a single set of globally accepted accounting standards. We further believe that IFRS as issued by the IASB has great potential to be used as the single set of globally accepted accounting standards.

In recent years, there has been a sustained international movement to IFRS as the single set of high quality globally accepted accounting standards. Many countries, most notably those in the European Union, have adopted IFRS. Many other countries, including India, Brazil, and Canada, have announced definitive IFRS adoption dates. The U.S. is one of the largest remaining capital markets that has not yet decided to adopt IFRS.

We believe that the adoption of IFRS in the U.S. is critical and will be a positive long-term change because it will make the U.S. market more attractive to international investment and potentially open up more international markets to U.S. issuers. The economic crisis also highlights the need for a single set of high-quality accounting standards. Several benefits of the adoption of IFRS in the U.S. include:

- Enhanced comparability of U.S. issuers with their global competitors;
- Simplified financial reporting for companies with global operations as a single set of accounting standards can be used for both U.S. and local country requirements;
- Application of principle based accounting standards that more closely reflects the economic substance of transactions; and
- Easier access to foreign capital markets for U.S. issuers.

We acknowledge that there might be short-term unfavorable effects on U.S. investors, issuers, and markets, such as comparability issues during the transition and the significant costs involved in the implementation effort. However, we believe the long-term positive effects of allowing IFRS to be used in the U.S. will be far-reaching.

To truly achieve a single set of high quality global accounting standards, the application and enforcement of the standards must be consistent from country to country. We respectfully request that the Commission consider the potential and propensity for standard setters to establish specific accounting rules in the application and enforcement of IFRS. It would be unfortunate if the interpretation of IFRS in the U.S. developed based on the application of specific rules, rather than the principles based approach of IFRS. We believe that creating a U.S. version of IFRS would ultimately defeat the advantages of having a single set of globally accepted accounting standards. Consistent with the G-20 recommendations, we would also like to encourage the Commission to continue working with global regulatory groups to develop a sustainable model to provide oversight and ensure the consistent application and enforcement of IFRS accounting concepts.

A proposed Roadmap to IFRS reporting by U.S. issuers

- **Milestones to be achieved leading to the use of IFRS by U.S. issuers**

Question 2: Do commenters agree that the milestones and considerations described in Section III.A. of this release ("Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers") comprise a framework through which the Commission can effectively evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission? Are any of the proposed milestones not relevant to the Commission's evaluation? Are there any other milestones that the Commission should consider?

Question 3: Do commenters agree with the timing presented by the milestones? Why or why not? In particular, do commenters agree that the Commission should make a determination in 2011 whether to require use of IFRS by U.S. issuers? Should the Commission make a determination earlier or later than 2011? Are there any other timing considerations that the Commission should take into account?

We believe that the Commission should determine and communicate dates for the mandatory adoption of IFRS by all U.S. issuers in the proposed Roadmap. We do not support the Commission's proposal to evaluate the progress of the milestones before making a determination in 2011 on whether to proceed with rules requiring the use of IFRS in the U.S. We believe that the approach proposed in the Roadmap creates a significant amount of uncertainty and effectively undermines the advancement of IFRS in the U.S. Because of the proposal to delay making a final determination until 2011 and the lack of a mandatory transition rule, key U.S. marketplace participants will be discouraged from beginning to take necessary actions for the successful eventual adoption of IFRS.

We fully support the plan to allow for the limited, early use of IFRS by eligible U.S. issuers. However, as further discussed in our response to Question 16, we believe that earliest adoption date should be in 2012.

We believe there will be widespread benefits to early adoption. However, the uncertainty caused by the Commission's proposal and the lack of a firm transition plan will certainly discourage eligible U.S. issuers from electing the early adoption option. We do not believe the Commission intends this outcome, but it is a real possibility since U.S. issuers will be reluctant to invest the significant amount of resources necessary for the conversion from U.S. GAAP to IFRS if there is uncertainty about the final Commission rule and thus the possibility exists that they would need to revert back to U.S. GAAP.

