

April 20, 2009

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

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:

We appreciate the opportunity to respond to the Securities and Exchange Commission's (the Commission) proposed rule, *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* (the Proposed Roadmap).

We support the Commission's efforts to consider the use of International Financial Reporting Standards (IFRS) by U.S. issuers. The recent credit crisis has underscored the need for greater transparency in financial reporting and improved oversight of financial markets. The crisis also exposed the interdependent nature of global business and financial and capital markets. A globally consistent accounting framework will provide the cross-jurisdiction and cross-industry transparency and comparability demanded by investors, enabling them to make more informed capital allocation decisions. This framework will also make it easier for U.S. and worldwide regulatory bodies to monitor systemic risks in the global capital markets, a major goal of the G-20.

Our support of the Proposed Roadmap, and the recommendations made in this submission, are consistent with the following four guiding principles. These principles are detailed further as part of our overall discussion of critical issues for the Commission to consider in moving U.S. issuers to IFRS:

- Addressing the regulatory challenges currently faced by our country will contribute to restoring confidence in our economy. These challenges should be the immediate priority of the Commission.
- Adopting a single set of high-quality, global accounting standards used by all major capital markets is in the best interest of investors. IFRS represents the best prospect of achieving this objective.
- Establishing a mandatory adoption date is the key to motivating all constituents in the U.S. to prepare for the use of IFRS by U.S. issuers. However, ensuring the independence of, and funding for, the International Accounting Standards Board (IASB) must occur first.
- Enhancing the initial quality of IFRS reporting by U.S. issuers, increasing the efficiency of the adoption process, and reducing the costs of conversion will benefit investors and are possible by making certain changes to the Proposed Roadmap.

Regulatory Priorities to Restore Confidence in Our Economy

Although it is important to begin addressing the process for a change to IFRS in the U.S., there are other more important, time-sensitive issues to which the Commission should first dedicate its resources.

The global financial crisis has highlighted the need for improved oversight of the financial markets. The growth in complexity of our financial markets, due in part to the creation of new financial products, complex investment vehicles, and a lack of transparency of risks, has outpaced the ability of the existing regulatory framework to meet the needs of today's investors. Over the coming months, a wide range of regulatory, public policy, legal and accounting reforms will be considered. The Commission will be front and center in many of these discussions. The Commission should prioritize working with other agencies, regulators and Congress to create a regulatory system agile enough to react to U.S. and global market events, and designed to stabilize our financial markets, restore confidence in our economy, and provide the appropriate level of oversight for the future.

We understand that prioritizing economic and regulatory matters will delay the Commission's focus on the move to IFRS for a period of time. However, with a proposed 2011 decision date, and a potential mandatory change anticipated to begin in 2014, there is enough flexibility in the timeline outlined by the Proposed Roadmap. Once the Commission has made sufficient progress on these other critical matters, it should turn its attention back to attaining a single set of high-quality, global accounting standards, which we believe still can be accomplished beginning in 2014.

Single Set of High-Quality, Global Accounting Standards

We continue to believe that achieving a common accounting framework is a necessary reaction to the globalization of business, finance and investment. Business is conducted globally, and investors today invest without regard for national borders. As detailed in our November 12, 2007 response to the Commission's Concept Release, we believe a global accounting and financial reporting framework will:

- increase global comparability of information, promoting a more informed global marketplace,
- improve investors' ability to assess investment options across a full spectrum of globally-available securities,
- increase the competitiveness of U.S. issuers and our capital markets by removing barriers,
- enable issuers to more easily benchmark themselves on a worldwide scale and access capital globally, enhancing the efficiency and cost effectiveness of capital allocation, and
- generate process and cost efficiencies for multinational U.S. issuers.

Today, there are numerous differences between IFRS and U.S. GAAP. And while some differences are eliminated through convergence, other differences are created as new (non-converged) standards and interpretations are issued. Some capital market observers assert that competition among different standard setters would improve standards for everyone. We disagree. We observed in the recent credit crisis that because financial reporting has a real impact on capital needs and flows, when standards are different, stress is put on the standard setters for change. Unfortunately, the outcome is not always beneficial for investors. Resolving differences often results in pressure to change what may be the higher quality standard, with the goal of achieving a common portrayal of economic outcomes. In our view, attaining a single set of high-quality, global accounting standards will allow the standard setters more time to contemplate getting to the highest quality reporting for everyone.

Which set of standards will become the global set of standards is an important question. While U.S. GAAP is a high quality and comprehensive set of accounting standards, IFRS also has proven to be a high quality, transparent, and sufficiently comprehensive set of accounting standards. IFRS is currently used as the primary accounting framework, as an accepted accounting framework, or is otherwise in the process of being adopted in nearly all other significant capital markets around the world. These markets have clearly indicated that, because of its complexity, they have no intention of adopting U.S. GAAP. If the U.S. intends to work with other nations in attaining a single set of high-quality, global accounting standards, IFRS is the only viable solution.

Establishing a Mandatory Date

We would have preferred that the Commission had been in a position to use the Roadmap to establish a mandatory date for the adoption of IFRS by U.S. issuers. There are challenges to be overcome by all stakeholders when preparing for the use of IFRS. A mandatory conversion date, rather than a conditional one, will provide the motivation necessary for stakeholders to take definitive actions to address the regulatory, legislative, tax, educational, licensing, and conversion challenges that a change to IFRS will bring. Setting a mandatory adoption date would provide all relevant participants in the process with the incentive and motivation to dedicate the necessary resources to prepare for an IFRS transition.

We do, however, understand the Commission's approach and believe it is thoughtful and measured. We appreciate that caution is warranted when contemplating changes of the magnitude in the Proposed Roadmap. Recognizing this, the following observations and recommendations may enable the Proposed Roadmap to better meet the objectives for which it was issued.

Accountability and Funding of the IASC Foundation

The Commission has identified its key concerns about adoption of IFRS in its Milestones. We accept that the Milestones, as well as the Commission's assessment of consistency in the application of IFRS, represent important considerations. However, with one exception, we do not believe they should be considered prerequisites to mandating IFRS. The Milestone which we believe is sufficiently important to require its achievement prior to the establishment of a mandatory adoption date is securing the accountability and funding of the International Accounting Standards Committee Foundation (IASCF) and the IASB.

Consistent with the view of the IASCF Trustees, we believe a broad-based, open-ended, country-specific funding mechanism is needed. Agreeing on a sustainable funding mechanism is critical to preserving IASB independence, including its ability to set its agenda and deliberate the provisions of standards. Maintaining this independence is paramount and must be a primary objective of the IASCF. We also agree with the Commission that public accountability should be enhanced, and therefore we support the establishment of the Monitoring Group. Both of these steps are consistent with the requirements of Section 108 of the Sarbanes-Oxley Act of 2002, which establishes criteria for any standard-setting body whose principles can be "generally accepted" by the Commission for purposes of existing securities laws. We observe that the IASCF Trustees have incorporated a Monitoring Board in their Revised Constitution effective February 1, 2009.

Other Milestones

With respect to the remaining Milestones, we are confident that sufficient progress will be achieved toward addressing each concern within the five-to-seven-year timeline proposed. As such, the transition decision need not be contingent on formally achieving all of these Milestones.

Improvements in Accounting Standards

Preparers and other U.S. capital market constituents already are becoming familiar with IFRS by virtue of its widespread use or planned transition in over 110 countries. IFRS is a sufficiently comprehensive, high-quality set of accounting standards capable of providing as much, if not more, transparency for investors as compared to U.S. GAAP. The timeframe associated with mandatory conversion to IFRS will be sufficient for stakeholders to learn and understand the appropriate financial reporting, address existing practices and implementation issues, and consider the investment implications, especially in areas where guidance differs from U.S. GAAP.

