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Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
United States of America

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
("Roadmap")

Dear Ms. Harmon,

The Retail Industry Leaders Association ("RILA") and its Financial Leaders Council are pleased to respond to the Securities and Exchange Commission's ("SEC") request for comments on the SEC's Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards ("IFRS") by U.S. Issuers ("Roadmap").

RILA is an alliance of the world's most successful and innovative retailer and supplier companies – the leaders of the retail industry. RILA members represent more than \$1.5 trillion in sales annually and operate more than 100,000 stores, manufacturing facilities and distribution centers nationwide. Its member retailers and suppliers have facilities in all 50 states, as well as internationally, and employ millions of workers domestically and worldwide.

Principled Support for IFRS Roadmap

RILA expresses principled support for the SEC's Roadmap towards the staged implementation of the mandatory use of a single set of globally accepted accounting standards by all U.S. issuers. Consistent with RILA's comments on the SEC's Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance with IFRS (Release Nos. 33-8831; 34-56217),¹ RILA believes that requiring U.S. issuers to use IFRS could be a significant step towards this goal by substantially increasing efficiencies, reducing costs, and diminishing the risk of errors resulting from maintaining reporting systems for IFRS and U.S. generally accepted accounting principles ("U.S. GAAP").

¹ See Comment Letter to Concept Release from RILA dated November 13, 2007, available at <http://sec.gov/comments/s7-20-07/s72007-45.pdf>

That said, RILA has the following principal areas of concern with regard to the transition to IFRS: the orderly implementation of IFRS by U.S. issuers, inventory accounting under IFRS, and the global consistency of IFRS. Given the significance of these issues, RILA would not be opposed to a delay in the mandatory implementation some have suggested. However, a timely decision as to whether IFRS will be mandated is essential given the significant system changes that would have to be implemented.

Orderly Implementation of IFRS

RILA generally supports the proposed staged implementation of IFRS to require all U.S. large accelerated filers to prepare financial statements in accordance with IFRS by 2014, accelerated filers by 2015, and all non-accelerated filers by 2016. RILA also believes that the Roadmap's seven "milestones" to be considered by the SEC in deciding whether to allow IFRS, while not exhaustive, are reasonable and progress on the "milestones" should be communicated to the public by the SEC on an ongoing basis. However, any support for this timeline is based on the SEC making a final decision on the Roadmap by the end of 2009, given the significant expenses and effort that will be necessary to convert to IFRS. If a "date certain" cannot be accomplished by the end of 2009, then RILA believes that large accelerated filers should be given a five-year period after the date of the final SEC decision to require IFRS-based financial statements in public filings.

RILA's preference among the two SEC proposals for transition from U.S. GAAP to IFRS is for Proposal A, providing a one-time reconciliation from certain U.S. GAAP financial statements to IFRS.

Although early adoption of IFRS by some companies would create disparities between the financial accounting results of companies in the same industry, RILA still generally supports the SEC's proposal for U.S. companies in the largest 20 companies worldwide in each industry to apply to use IFRS voluntarily by 2010 and certain RILA members may be interested in converting to IFRS one year early. RILA believes that the proposed industry threshold for companies to be eligible for early adoption and the requirement of a no objection staff letter prior to adopting IFRS is reasonable. Clarification quickly by the SEC as to whether early adoption in 2010 is still available, however, is necessary.

Continuing dialogue with market participants will be necessary to share best practices and lessons learned in the conversion to IFRS. RILA recommends that the SEC host periodic public forums with market participants to discuss practical issues and provide transitional guidance regarding the move from U.S. GAAP to IFRS. Such practical issues include the training and system changes needed to implement IFRS and issues impacting specific industries and market segments.

Inventory Accounting Under IFRS

Inventory accounting methods are a crucial area of concern for RILA. Retailer and supplier companies have complex inventory accounting systems, which require immense amounts of time and money to become IFRS compliant. Indeed, certain RILA members estimate that converting their inventory accounting systems would require expenditures in the hundreds of millions of dollars over several years.

The SEC can help mitigate these very significant costs in two ways. First, many retailer and supplier companies use “last in, first out” inventory accounting (“LIFO”), which is not currently allowed by IFRS. The SEC should understand the importance of this issue to U.S. registrants and help reconcile the IFRS requirements with the IRS conformity rule in order to allow registrants to maintain the LIFO inventory method for tax purposes. This would allow retailers and suppliers currently using LIFO to avoid the hefty costs associated with terminating the use of the LIFO method for federal income tax purposes and converting from LIFO to an accepted IFRS inventory accounting method.

Second, certain retailers and suppliers currently account for inventory using the retail inventory method for U.S. locations and/or stores and an average cost method for distribution centers and/or non-U.S. locations. Under IFRS, such companies would presumably need to account for inventory using a single method. The SEC should understand that this issue could require retailers and suppliers to incur very significant costs to integrate their inventory accounting systems to be IFRS compliant.

Global Consistency of IFRS

A continuing challenge of allowing the use of IFRS is the inconsistent worldwide application of IFRS. RILA encourages the SEC to remain firm to the principle of a single set of high quality, globally accepted accounting standards and only accept IFRS as adopted by the IASB. The SEC’s recognition of multiple versions of IFRS would undermine IFRS as a set of globally consistent accounting standards. For these reasons, RILA supports the SEC only accepting financial statements prepared in accordance with IFRS as adopted by the IASB and not IFRS as adopted by any other jurisdiction, requiring that issuers using a jurisdictional version of IFRS reconcile their financial statements to IFRS as adopted by the IASB. Although requiring a reconciliation will reduce some of the efficiencies, the use of a uniform set of accounting standards should be paramount. To the extent that the SEC has concerns about IFRS as adopted by the IASB, such as in the area of inventory accounting addressed above, RILA believes that the SEC can and should exercise its influence over the development of IFRS to resolve such concerns in the implementation of IFRS as a global accounting standard.²

² RILA supports the collaboration between the FASB and the IASB on the convergence of U.S. GAAP and IFRS. RILA recognizes that IFRS is dynamic, not static, and supports the evolution of IFRS to assimilate U.S. GAAP concepts in areas such as inventory accounting.

Concluding Remarks

RILA appreciates the opportunity to comment on the Roadmap. RILA supports in principle, the SEC allowing U.S. issuers to prepare financial statements in accordance with IFRS. Allowing U.S. issuers to use IFRS is a significant step towards a single set of high quality, globally accepted accounting standards.

Thank you for taking RILA's comments under consideration. We would be pleased to further discuss RILA's views with you at your convenience.

Kind regards,

A handwritten signature in cursive script that reads "Sandra L. Kennedy". The signature is written in black ink and is positioned above the typed name.

Sandra L. Kennedy

President
Retail Industry Leaders Association