Furthermore, we believe that only by establishing mandatory transition dates in the Roadmap will other key U.S. marketplace stakeholders, including U.S. issuers not eligible for early adoption, analysts, educators, and investors, be sufficiently induced to begin their transition efforts.

If the Commission delays making a determination about the required use of IFRS by U.S. issuers until 2011, mandating U.S. issuers to begin adopting IFRS in 2014 would not provide issuers with adequate notice to plan and implement a successful and efficient transition. The Commission should be careful about underestimating the amount of resources that will be necessary to undertake such a complex and significant change for U.S. issuers. We believe that a successful transition requires an integrated, detailed plan that addresses all aspects of an U.S. issuer's business, from its daily operations to its underlying infrastructure. Complex areas, including information systems, business processes, financial accounting and reporting, and employee and investor education will all require adequate time to be addressed.

The milestones that the Commission is proposing should be "checkpoints" which are used to evaluate progress as opposed to pre-conditions for the adoption of IFRS in the U.S. It is not necessary to make these milestones pre-conditions because we believe that progress is significantly underway on all the milestones, including improvements in accounting standards, accountability and funding of the IASC Foundation, improvement in the ability to use Interactive Data for IFRS reporting, and education and

training. In the Roadmap, the Commission also acknowledges the progress already being made in all the milestone areas. Therefore we do not believe that the milestones should be further evaluated in 2011. We believe the role of the proposed milestones should be to encourage progress rather than provide hurdles to future mandatory adoption for all U.S. issuers.

While we strongly agree that U.S. investors, issuers, and other market participants have a great deal to accomplish before the U.S. is ready for the mandatory and widespread use of IFRS, we also believe that stakeholders would be more committed if the Commission established a mandatory IFRS adoption schedule in the Roadmap.

Question 4: What are commenters' views on the mandated use of IFRS by U.S. issuers beginning in 2014, on an either staged-transition or non-staged transition basis? Should the date for mandated use be earlier or later? If the Commission requires the use of IFRS, should it do so on a staged or sequenced basis? If a staged or sequenced basis would be appropriate, what are commenters' views on the types of U.S. issuers that should first be subject to a requirement to file IFRS financial statements and those that should come later in time? Should any sequenced transition be based on the existing definitions of large accelerated filer and accelerated filer? Should the time period between stages be longer than one year, such as two or three years?

If mandatory adoption dates are set in the Roadmap and major convergence projects are completed in 2011, we are generally supportive of the proposed mandatory staged or sequenced transition, based on the existing definitions of large accelerated and accelerated filer, beginning in 2014. However, if the determination of a final rule is delayed until 2011 and presentation of two years comparative financial information will be required, a mandatory adoption date beginning in 2014 would not provide issuers with adequate notice to plan and implement a successful transition. A staged transition with an established mandatory adoption will:

- Minimize strain on resources, such as auditors, consultants, and the Commission;
- Encourage educators to incorporate IFRS into the curriculum;
- Provide U.S. issuers with sufficient time to adopt new major converged accounting standards;
- Give the investor community adequate exposure to IFRS based financial information;

- **Other areas of consideration**

Question 5: What do commenters believe would be the effect on convergence if the Commission were to follow the proposed Roadmap or allow certain U.S. issuers to use IFRS as proposed?

Question 9: What are commenters' views on the IASB's and FASB's joint work plan? Does the work plan serve to promote a single set of high-quality globally accepted accounting standards? Why or why not?