Significant differences between U.S. GAAP and IFRS exist. Some of these differences are being addressed through continuing convergence efforts of the FASB and IASB, as outlined in the Memorandum of Understanding (MoU) proposed in 2006 and updated in 2008. The projects identified in the MoU represent key areas where both IFRS and U.S. GAAP need improvement. The financial crisis in particular has illustrated that many of the weaknesses identified in IFRS also exist in U.S. GAAP; in some cases to a greater degree. In other words, improved standards and, therefore, changes are necessary regardless of the framework applied.

The convergence process should continue until a mandatory date for change is determined. Once a mandatory adoption date is established, we believe the FASB should turn its attention to helping to improve IFRS, the surviving framework for public companies. Thereafter, the FASB should limit changes to U.S. GAAP to critical repair matters only; such as matters that cannot wait for the change to IFRS.

If it becomes necessary for the FASB to undertake a short-term, U.S.-only project, it should be designed to provide a simpler solution that adequately reflects the economics of transactions and that does not create new differences with IFRS. This approach will help reduce costs by attaining a reasonably stable platform for U.S. issuers as they work through their transition to IFRS.

Consistency in Reporting IFRS

While not identified as a specific Milestone, the Commission has also said that it will consider the consistency with which IFRS is interpreted around the world. We believe the best avenue to achieve this goal is through communication and coordination among capital market regulators in various countries. This coordination is best facilitated by the Commission if the U.S. is positioned as a user of IFRS, not as an outsider. If IFRS were being used in the U.S., we believe other country regulators would be more willing to work with the Commission to further this goal.

Education and Training

IFRS-related education and training programs continue to be developed and many are in use today. The global nature of business and the expectation of an eventual move have already begun to increase IFRS awareness on university campuses. We believe that movement to update academic curriculum and state board licensing exams will gain more momentum upon release of a final Roadmap and even more so once a mandatory date for change is set.

Improvement in the Ability to Use Interactive Data for IFRS Reporting

We understand the Commission's concern that the current IFRS XBRL taxonomy requires ongoing development. We support the IASB's recent efforts to ensure the ongoing quality and

integrity of the IFRS XBRL taxonomy and are confident that the Commission's concerns will be sufficiently addressed in the near term.

In our view, with the exception of accountability and funding of the IASCF and IASB, the Milestones should not be viewed as "gating criteria" to mandatory adoption, but rather attainable objectives that all parties should seek to achieve. For this reason, we believe it is sufficient for the Commission to evaluate progress toward achievement of most of the Milestones in establishing a mandatory adoption date.

Early Adoption

In advance of a final determination, the Commission has proposed criteria that, if met, would allow certain issuers to early adopt IFRS. The Commission asserts that early adoption has two key benefits:

1. Early IFRS adoption by U.S. issuers in global industries that frequently use IFRS may benefit investors by increasing comparability of financial reporting.
2. Early adopter experiences may be leveraged by other issuers. This would increase the effectiveness and efficiency of their conversions, thereby lowering transition costs. Furthermore, the Commission plans to consider the experiences of early adopters to inform their proposed 2011 decision.

We believe these benefits will not be attained under the Commission's current proposal because very few issuers appear willing to make such a voluntary election. In our discussions with issuers, the most significant reason we are given for why an issuer would not choose to early adopt is the lack of a mandatory adoption date. The absence of a date-certain means that an issuer may expend significant corporate resources to effect a conversion to IFRS, at the risk of the Commission deciding against mandatory adoption in 2011.

In addition, issuers note that certain Commission representatives have indicated that if the Commission does not move forward on IFRS, issuers that early adopt may be required to change back to U.S. GAAP - a costly endeavor. In today's challenging economic times, U.S. issuers are not prepared to risk already strained corporate resources in this way.

The third reason given is that the Commission is contemplating requiring early adopters to provide ongoing supplemental reconciliations of IFRS to U.S. GAAP. Providing this information would require use of dual reporting systems until the Commission decides otherwise, which most preparers believe would not be a good use of financial and human resources. These anticipated costs will discourage otherwise qualified and interested U.S. issuers from early adopting.

Suggested Changes to Enhance Quality and Reduce Costs

If the Commission continues to defer a final decision about U.S. adoption of IFRS until 2011 or thereafter, yet wishes to achieve some of the benefits of early adoption discussed above, we believe the following changes to the Roadmap are necessary:

- The Commission should commit that early IFRS adopters will not be required to revert to U.S. GAAP. Under this approach, U.S. issuers avoid the costs and challenges associated with reverting to U.S. GAAP. These costs would include those related to retaining parallel systems in preparation for the possibility they may have to change back. These costs are ultimately paid for by investors. More importantly, this approach recognizes that over time, under any scenario, U.S. GAAP and IFRS will continue to converge, thereby mitigating differences. It is unclear to us why a U.S. issuer would need to change back to U.S. GAAP only to ultimately have to effect further changes as U.S. GAAP converges with IFRS. And since investors will

already be familiar with both the issuer's and its industry's IFRS reporting, investors will benefit from having a more stable financial statement platform to analyze.

- Early adopters should only be required to apply the provisions of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, with no supplemental reconciliations. The requirements of IFRS 1 are designed to make first-time adoption of IFRS practical and cost effective for issuers, while continuing to provide investors with sufficient quality information to aid in their investing decisions. In addition to maintaining dual reporting systems, expanding these requirements to provide ongoing supplemental reconciliations to U.S. GAAP will likely require greater human and monetary resource commitments in excess of the amounts suggested by the Commission, with little, if any, incremental benefit to investors. Concerns regarding the value of ongoing reconciliations were expressed in the discussions surrounding the elimination of the U.S. GAAP reconciliation for foreign private issuers. In those discussions, investors and analysts observed that they used independent models for IFRS and U.S. GAAP to predict future earnings and share prices. This was confirmed by issuers who acknowledged that they received few, if any, questions from investors with respect to the U.S. GAAP reconciliation.
- We also propose widening the early adoption option to include all large accelerated filers. Large accelerated filers are generally already active on the global stage and compete for capital internationally across industries, not only within their industry. Because most investors outside of the U.S. are familiar with IFRS, allowing all large accelerated filers to early adopt IFRS will increase their pool of potential investors and therefore the amount of capital available to them. We expect that this will reduce the cost of raising new capital and thereby benefit issuers and their existing investors. Expanding the early adoption option to all large accelerated filers may also increase the knowledge and experience that can be leveraged by smaller issuers.

Even with the above changes, we expect that the lack of a clearly established mandatory change date to IFRS will continue to be a deterrent. These proposed changes, however, may address some issuer concerns sufficiently so that at least a few issuers would be prepared to early adopt. Each large accelerated filer would be in a position to analyze its own situation and decide, because of its global footprint and reach, whether a change to IFRS would result in reduced cost of capital and other benefits or cost savings sufficient to offset the cost of an IFRS conversion and thereby benefit its investors. Awareness of IFRS would be broadened and the chances increased of achieving the Commission's objectives of (1) increasing comparability, (2) allowing later adopters to learn from the experiences of earlier adopters, and (3) providing information on conversion experiences to inform the Commission's 2011 decision.

Enhancing the Initial Quality and Reducing the Costs of the Change

We understand that the cost of changing to IFRS will be substantial. While we have not conducted an independent, statistical study, we have participated in numerous conversations with U.S. issuers who are considering the implications of converting to IFRS. In our view, the Commission's estimate of cost is based on a series of generalized assumptions. Actual experience will vary dramatically by issuer. We have identified certain best practices when conducting a quality conversion that may help to reduce the costs of change. These include:

- Performing a preliminary study early to identify business, accounting, investor, systems, controls and workforce related issues.
- Incorporating key IFRS conversion considerations identified into business planning activities to ensure they are efficiently considered as business changes occur.

