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

File Reference No. S7-27-08

Dear Ms. Harmon:

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

We support the Commission's goal of moving to one set of high-quality global accounting standards for both domestic and foreign registrants. As capital markets have become increasingly global, the adoption of International Financial Reporting Standards (IFRS) would seem to provide international investors with an enhanced ability to compare financial information of companies around the world and increase the efficiency and effectiveness of capital formation and allocation.

However, due to the magnitude of time and resources involved in converting to IFRS, we have the following suggestions that, we believe, would reduce uncertainty and conversion costs for U.S. companies.

- *The SEC and the FASB should commit to a comprehensive plan to adopt IFRS that is based on convergence rather than conversion.*

The process to improve, study and convert to IFRS requires significant time and effort by standard setters, investors, preparers, auditors and academicians. Without a clear commitment to IFRS and objective criteria, the proposed Roadmap is likely to create uncertainty and disincentives to invest in the preparation for the conversion to IFRS. If the SEC is truly committed to IFRS as the single set of accounting standards for financial reporting under the U.S. securities laws, a comprehensive plan with objective measures and a mutual commitment from the FASB is critical to a successful transition.

While we are supportive of the FASB's and IASB's current joint efforts on convergence, we believe the best approach to establishing a single set of high-quality globally accepted accounting standards, based on IFRS, is a longer-term plan that aligns U.S. generally accepted accounting principles (GAAP) and IFRS to be identical in all significant accounting areas. We believe that mandatory adoption of IFRS should not occur until such time as all significant standards are identical. Convergence efforts to date have resulted in similar accounting standards but fundamental differences exist that inhibit the objective of

comparability. The current convergence efforts, based on the Memorandum of Understanding between the FASB and IASB (the MoU), do not appear to be sufficient to achieve a level of complete convergence. To achieve a level of complete convergence, the FASB must resist unilateral changes to proposed standards and remain committed to a plan of gradual conversion to IFRS on a standard-by-standard basis. Additionally, the FASB should resist the call to provide guidance that does not have the primary objective of converging with IFRS on identical terms.

We believe a complete convergence approach would facilitate a gradual movement to IFRS in the most cost effective manner and provide a mechanism to monitor progress against the milestones, and the related implementation issues, identified in the Roadmap.

- *If the SEC decides to require mandatory conversion to IFRS before complete convergence between IFRS and U.S. GAAP is achieved, the proposed conversion timetable and the number of comparative periods required in the first SEC filing using IFRS should be revised to provide companies with more time to prepare for the conversion and to reduce the conversion cost.*

As currently proposed in the roadmap, in 2011, the SEC will decide whether to require mandatory conversion to IFRS by domestic registrants starting with the filing of financial statements for the year 2014. Also, because the proposed roadmap requires three years of audited comparative financial statements in the first filing, the first set of financial statements that are prepared using IFRS will be for the year of 2012. The time period between an SEC decision in 2011 and the implementation of IFRS for 2012 is not sufficient for registrants to prepare for the conversion. In addition, the requirement to provide three years of audited comparative financial statements would be more costly to registrants. Therefore, we believe the SEC should consider (a) giving registrants more time to prepare for the conversion and (b) reducing the number of periods for comparative financial statements from three years to two years.

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The opinions expressed in this comment letter are solely those of Fannie Mae and do not purport to represent the views of the Federal Housing Finance Agency.

Thank you for considering our views. Please feel free to contact me at (202) 752-6549 if you have any questions.

Sincerely,



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