During the past year, the U.S. has been strongly considering conversion to IFRS. We believe this increased focus has helped to build momentum on joint IASB and FASB critical projects, including revenue recognition, leases, financial statement presentation and financial instruments. We are supportive of continuing convergence efforts on these projects and believe that the importance of continuing these efforts would be even greater if the Commission begins to accept IFRS financial statements from U.S. issuers in the future. Because significant differences exist today, continued convergence between U.S. GAAP and IFRS in the near term would reduce the impact of the eventual adoption of IFRS in the U.S. Furthermore, we believe that both U.S. GAAP and IFRS can be improved significantly as a result of convergence efforts. However, we suggest the FASB consider limiting its projects to only convergence or critical projects because this will, in combination with reporting one year comparative financial information, allow issuers sufficient time to make necessary changes to systems and processes prior to the transition date. We further believe that issuing new U.S. GAAP standards

that are not aligned with IFRS would not serve to promote a single set of high quality global accounting standards.

We further believe that continued convergence would be beneficial for many participants in the U.S. marketplace, including companies that are not traded publicly, U.S. issuers that are not eligible for early adoption, investors, U.S. standard setters, educators, and auditors. The widespread use of two different accounting standards in the U.S. would be onerous as all key stakeholders would need to be proficient in both U.S. GAAP and IFRS, so convergence would minimize differences. Furthermore, the continued development of U.S. GAAP in isolation could contribute to the natural tendency that U.S. issuers, auditors, and others might have to revert to U.S. GAAP in the application of IFRS, which would lead to a U.S. version of IFRS. Companies reporting under U.S. GAAP that are the target of a merger or acquisition transaction with a party reporting under IFRS would significantly benefit from more converged accounting standards, because restating their financial statements into IFRS will be less impactful.

We believe the joint IASB and FASB work plan should continue as planned since considerable progress has already been made and several critical projects are scheduled for completion by 2011. The convergence plan and progress of the IASB and FASB joint projects are reasonable and serves to improve both sets of standards. We believe the IASB and FASB's ongoing process for convergence is careful, deliberate and rigorous and that the work should continue in order to make progress in the areas that were identified as needing improvements. However, we believe that a stable accounting platform is necessary to allow for the orderly and efficient mandatory adoption of IFRS in the U.S. and suggest that a moratorium on the effective date for new standards be implemented while the U.S. undergoes the IFRS conversion.

While we support convergence efforts between the two Boards, we reiterate the importance of the Commission establishing mandatory IFRS transition dates. We are concerned that if convergence were to continue without a targeted mandatory IFRS transition date, the goal of a single set of high quality global accounting standards will not be successfully achieved. Convergence is a prolonged approach that does not always result in fully converged standards. Therefore, we favor a conversion approach to IFRS in the U.S. over a convergence approach.

Question 15: Where a standard is absent under IFRS and management must develop and apply an accounting policy (such as described in IAS 8, for example) should the Commission require issuers to provide supplemental disclosures of the accounting policies they have elected and applied, to the extent such disclosures have not been included in the financial statements?

We strongly oppose creating any specific, incremental rules for U.S. issuers. As discussed in our response to Question 1, we believe that creating a U.S. version of IFRS would ultimately defeat the advantages of having a single set of globally accepted accounting standards. If the Commission believes that changes to IFRS standards are necessary, the Commission should pursue those changes through established channels with the IASB. This could be achieved, for example, through the Commission's role in the Monitoring Board of public authorities, which oversees the IASC Foundation.

Proposal for the limited early use of IFRS where this would enhance comparability for U.S. investors

- **Eligibility requirements**

Question 16: Do commenters agree that certain U.S. issuers should have the alternative to report using IFRS prior to 2011? What circumstances should the Commission evaluate in order to assess the effects of early adoption on comparability of industry financial reporting to investors?

Question 17: Do commenters agree with the proposed criteria by which the comparability of an industry's financial reporting would be assessed? If not, what should the criteria be?

We believe that certain U.S. issuers should have the option to report their financial statements using IFRS prior to the potential mandatory adoption date of 2014. Furthermore, we are generally supportive of the proposed eligibility criterion, which is based on a company's industry and market capitalization relative to global competitors already reporting under IFRS. However, we believe that the earliest feasible adoption date is 2012, which is after major FASB and IASB convergence projects are completed.