- Ensuring corporate involvement in important IFRS decisions being made by non-U.S. subsidiaries which may avoid additional costs when transition decisions are made at the group level.
- Thoughtfully planning the conversion; being mindful of the specific aspects that will take the longest and considering smaller, controlled one-off projects where appropriate.
- Carefully balancing the use of potentially more costly external specialists with in-house resources when creating a sustainable IFRS reporting system, while ensuring an effective transfer of knowledge from specialists to company personnel.

We believe that each of these recommendations will help minimize the costs of conversion and provide a more efficient transition. In addition to those described above, the following suggestions are within the control of the Commission and should be considered to assist issuers in further reducing cost, which ultimately is to the advantage of investors.

Comparative prior year financial statements

As proposed, initial adoption of IFRS by U.S. issuers would require three years of IFRS financial statements to be provided in the initial Form 10-K. We believe that issuers should have the option to provide only one year of comparative IFRS financial statements in the year of adoption rather than two. Reducing the number of years required will ease the financial and resource burden for issuers - costs ultimately borne by investors. The third year required in Commission filings would be provided on a U.S. GAAP basis. Because the initial filing under IFRS requires reconciliation to U.S. GAAP, financial statements will identify accounts impacted by the conversion and to what degree. This will provide investors sufficient information to consider the one year of U.S. GAAP data without demonstrably diminishing the value of financial reporting upon transition.

This option will also provide additional time for issuers to prepare for the adoption of IFRS. Under the Proposed Roadmap, assuming a decision to mandate IFRS is made in 2011, large accelerated filers would be required to file under IFRS in 2014, and will have a transition date of January 1, 2012. In our experience, in order to accomplish an effective transition, many issuers may need a period of 18 to 24 months between the decision to move to IFRS and the date in which IFRS information will need to be captured for the initial comparative year. Reducing the number of comparative years required will result in a January 1, 2013 transition date, providing additional time necessary to develop and implement a quality conversion process.

Filing Requirements for First Time Reporting under IFRS

While the reduction in the number of comparative years provides U.S. issuers with additional preparation time between a possible 2011 decision to mandate IFRS and the earliest transition date, some U.S. issuers may be prepared to transition to IFRS effective January 1, 2012. We believe that these issuers should be permitted to elect the alternative filing approach posed by the Commission. Under the alternative, an issuer could choose to file a Form 10-K/A with IFRS financial statements during its third year after beginning its IFRS accounting, covering the previous two fiscal years. The issuer could then file quarterly reports on Form 10-Q using IFRS financial statements in the year of adoption.

If the Commission agrees to reduce the number of comparatives required in the year of adoption, U.S. issuers that adopt IFRS in 2014 will not need to convert fiscal 2012 to IFRS. However, those that elect the alternative described in the above paragraph would still need to convert 2012 in order to meet IFRS requirements. We believe that for some issuers, the benefits of being able to file Form 10-Qs on the same basis that will be used in the Form 10-K at the end of the year may outweigh the cost of converting an additional year. Each issuer should be empowered to make its own determination after

weighing the relative costs and demands for information from its investors. As such, we believe issuers should be allowed to elect either approach. Both alternatives have the benefit of filing annual financial statements under IFRS prior to a Form 10-Q being filed on an IFRS basis.

Conclusion

Despite the fact that the prior Commission issued the Proposed Roadmap, we recognize that the current Commission now is responsible for determining the timing and path forward for achieving use of a single set of high-quality, global accounting standards. We understand the competing priorities faced by the Commission. It is clear that the focus of all those who oversee the capital markets must be, for a time, dedicated toward addressing economic and regulatory concerns. However, the benefits of transitioning to IFRS are such that we continue to support decisive measures as soon as feasible to inspire the actions of capital market participants necessary to lead the U.S. toward IFRS.

Sound financial reporting for investors is a critical foundation for the effective operation of capital markets around the world. The use of multiple reporting frameworks that result in the same economic transaction being reported in different ways is not in the best interest of investors. Such differences impair the efficient and effective allocation of capital to the businesses that will generate the most value for investors and the world's economies. Experience to date has proven that attempting to converge IFRS and U.S. GAAP in an effort to resolve differences is a long, arduous, costly process and one that in the end may not result in consistent U.S. GAAP and IFRS standards, even with the best of intentions.

We believe the only realistic prospect of answering this challenge is to move to a single set of high-quality, global accounting standards. Practically speaking, IFRS is the only means to achieve this objective.

The sooner we begin the process of moving to IFRS in a thoughtful way, and get the change behind us, the better it will be for U.S. investors and the availability of capital for U.S. businesses.

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Our detailed answers to the questions posed by the Commission are attached in the Appendix.

We would be pleased to discuss our comments or answer any questions that the SEC staff or the Commission may have. Please contact Vin Colman (973-236-5390) or Dave Kaplan (973-236-7219) regarding our submission.

Sincerely,

PriceWaterhouseCoopers LLP

Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

Note: Our detailed answers to the questions posed by the Commission are provided below. Where appropriate, we have grouped the questions by topic and provide one response to the set of related questions. Accordingly, the questions are not listed in numeric sequence.

- 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?**

- 68. We solicit comment on whether the proposed rules would impose a burden on competition or whether they would promote efficiency, competition and capital formation. For example, would the proposals have an adverse effect on competition that is neither necessary nor appropriate in furtherance of the purposes of the Exchange Act?**

- 70. Would the proposed amendments, if adopted, promote efficiency, competition and capital formation?**

The response below addresses Questions 1, 68 and 70.

We agree that U.S. investors, issuers and markets would benefit from the use of a single set of globally accepted accounting standards. We acknowledge that change is difficult and that it will take some time to fully realize many of the benefits. Over time, however, we believe a global accounting and reporting framework will:

- increase global comparability of information, promoting a more informed global marketplace,
- improve investors' ability to assess investment options across a full spectrum of globally-available securities,
- increase the competitiveness of U.S. issuers and our capital markets by removing barriers,
- enable issuers to more easily benchmark themselves on a worldwide scale and access capital globally, enhancing the efficiency and cost effectiveness of capital allocation, and
- generate process and cost efficiencies for multinational U.S. issuers.

IFRS has proven to be a high-quality, transparent, and sufficiently comprehensive set of accounting standards. IFRS is currently used as the primary accounting framework, as an accepted accounting framework, or is otherwise in the process of being adopted in nearly all other significant capital markets around the world. These markets have clearly indicated that, because of its complexity, they have no intention of adopting U.S. GAAP. If the U.S. intends to work with other nations in attaining a single set of high-quality, global accounting standards, IFRS is the only feasible solution.

The financial cost required to transition U.S. issuers to IFRS may place a burden on U.S. companies initially. However, when considering whether such costs hinder U.S. issuers' ability to compete with non-U.S. issuers that use IFRS, we should recognize that other companies around

the world either already have borne similar costs or are in the process of doing so. Longer-term, we believe the benefits described above outweigh the concerns about the initial impact during the transitional period.

- 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?**

- 11. The current phase of the IASB’s and FASB’s joint work plan is scheduled to end in 2011. How should the Commission measure the IASB’s and FASB’s progress on a going-forward basis? What factors should the Commission evaluate in assessing the IASB’s and the FASB’s work under the joint work plan?**

- 12. What are investors’, U.S. issuers’, and other market participants’ views on the resolution of the IASB governance and funding issues identified in this release?**

- 13. What steps should the Commission and others take in order to determine whether U.S. investors, U.S. issuers, and other market participants are ready to transition to IFRS? How should the Commission measure the progress of U.S. investors, U.S. issuers, and other market participants in this area? What specific factors should the Commission consider?**

The response below addresses Questions 2 and 11 through 13.

The Milestones, as well as the Commission’s assessment of consistency in the application of IFRS, represent important considerations.

As discussed in our cover letter, we agree that securing the accountability and funding of the International Accounting Standards Committee Foundation (IASCF) and the IASB should be required prior to the establishment of a mandatory change date. Agreeing on a sustainable funding mechanism is critical to preserving IASB independence, including its ability to set its agenda and deliberate the provisions of standards. We also share the Commission’s view that public accountability should be enhanced, and therefore we support the establishment of the Monitoring Group.