We believe that having an option to adopt IFRS prior to the mandatory adoption date will have the following advantages:

- Increase global comparability within IFRS dominated industries;
- Further encourage IFRS adoption momentum in the U.S.;
- Facilitate open public dialogue between issuers, standard setters, the Commission, and other market participants to assess the effects of early adoption;

We are supportive of the objective of early adoption, which is to promote comparability with significant industry competitors. However we strongly believe that the assessment of an issuer's industry should not be limited to the alternatives listed in the proposed Roadmap. U.S. issuers should be given the option to define their industry and their competitors to determine eligibility of becoming an early adopter and not be limited to the alternatives identified in the Roadmap. A solid business case should then be submitted to the Commission for consideration and a final ruling.

Question 18: Which eligible U.S. issuers have the incentive to avail themselves of the proposed amendments, if adopted? Are there reasons for which an issuer that is in a position to file IFRS financial statements under the proposed amendments would elect not to do so? If so, what are they?

We believe that an early adoption option will be most appealing to the following U.S. issuers:

- Issuers with significant global operations, particularly in the jurisdictions where reporting under IFRS is required or allowed;
- Issuers listed on stock exchanges that require periodic filings of financial statements prepared in accordance with IFRS;
- Issuers with major competitors preparing publicly available IFRS financial information; and
- Issuers competing for capital outside of the U.S.

We believe the following reasons will deter eligible early adopters:

- The lack of certainty in a mandatory adoption date and the possibility of reverting back to U.S. GAAP;
- The possibility of maintaining both IFRS and U.S. GAAP financial records subsequent to the adoption of IFRS as put forward by the Commission in "Proposal B" for reconciliations;
- Temporary non-comparability with other U.S. issuers;
- Unresolved adoption complexities or accounting issues, such as LIFO inventory valuation accounting;
- Cost considerations and other resource constraints.

We believe the Commission can address some of the deterrents for eligible early adopters in the proposed Roadmap by setting a mandatory IFRS adoption timetable for all U.S. issuers and thus eliminating the possibility of reverting back to U.S. GAAP, and by reducing the reconciliation requirements and dual U.S. GAAP/IFRS reporting period to the minimum imposed by the requirements of IFRS 1. Minimizing the period between the voluntarily adoption date and the mandatory adoption date will also help reduce the period of non-comparability of U.S. issuer financial statements.

Question 19: Is limiting the proposal to the largest 20 competitors by market capitalization an appropriate criterion? Should it be higher or lower? Should additional U.S. issuers be eligible to elect to report in IFRS if some minimum threshold of U.S. issuers (based on the actual number or market capitalization of U.S. issuers choosing to report in IFRS) elects to report in IFRS under the eligibility requirements proposed? To the extent additional U.S. issuers are not permitted to report in IFRS even if such a minimum threshold is met, are such non-eligible U.S. issuers placed at a competitive disadvantage vis-à-vis U.S. issuers reporting in IFRS?

We support the proposal limiting the early adoption option to the largest competitors by market capitalization. We do not believe that additional U.S. issuers should be eligible to elect to report under IFRS. The largest competitors will be best equipped with the knowledge base and resources to accomplish the conversion. Furthermore, the largest U.S. issuers will be best positioned to analyze a broader range of adoption issues, which would allow others to learn from their experience. Finally, we believe the objective of early adoption, which is to promote comparability for investors within an industry, would best be served by limiting the option to only the largest competitors. This controlled, structured approach will likely result in an open, public dialogue and an acceleration of education and training efforts, which marketplace participants, including U.S. issuers that are not eligible for early adoption, can benefit from.

We believe that U.S. issuers that are not eligible for the early adoption option would not be at a significant competitive disadvantage if the time lag between early adoption and mandatory adoption date is limited to a shorter period of time than currently proposed, for example to two years.

- **Transition**

Question 29: Should we limit the first filing available to an annual report on Form 10-K, as proposed? If not, why not? Is the proposed transition date of fiscal years ending on or after December 15, 2009 appropriate? Should it be earlier or later, and why? What factors should be considered in setting the date?

We support limiting the first filing available to an annual report on Form 10-K, as proposed. However, we believe that the earliest feasible adoption date is 2012, after major FASB and IASB convergence projects are targeted for completion. By delaying IFRS early adoption to 2012, companies will be able to avoid duplicating efforts in adopting the new major accounting standards that will be finalized by 2011. The ideal situation would be to complete the current joint IASB/FASB convergence projects and then implement a moratorium on the effective date for new standards while the U.S. adopts IFRS.

Question 31: What difficulties, if any, do U.S. issuers anticipate in applying the requirements of IFRS 1 on first-time adoption of IFRS, including the requirements for restatement of and reconciliation from previous years' U.S. GAAP financial statements?

We would like to emphasize that for many U.S. issuers, it will be extremely difficult to apply the requirements of IFRS 1 in those areas where a large number of transactions occur and where no optional exemptions or mandatory exceptions exist. For example, the restatement of revenue in the year of adoption for the comparative periods and the reconciliation requirements will be extremely costly and time consuming.

- **Alternative proposal for U.S. GAAP information**

Question 34: What are commenters' views on Proposals A and B relating to U.S. GAAP reconciling information? Which Proposal would be most useful for investors? Is there a need for the supplemental information provided by Proposal B? Would the requirement under Proposal B have an effect on whether eligible U.S. companies elect to file IFRS financial statements?

We strongly support Proposal A which is consistent with the requirements of IFRS 1. We believe that the reconciliation requirements listed in Proposal A are preferable because of the following:

- IFRS 1 reconciliation requirements, which include disclosures describing first time adoption considerations, provide sufficient and useful information for U.S. market participants while at the same time not placing undue burden on U.S. issuers;
- It is inconsistent to require any incremental disclosure and reconciliation requirements for U.S. issuers beyond the requirements of IFRS 1, which are currently accepted by the Commission for foreign private issuers.

Proposal B calls for initial reconciliation between IFRS and U.S. GAAP for the three years of financial statements presented in the Form 10-K, including reconciliations on an ongoing basis such that three years of reconciliations are always presented. Such reconciliations will require U.S. issuers to assume a financial and administrative burden to provide reconciliations incremental to those required by IFRS 1. We do not believe that providing an ongoing reconciliation would provide investors and other U.S. marketplace participants with useful information. The information provided by Proposal B would not be useful for investors because the quality and reliability of the information would be doubtful since the information would not be subject to internal controls or procedures and not be subject to an independent auditor's examination.

Further, the Proposal B requirements are inconsistent with requirements the Commission set forth for foreign private issuers and this approach would put U.S. issuers at a disadvantage. Finally, we strongly believe that Proposal B highlights the possibility of reverting back to U.S. GAAP, which is viewed as a significant disincentive by many eligible early adopters. Therefore, we firmly believe that requiring reconciliations beyond the requirements of IFRS 1 would impose unnecessary costs and time commitments on issuers which are out of proportion with the benefits to users and should not be required in the final Roadmap.

Response to General Request to Comments

- **Transition**

We respectfully highlight that the Commission should clarify whether the transition rules, reconciliation requirements, and amendments to the rules and regulations related to filings with the Commission that are outlined in the proposed Roadmap will only be applicable to issuers that choose to exercise the early adoption option or to all issuers adopting IFRS under the mandated timetable beginning in 2014.

- **Financial Statement Presentation**

We firmly believe that the Commission should consider allowing presentation of one year comparative IFRS financial information when issuers adopt IFRS for the first time, which is consistent with the provisions of IFRS 1. Presentation of one year comparative financial information would be consistent with the Commission's requirements for first time foreign private issuers and with the requirements for other first time adopters, such as companies in the European Union who adopted IFRS in 2005.