With respect to the remaining Milestones, we are confident that sufficient progress will be achieved toward addressing each concern within the five-to-seven-year timeline proposed. Therefore, in our view, with the exception of accountability and funding of the IASCF and IASB, the Milestones should not be viewed as “gating criteria” toward mandatory adoption, but rather attainable objectives that all parties should seek to achieve.

Although there is much work and planning that will be necessary to change, we do not believe there are other Milestones that the Commission should consider in their decision to mandate the use of IFRS by U.S. issuers.

- 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 view the establishment of a mandatory change date to be critical to providing the motivation necessary for preparers, auditors, investors, and others to begin comprehensive planning toward IFRS conversion. In order to determine the appropriate timeline, the Commission will need to work with the IASCF and other regulators to agree on a path forward that will result in the necessary funding of the IASCF and IASB in a way that satisfies the Commission and Section 108 of the Sarbanes-Oxley Act of 2002. We believe that this matter can be accomplished between now and 2011. Therefore, while understanding that the Commission's current focus is on the other matters referenced in our cover letter, we believe that targeting a 2011 decision date is reasonable. A determination should be made, however, as soon as practicable.

- 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?**

Under the Proposed Roadmap, assuming a decision to mandate IFRS is made in 2011, calendar year-end large accelerated filers would be required to file under IFRS in 2014, with a transition date of January 1, 2012. Those who delay planning until such time as a mandatory date is established will likely be challenged to capture IFRS data as of that date.

The mandatory date established should allow enough time between the decision to move to IFRS and the date in which IFRS information will need to be captured for the initial comparative year. In our experience, a period of 18 to 24 months is reasonable to accomplish this objective. While the Commission's target of 2014 may still be achievable, providing a mandatory adoption date earlier than 2011 would assist U.S. issuers in accomplishing an effective transition. In addition, or as an alternative, we support reducing the number of comparative years required in the initial Form 10-K from two to one.

As discussed in our cover letter, as proposed, initial adoption of IFRS by U.S. issuers would require three years of IFRS financial statements to be provided in the initial Form 10-K. We believe that issuers should have the option to provide only one year of comparative IFRS financial statements in the year of adoption rather than two. This will provide the additional time necessary to develop and implement a quality conversion process, which will ease the financial and resource burden for issuers - costs ultimately borne by investors. Because the initial filing under IFRS requires reconciliation to U.S. GAAP, financial statements will identify accounts impacted by the conversion and to what degree. This will provide investors sufficient information to consider the one year of U.S. GAAP data without demonstrably diminishing the value of financial reporting upon transition. We believe this change would contribute to improved readiness by 2014, even if a final decision is made on a timely basis in 2011.

In our view, once started, a staged approach makes sense. Staged transition will allow later adopters to leverage the knowledge and experience of earlier adopters and reduce the strain on IFRS resources that would exist if all issuers were required to adopt IFRS concurrently. At the same time, another goal should be to have all issuers using IFRS as soon as possible after mandatory transition begins in order to avoid an extended period of significant use of two accounting frameworks by U.S. issuers in the U.S. capital markets.

These principles lead us to conclude that regardless of when a mandatory date is established, we believe that the Commission's proposed reliance on the existing definitions of large accelerated filers, accelerated filers, and non-accelerated filers, and the planned staged transition, are a reasonable approach. We believe, however, that once a mandatory date is established, earlier adoption should be permitted by any issuer prepared to do so.

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?**
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?**
10. **How will the Commission's expectation of progress on the IASB's and FASB's joint work plan impact U.S. investors, U.S. issuers, and U.S. markets? What steps should be taken to promote further progress by the two standard setters?**

The response below addresses Questions 5, 9 and 10.

As stated in our cover letter, experience to date has proven that attempting to converge IFRS and U.S. GAAP is a long, difficult, costly process and one that in the end may not result in consistent U.S. GAAP and IFRS standards, despite the best intentions of both the FASB and the IASB. However, until a decision is made by the Commission to establish a mandatory change date, we believe the FASB and IASB should and will continue to pursue convergence on the projects listed in their joint work plan (MoU). Therefore, we do not expect that progress toward convergence on these projects will be significantly impacted by the Roadmap, as these projects represent areas where both U.S. GAAP and IFRS need improvement. The MoU, therefore will continue to be helpful in promoting high-quality, global accounting standards. We are concerned, however, that the MoU has set an ambitious agenda that will be difficult to achieve by 2011. Moving too quickly may reduce quality, and increase the risk that new or amended standards would have unintended consequences. We therefore recommend that the Commission encourage the FASB and IASB to proceed in a thoughtful manner that is conscious of the need for expediency, but has as its primary objective the issuance of high-quality converged standards. The Commission should also continue to work diligently to support independent standard setting processes free from undue influence by any outside party or political pressure.

We expect that upon establishment of a mandatory adoption date by the Commission, the FASB would begin to limit the issuance of new U.S. standards. The FASB should turn its attention to helping improve IFRS, the surviving framework for public companies. To provide as stable a platform as possible for transition, the FASB should limit the changes to U.S. GAAP to critical repair matters only; such as matters that cannot wait for the change to IFRS. If it becomes necessary for the FASB to undertake a short-term, U.S.-only project, it should be designed to provide a simpler solution that adequately reflects the economics of transactions and that does not

create new differences with IFRS. Attaining a reasonably stable platform will help reduce costs for U.S. issuers as they work through their transition to IFRS.

Regardless of whether or not the Commission allows certain U.S. issuers to use IFRS before the establishment of a mandatory change date, the U.S. will continue to provide substantial input into the IASB standard setting process through U.S. participation in the IASB, the IASCF, and the Monitoring Group. Therefore, we expect that standard setting activities will not be significantly impacted in the interim.

- 6. Is it appropriate to exclude investment companies and other regulated entities filing or furnishing reports with the Commission from the scope of this Roadmap? Should any Roadmap to move to IFRS include these entities within its scope? Should these considerations be a part of the Roadmap? Are there other classes of issuers that should be excluded from present consideration and be addressed separately?**
- 28. Is it appropriate to exclude investment companies, employee stock purchase, savings and similar plans and smaller reporting companies? Are there other classes of issuers or certain industries that should be excluded?**

The response below addresses Questions 6 and 28.

We believe the eventual goal is for all issuers to adopt IFRS. Therefore, the Roadmap should not exclude investment companies and other regulated entities. In addition, the Roadmap should include other smaller reporting entities such as employee stock purchase, savings, and similar plans. The Commission should study and develop a plan to address the special transitional challenges that may exist for these entities. However, it should be clear in the Roadmap that these entities will be required to adopt IFRS as well. For example, the Commission could include those issuers with special transitional challenges within the timeframe currently proposed for non-accelerated filers.

- 8. Would a requirement that U.S. issuers file financial statements prepared in accordance with IFRS have any affect on audit quality, the availability of audit services, or concentration of market share among certain audit firms (such as firms with existing international networks)? Would such a requirement affect the competitive position of some audit firms? If the competitiveness of some firms would be adversely affected, would these effects be disproportionately felt by firms other than the largest firms?**
- 49. Is there any reason why an issuer would be unable to assert compliance with IFRS as issued by the IASB and obtain the necessary opinion from its independent auditor?**

The response below addresses Questions 8 and 49.

Generally, audit firms have quickly adapted to changes in both accounting standards and the business environment. Through comprehensive training programs, many of which already exist, audit firms will be well prepared to ensure professional standards continue to be met. We do not believe a transition to IFRS will have a negative impact on audit quality or the availability of audit services. Although some changes may be needed to audit methodologies to respond to differences in the accounting standards, the audit framework established by the PCAOB is appropriate for use on financial statements that are reported using a basis other than U.S. GAAP. The capital markets will, therefore, continue to be served by the assurance provided by an independent audit.

As noted, numerous training programs already exist. However, once a mandatory date is established, we expect that audit firms of all sizes will increase their investment in the education and training necessary to ensure professionals are prepared to apply high-quality audit services on IFRS financial statements. We do not believe mandating IFRS would create a competitive disadvantage for smaller audit firms. Rather, this may provide a business opportunity should these firms decide to specialize in this area.

We are not aware of any reasons why a U.S. issuer would not be able to assert compliance with IFRS as issued by the IASB. Further, we see no challenges in obtaining the necessary opinion from an independent auditor familiar with IFRS.

14. Are there any other significant issues the Commission should evaluate in assessing whether IFRS is sufficiently comprehensive?

We do not believe comprehensive, high-quality accounting standards are defined by the volume of detail and rules; nor should the focus be on recreating U.S. GAAP with all of its complexity. Rather, high-quality standards should set clear principles that guide users of those standards on how to reflect the economics of transactions in financial statements. This, combined with transparent disclosures, results in good financial reporting. Both U.S. GAAP and IFRS require significant improvements in similar areas to attain the highest level of quality. We believe IFRS will continue to improve over time through the normal standard setting process and as the evolution of business necessitates change, much as U.S. GAAP has. For example, the IASB has already commenced discussion of new guidance in areas such as insurance, mining, and oil and gas exploration and production activities. With mandatory change still five-to-seven years into the future, ample time exists to put improvements in place before transition. Therefore, we believe mandating the use of IFRS should not be contingent upon any further development of its standards.

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 do not believe supplemental disclosure requirements of the accounting policies management has elected and applied are necessary.

The preparation of financial statements requires management to make judgments about the application of accounting standards and policies and the economic substance of transactions. This is equally true in both U.S. GAAP and IFRS. Existing disclosure requirements related to significant accounting policies under IAS 1, *Presentation of Financial Statements*, are intended to provide the financial statement user with information about the most significant of those judgments. This disclosure should be made regardless of, and without the need to identify, whether the policy is based on IFRS or other authoritative guidance permitted by IFRS.

- 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?**
- 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?**
- 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?**
- 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?**
- 20. Would the use of different industry classification schemes as proposed be unclear or create confusion in determining whether an issuer is IFRS eligible? Should we require that all issuers use a single industry classification scheme? Why or why not?**
- 21. What impact will the Commission's determination to allow an industry to qualify as an "IFRS industry" without majority IFRS use have on the Commission's objective of promoting comparability for U.S. investors? How will this impact U.S. investors, U.S. issuers, and U.S. markets? Is the use of IFRS more than any other set of financial reporting standards the right criterion? Should it be higher or lower?**
- 22. Should the Commission permit additional industries to qualify as IFRS industries, and thus additional U.S. issuers to become early adopters, as more countries outside the U.S. adopt IFRS? Alternatively, should the group of potential industries and early adopters be limited to those that qualify at the time the Commission determines to permit early adoption?**
- 23. Do commenters have any suggestions about the procedural aspects of the proposed eligibility requirements, e.g., the procedure for obtaining a letter of no objection from the Commission staff or the minimum contents of the required submission? Is such a procedure necessary? Do commenters agree that such a procedure would assist both issuers and investors? Should the procedural aspects of the proposed eligibility requirements be less formal? Should the procedure be similar to that in the no action letter process regarding shareholder proposals under Rule 14a-8 of the Exchange Act? Should the letter of no objection be advisory only? Should obtaining a letter of no objection be optional? Is the method for calculating eligibility clear and appropriate or are there alternative suggestions that should be considered? Should the Commission publish standards or criteria to guide the staff's determination? What do commenters believe the respective role of the Commission and its staff should be in making these eligibility determinations? Should the Commission post on its Web site all submissions and responses, including those for which the staff does not issue a no-objection letter?**

24. Currently, some public companies in the U.S. public capital market report in accordance with IFRS and others in accordance with U.S. GAAP. Today, however, this ability to report using IFRS exists only for foreign companies. What consequences, opportunities or challenges would be created, and for whom, of extending the option to use IFRS to a limited number of U.S. companies based on the criterion of improving the comparability of financial reporting for investors?
25. Do commenters agree that the criterion of enhanced comparability is the correct one? Are there other criteria that should be used? For example, should issuers be eligible based on their size or their global activities? If a size criterion were used to include the largest U.S. issuers, what should the cut-off be? Should there be a criterion based on the absence of past violations of the federal securities laws or based on shareholder approval?
27. What are commenters' views on the accounting principles that should be used by those U.S. issuers that elect to file IFRS financial statements if the Commission decides not to mandate or permit other U.S. issuers to file IFRS financial statements in 2011? Should the Commission require these issuers to revert back to U.S. GAAP in that situation?
32. What would affect a company's willingness to use IFRS if it were eligible to do so? For example, some market indices, such as the S&P 500, currently only include issuers that report in U.S. GAAP. Are there other investment instruments or indices that would affect companies that would be eligible to use IFRS under the proposed criteria? Would the ability to be included in the S&P 500, or other instrument or index affect whether an eligible U.S. issuer decides to use IFRS? Would these indices be prepared to accept IFRS, and, if so, how long would it take for them to change their criteria? Would more issuers be likely to use IFRS after they do? Should these considerations influence our decision on whether or when to permit or require U.S. issuers to use IFRS in their Commission filings?
43. Should the option to report under IFRS, whether under Proposal A or Proposal B, automatically terminate as of a date certain? If so, should that date be a set period of time? For example, should it be three years following the effective date of an adopting release? Should it be a longer or shorter time period? Should it be measured from another date (e.g., the first permissible compliance date or the date of the first letter of no objection issued)? What considerations should be part of our decision as to the date or duration?
69. Would the proposals create an adverse competitive effect on U.S. issuers that are not in a position to rely on the alternative or on foreign private issuers that do not report in IFRS?

The response below addresses Questions 16 through 25, 27, 32, 43 and 69.

We agree that certain U.S. issuers should have the option to report using IFRS prior to 2011. As proposed, however, we believe few, if any, issuers will make such an election.

The Proposed Roadmap asserts that early adoption has two key benefits:

1. Early IFRS adoption by U.S. issuers in global industries that frequently use IFRS may benefit investors by increasing comparability of financial reporting.

2. Early adopter experiences may be leveraged by other issuers. This would increase the effectiveness and efficiency of their conversions, thereby lowering transition costs. Furthermore, the Commission plans to consider the experiences of early adopters to inform their proposed 2011 decision.

We believe these benefits will not be attained under the Commission's current proposal as very few issuers appear willing to make such a voluntary election because of the concerns expressed below.

In our discussions with issuers, the most significant reason we are given for why an issuer would not choose to early adopt is the lack of a mandatory adoption date. The absence of a date-certain means that an issuer may expend significant corporate resources to effect a conversion to IFRS, at the risk of the Commission deciding against mandatory adoption in 2011.

Issuers note that there have been indications that if the Commission does not move forward on IFRS, those that early adopt may be required to change back to U.S. GAAP. A transition from U.S. GAAP to IFRS not only impacts the accounting and reporting controls and systems of an entity, but will likely also impact many areas outside of reported information, including vendor and customer contracts, banking arrangements including financial covenants, etc. There is little doubt that for many, a transition to IFRS will be costly. A reversion to U.S. GAAP could be equally costly. In today's challenging economic times, U.S. issuers are not prepared or willing to risk already strained corporate resources in this way.

We believe that the uncertainty created by the absence of a mandatory date and the risk that early adopters may have to revert to U.S. GAAP will discourage substantially all eligible issuers from electing early adoption.

In our view, even in the event the Commission does not mandate IFRS in 2011, U.S. GAAP and IFRS will continue to converge, thereby reducing differences. It is unclear to us why a U.S. issuer would need to change back to U.S. GAAP only to ultimately have to effect further changes as U.S. GAAP slowly converges with IFRS.

In addition to the reasons described above, an additional obstacle to early adoption relates to the Commission's consideration of requiring ongoing supplemental reconciliations of IFRS to U.S. GAAP (Proposal B). Providing this information would require the use of dual reporting systems until the Commission decides otherwise, which most preparers believe would not be a good use of their resources.

Other reasons an eligible U.S. issuer may not utilize the early adoption opportunity could be:

- An issuer that has significant LIFO reserves may be unwilling to adopt IFRS until there is a resolution to the tax conformity rules.
- Application of certain IFRS principles may negatively affect an issuer's financial performance, regulatory requirements or covenants.
- The issuer does not wish to incur the cost of preparing IFRS financial information until it is necessary to do so.

As the Commission staff has pointed out, an issuer may be excluded from certain market indices, such as the S&P 500, which currently only include issuers that report using U.S. GAAP. While we

suspect the S&P 500 would likely alter its requirements to include companies filing under IFRS, this may also be a factor considered by some issuers.

These are only a few of what may be a number of factors that could affect an otherwise eligible company's willingness to early adopt IFRS. The weighting of the various factors will vary from issuer to issuer based on their individual facts and circumstances.

Because of the more significant concerns raised above, we suspect few, if any, companies will consider early adoption. In the interest of providing useful feedback to the Commission, the remainder of this response assumes the above concerns will be overcome.

Expanding the Eligibility Criteria

We believe the proposed qualifying criteria are overly restrictive. We recommend that the range of industries and companies eligible to early adopt be expanded.

Detailed IFRS knowledge is not limited to industries where a majority of issuers use IFRS. To the extent that one major competitor reports under IFRS, it is likely that investors are already aware of differences that may impact comparability. We believe the "more than any other" criteria is an unnecessary hurdle for issuers who may wish to early adopt. As a consequence, there will be a number of companies that would not qualify under the proposed criteria, but for which a change to IFRS may be beneficial to investors. Restricting the eligible early adopters as proposed will also provide only limited insight to the Commission on the challenges associated with adoption.

The Commission should consider:

- Expanding the qualifying criteria to encompass all large accelerated filers. Large accelerated filers are generally already active on the global stage and compete for capital internationally across industries, not only within their industry.
- Permitting others who have good reason to apply to the Commission staff to change to IFRS on an exception basis.

Although we do not believe that the current definitions of IFRS industries or the eligibility criteria are confusing, expanding the criteria as we suggest will relieve much of the pressure around determining industry eligibility as well as increase the chances of obtaining a meaningful sample of early adopters.

We agree that comparability is important and the ultimate goal of IFRS transition is the global comparability that will result from the use of a single set of global accounting standards. Early adoption, including our proposal for expanded early adoption, may initially increase the effort required by some investors to evaluate the performance of issuers relative to their competitors. However, periods of transition always present challenges. Given the current reconciliation requirements of IFRS 1, the growing experience of investors with IFRS as more and more capital markets transition to IFRS, and the transparency afforded by the expanded disclosure requirements of IFRS, we believe that even in this transitional period, investors will have sufficient information to make the comparisons necessary among companies to make informed decisions. While the Commission may be considering the use of a single industry classification scheme to determine industry eligibility, we do not believe such approach is feasible. There is not one common single classification scheme used across the globe, or even within the U.S. Each investor is unique in how they evaluate companies. U.S. issuers have long-standing relationships with

investors, and know how investors look at their financial results, and to whom they are compared. By restricting the classification to one scheme, issuers may be forced into an industry that does not include the companies against which they are normally compared. This approach may inadvertently limit achieving the Commission's objective of enhanced comparability. We believe the Commission should respect the reasonable judgments of issuers in making their application.

Determination of Eligibility

Regardless of how eligibility is determined, those issuers permitted to adopt IFRS should not be limited to those that qualify at the time the Commission determines to permit early adoption. Similarly, the option to report under IFRS should not terminate as of a certain date. As a natural consequence of the proposed criteria, countries that convert over the coming years will result in additional industries, and thus issuers, that qualify for early adoption under the proposed criteria. Accordingly, the Roadmap should clarify that issuers can assess their eligibility at any time.

Once a mandatory date is established, it will be even more important to allow issuers to file under IFRS as soon as they are able to do so. This will ease the stress on experienced resources and allow other issuers to leverage the experiences of earlier adopters, potentially reducing costs.

We believe the proposed procedural aspects for determining eligibility are appropriate. In particular, the procedures and information necessary for obtaining a no-objection letter from the Commission staff are reasonable. We agree that such procedures are necessary if the Commission institutes specific and judgmental eligibility requirements. The Commission's established no action letter process is effective and we believe serves as an appropriate basis for this purpose.

The Commission should post all submissions and responses on its Web site. Doing so will provide useful information to prospective applicants on the types of industries and business cases accepted or denied by the staff and thereby assist in the development of other issuer's applications.

26. **Do commenters agree that the proposed required disclosures are appropriate? If not, what disclosures should be provided? 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? To what extent might market discipline (i.e., investor demand for reconciliation information) encourage early adopters to reconcile to U.S. GAAP even in the absence of a reconciliation requirement?**
35. **What role does keeping a set of books in accordance with U.S. GAAP play in the transition of U.S. issuers to IFRS? What impact will keeping U.S. GAAP books have on U.S. investors, U.S. issuers, and market participants?**
36. **How valuable is reconciliation to U.S. investors, U.S. issuers, and market participants? How valuable is reconciliation to global market participants? Are there some financial statements (such as the statement of comprehensive income) which should not be required to be reconciled to U.S. GAAP?**
37. **Under either Proposal, would investors find the U.S. GAAP information helpful in their education about IFRS or in being able to continue to make financial statement comparisons**

with U.S. (and non-U.S.) issuers that continue to prepare U.S. GAAP financial statements? Would one alternative be more helpful to U.S. investors, regulators, or others in understanding information prepared under IFRS or to continue to make comparisons with issuers who prepare U.S. GAAP financial statements?

38. Should we be concerned about the ability of U.S. issuers that elect the early use of IFRS to revert to U.S. GAAP? Would either Proposal be preferred to facilitate such a reversion, should that be appropriate or required as described above?
39. Under Proposal B, should the proposed U.S. GAAP financial information be audited? Is the proposed role of the auditor appropriate? Should the proposed U.S. GAAP financial information be filed as an exhibit to the Form 10-K annual report, instead of as part of the body of the report? Is the proposed treatment of the information appropriate? For example, should the information be deemed “furnished” and not “filed” for purposes of Section 18 of the Exchange Act? Should we require that the supplemental U.S. GAAP information be contained in the annual report that is prepared pursuant to Exchange Act Rule 14a-3(b)? Should the supplemental U.S. GAAP information appear as a note to the financial statements? Is the proposed role of the auditor appropriate?
40. Under either Proposal, should we provide more guidance as to the form and content of the information called for? Under either Proposal, should we require that additional information be provided, such as a “full reconciliation” as is required under Item 18 of Form 20-F? Is there an intermediate position between the reconciliation under Proposal B and the reconciliation under Item 18 of Form 20-F?
41. Under either Proposal, should we require that the issuer’s “Management’s Discussion and Analysis of Financial Condition and Results of Operations” prepared under Item 303 of Regulation S-K contain a discussion of the reconciliation and the differences between IFRS as issued by the IASB and U.S. GAAP?
42. Should we require supplemental U.S. GAAP information, such as that in Proposal B, for all quarterly periods covered by IFRS financial statements?
44. Under Proposal B, does providing U.S. GAAP information require issuers electing to file IFRS financial statements to maintain sufficient information, records and controls in order to revert back to U.S. GAAP? If not, what additional information, records or controls must be maintained?
45. Under Proposal A, what additional information, records or controls would be necessary for U.S. issuers electing to file IFRS financial statements to maintain so that they could revert back to U.S. GAAP?

The response below addresses Questions 26, 35 through 42, 44 and 45

We believe the descriptions of the proposals are clear and that no further guidance is necessary. We support the Commission's Proposal A, and object to the significant incremental financial and human resources required to comply with Proposal B.

We believe that initial reconciliation under Proposal A is very helpful to investors, issuers and other market participants. Proposal A provides sufficient information for financial statement users to identify and evaluate the material impacts of moving from U.S. GAAP to IFRS for each company,

specifically, and may provide information about general industry impacts. Such information will promote overall education about IFRS, and may facilitate comparisons to financial statements of other issuers which are still prepared under U.S. GAAP. Because financial statements work together to create a complete picture of financial performance, we do not think that any statement identified in IFRS 1 (such as the statement of comprehensive income) should be exempt from its initial reconciliation and disclosure provisions. We believe that the issuer's MD&A should include a discussion of the IFRS 1 reconciliation, including the significant differences between applicable IFRS as issued by the IASB and U.S. GAAP.

With regard to Proposal B, the Commission asserts that the ongoing supplemental U.S. GAAP information provided under Proposal B would:

1. aid investors in understanding the differences between IFRS and U.S. GAAP,
2. increase comparability, and
3. increase the likelihood that U.S. issuers maintain the systems and records to allow an easier return to U.S. GAAP should the Commission determine not to move forward with a transition to IFRS.

We agree that comparability and education about IFRS are important considerations. However, the information provided through the initial reconciliations required under IFRS 1 are sufficient to inform investors about differences resulting from the adoption of IFRS, which will facilitate comparisons to financial statements of other issuers prepared under U.S. GAAP. We believe the value of the reconciliations is greatest in the initial year of conversion, and reduces dramatically in relation to the cost of producing such information in subsequent periods.

With regard to an easier return to U.S. GAAP, as discussed in our response to Question #16, we do not believe U.S. issuers that elect early adoption should be required to revert to U.S. GAAP if a decision is made not to permit the use of IFRS by U.S. issuers.

If the Commission decides the supplemental U.S. GAAP information required under Proposal B is necessary, we believe that such information should be "filed" with the Commission on an annual basis only. While we do not support Proposal B, if this information is required to be prepared, we believe investors are entitled to the comfort provided by having disclosure controls and procedures and the CEO and CFO certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act. We do not, however, believe such information should be subject to management's assessment of, or an auditor's report related to, internal control over financial reporting under Section 404. Providing a management or auditor assessment will require significant internal and external effort, and thus cost. As we have discussed above, we believe the information required under Proposal B provides little incremental benefit to investors and other users of the financial information, and as such, issuers should not be required to incur the cost of obtaining an assessment.

- 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?**
- 30. Are there any considerations that may make it difficult for an eligible U.S. issuer to file IFRS financial statements? Are there considerations about filing IFRS financial statements that**

would weigh differently for an eligible U.S. issuer than they would for a foreign private issuer that files IFRS financial statements?

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?
33. To facilitate the transition to IFRS, should we add an instruction to Form 10-K and Form 10-Q under which an issuer could file two years, rather than three years, of IFRS financial statements in its first annual report containing IFRS financial statements as long as it also filed in that annual report three years of U.S. GAAP financial statements? Under such an approach, an issuer could, during its third year after beginning its IFRS accounting, choose to file a Form 10-K/A with IFRS financial statements covering the previous two fiscal years. For the current (third) fiscal year, the issuer could then file quarterly reports on Form 10-Q using IFRS financial statements. For example, a calendar-year issuer that began its IFRS accounting for the 2010 fiscal year would use U.S. GAAP to prepare its Forms 10-Q and Forms 10-K for the 2010 and 2011 fiscal years. In 2012, that issuer would have the option of filing a Form 10-K or a Form 10-K/A with IFRS financial statements for 2010 and 2011, which would allow it to use IFRS in its quarterly reports during 2012, or continuing to use U.S. GAAP. In either case, the Form 10-K covering the 2012 fiscal year would include three years of IFRS financial statements.

The response below addresses Questions 29 through 31, and 33.

The first filing of IFRS financial statements should be in an annual report on Form 10-K. We believe the Commission should allow this to be accomplished either by filing a Form 10-K as required after the end of the year of adoption, or through the alternative proposed in Question #33, which will allow an issuer to file quarterly reports on Form 10-Q using IFRS financial statements in the year of adoption.

If the Commission agrees with our proposal to reduce the number of comparatives required in the year of adoption (see Question #4), U.S. issuers that adopt IFRS in 2014 will not need to convert fiscal 2012 to IFRS. However, those that elect the alternative described in Question #33 would still need to convert 2012 financial information in order to meet IFRS requirements. Some U.S. issuers may be prepared to transition to IFRS effective January 1, 2012, and thus, these issuers should be permitted to elect this alternative filing approach as proposed by the Commission.

For some issuers, the consistency afforded by being able to file Form 10-Qs on the same basis that will be used in the Form 10-K at the end of the year may outweigh the cost of converting an additional year. We believe each issuer should be empowered to make its own determination after weighing the relative costs and demands for information from its investors. Both alternatives have the benefit of filing a Form 10-Q on an IFRS basis only when an annual report for the preceding annual period is also available on an IFRS basis. Such annual financial statements would include an auditor's integrated audit report covering management's Sarbanes-Oxley Section 404 assertion and management's 302 and 906 certifications, which we believe is appropriate and provides assurance to investors.

U.S. issuers will need to appropriately plan for certain first-time adoption requirements. For example, the hedge accounting documentation and testing requirements under IFRS must be in place contemporaneously in order to achieve hedge accounting treatment from the date of transition. However, the optional exemptions and mandatory exceptions in IFRS 1 were designed

to make first-time adoption of IFRS practical and cost-effective for companies. We do not anticipate significant difficulties for U.S. issuers when applying IFRS 1 requirements as long as issuers are provided adequate time to plan and execute their conversion.

Once a mandatory date is established, the final Roadmap should allow issuers to make their own determination regarding readiness and should allow for adoption as soon as issuers deem practical.

46. Are the criteria for issuers eligible to file financial statements in accordance with IFRS as issued by the IASB clear from the proposed definition of “IFRS issuer?” If not, in what way is the definition unclear, and what revisions would be necessary to eliminate any lack of clarity?

We believe that the criteria for determining if an issuer is an "IFRS issuer" in Regulation S-X 1-02(cc) are sufficiently clear. We recommend, however, an edit to the first sentence of the first paragraph as follows:

"The term IFRS issuer means any issuer, other than a foreign private issuer that files financial statements pursuant to ~~Item 17 or Item 18 of~~ on Form 20-F, that meets..."

Form 20-F can be filed by issuers using (1) U.S. GAAP, (2) IFRS as issued by IASB, or (3) another basis of accounting. Only issuers using another basis of accounting are required to prepare U.S. GAAP reconciliations under either Item 17 or 18. Without the above edit, the definition could be read to include foreign private issuers that use IFRS as issued by the IASB.

47. Is there any ambiguity in the proposed amendments regarding the reasons for the distinction between “IFRS issuer” and foreign private issuer, and the application of the rules to each? If so, what is the nature of the ambiguity and what would be necessary to provide clarity?

We do not believe there is any ambiguity in the proposed amendments.

48. Is the application of Regulation S-X and Regulation S-K to financial statements prepared in accordance with IFRS as issued by the IASB clear from the proposed amendments, or are there other items within those regulations that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as issued by the IASB? If so, how would the application of Regulation S-X and Regulation S-K be unclear if there were no changes to those other than those proposed? What changes would be suggested in order to make them clear?

51. A U.S. issuer engaged in oil and gas producing activities that has followed the successful efforts method and carries forward that practice under IFRS will have consistent reserves disclosure under FAS 19, FAS 69 and Industry Guide 2. If that issuer were to apply another method of accounting permitted under IFRS, it may lead to inconsistencies between Industry Guide disclosure, FAS 69 disclosure, and the financial statements. Would such potential inconsistencies create ambiguity for users of that information or otherwise be a cause for concern? If so, what would be an appropriate means of addressing the inconsistencies?

63. Should an IFRS issuer be required to continue to comply with the disclosure requirements of FAS 69? What alternatives may be available to elicit the same or substantially the same

disclosure? Proposed Rule 13- 03(d) of Regulation S-X is modeled on an instruction relating to FAS 69 in Item 18 of Form 20-F. Does this proposed rule need to be modified in any way to more clearly require filers to provide information required by FAS 69?

The response below addresses Questions 48, 51 and 63.

We believe the Commission's proposed S-X Article 13-02 may inadvertently result in the definitions provided in S-X Article 4-10(a) being applicable to Depreciation, Depletion and Amortization (DD&A) within the financial statements. The Commission should not mandate the use of its definition of proved reserves for calculating DD&A because IFRS allows a choice among the internationally recognized definitions of proved reserves.

We agree with the Commission that the supplemental information required by FAS 69 is useful to investors and should continue to be required outside of the financial statements until the IASB addresses this matter and issues its standard for extractive industry activities.

In addition, we believe the Commission intended that proposed Rule 13-03(d) require those issuers previously providing FAS 69 disclosures under U.S. GAAP, to continue to do so after adopting IFRS. To improve its clarity, we recommend that proposed Rule 13-03(d) be written as follows:

An issuer or entity with significant oil and gas producing activities that presents its financial statements in accordance with IFRS as issued by the IASB is required to provide disclosure under FASB Statement of Accounting Standards No. 69, "Disclosure about Oil and Gas Producing Activities." For the purpose of this requirement, "significant oil and gas activities" is as defined in paragraph 8 of FAS 69."

Other than the clarifications described above, we believe the proposed amendments are clear with regards to the application of Regulation S-X and Regulation S-K to financial statements prepared in accordance with IFRS as issued by the IASB.

50. Is the application of Articles 1 through 12 of Regulation S-X to IFRS financial statements clear from the proposed Rule 13-02? If not, what further clarification is necessary? Are there other rules contained in Articles 1 through 12 that do not, or may not, apply to financial statements prepared in accordance with IFRS as issued by the IASB and that are not addressed in proposed Rule 13-02? If so, what are they and how should they be addressed?

Our response to Question #48 includes a recommendation to improve the clarity of the proposed changes to S-X Rule 4-10(a).

In addition, S -X Rules 5-04, 7-05 and 9-06 requires that parent-only information be provided in certain circumstances. We observe that the SEC staff's current practice requires the equity method of accounting for such information, a treatment which conflicts with the presentation options available under IAS 27. The Commission should address whether it is appropriate for issuers filing under IFRS as issued by the IASB to prepare parent-only information using the guidance in IAS 27, as opposed to the equity method currently used in practice.

We recommend that proposed S-X Rule 13-03 (c) be similarly amended to clarify whether other schedules prepared pursuant to S-X Rules 5-04, 7-05 or 9-06 may be presented using the criteria permitted by IAS 27.

- 52. With regard to specific references to U.S. GAAP in our regulations, should we amend the references to U.S. GAAP pronouncements to also reference appropriate IFRS guidance, and, if so, what should the references refer to? Would issuers be able to apply the proposed broad approach to U.S. GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the U.S. GAAP references for definitional purposes?**

We agree with the Commission's proposed broad-based approach to IFRS guidance, and believe that U.S. GAAP references should be retained for definitional purposes and to provide guidance to U.S. GAAP filers until such time as IFRS adoption is required. If a decision is made to mandate IFRS for all issuers, we believe it would be effective at that time to begin the more detailed process of replacing the references to U.S. GAAP pronouncements with the corresponding IFRS references.

- 53. With regard to general references to U.S. GAAP, is our proposed approach appropriate and sufficiently clear? If not, how should these matters be addressed differently and why?**

We believe the proposed approach is appropriate and sufficiently clear.

- 54. Is our proposed approach sufficiently clear on how to address general caption data, segment data and schedule information outside the financial statements? If not, what changes should we make? Are there other places in our regulations that need to be addressed?**

We believe the proposed approach is sufficiently clear, except with regard to the matters highlighted in our response to Question #50 above.

- 55. Will three years of selected financial data based on IFRS be sufficient for investors, or should IFRS issuers be required to disclose in their selected financial data previously published information based on U.S. GAAP with respect to previous financial years or interim periods?**

Consistent with our proposal to only require two years of IFRS financial statements, we believe that two years of selected financial data based on IFRS will be sufficient for investors. We believe that earlier years should be presented on a U.S. GAAP basis as previously filed. We do not believe such dual basis would be confusing, but if need be, separate tables can be presented for the IFRS and U.S. GAAP information.

The reconciliations required by IFRS 1 in the initial filing under IFRS will inform investors of the significant differences between applicable IFRS and U.S. GAAP and the financial reporting impact to the company of the adoption of IFRS. Investors should therefore continue to be able to sufficiently assess trends by using selected financial data even if all years are not presented on a consistent basis. To facilitate this assessment, the Commission should consider requiring that the first year shown under IFRS also be presented under U.S. GAAP in the selected financial data table.

56. Should the Commission address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7? For example, would some kind of safe harbor provision or other relief or statement be appropriate?

Section 27A of the Securities Act and Section 21E of the Exchange Act expressly excludes from safe harbor any information "included in a financial statement prepared in accordance with generally accepted accounting principles." IFRS 7, *Financial Instruments: Disclosures*, requires market risk disclosures that are based on forward-looking information to be included in the financial statements. In these limited circumstances, the Commission should consider providing a safe harbor provision or other relief statements despite the placement of such information within the financial statements.

As a general concept, we believe the nature of the information should determine if safe harbor protection is appropriate, rather than its location.

57. Is the proposed disclosure in Form 10-K sufficient in prominence and content to indicate to investors that the issuer has changed its basis of financial reporting from that used in previous filings? If not, what further disclosure should be provided, and where? Should we require that an issuer disclose the criteria under which it is eligible to file IFRS financial statements? Should issuers be required to reference the letter of no objection in their first IFRS filing?

The proposed disclosure in Form 10-K is sufficient in prominence and content to indicate to investors that the issuer has changed its basis of financial reporting from that used in previous filings. To the extent that the Commission only permits certain eligible issuers to file IFRS financial statements, we are unclear of the usefulness of a requirement to disclose the eligibility criteria that has been satisfied. We also do not believe that disclosure of the date that the issuer submitted its request to the staff and the date the staff issued its letter of no objection is useful.

We do not believe it is necessary for a company to file the letter of no objection as an exhibit to its annual report on Form 10-K. Acceptance by the Commission is sufficient proof that such a letter was obtained.

58. Should we amend Form 8-K to require "forward-looking" disclosure relating to an issuer's consideration of whether it will file IFRS financial statements in the future? If so, what type of information should be disclosed, and at what point in time prior to the issuer actually filing IFRS financial statements? Would a requirement to make such forward-looking disclosure have any impact on an issuer's decision to adopt IFRS? If so, what would the effect be?

Until a mandatory change date is established, we do not believe the Commission should amend Form 8-K to require "forward-looking" disclosure relating to an issuer's consideration of whether it will file IFRS financial statements in the future. Such disclosure should only be required once an issuer has internally decided to adopt IFRS and has a reasonable expectation of the timeframe in which they will apply IFRS in Commission filings. The Form 8-K disclosures should contain the timeline for conversion. We believe such disclosure is useful to investors and will be encouraged by market participants.

If the Commission decides to mandate the use of IFRS, all issuers should be required to disclose the expected timeline for conversion, however, use of Form 8-K should not be required. We believe disclosure in the Form 10-K would be sufficient.

59. Are there issues on which further guidance for IFRS issuers would be necessary and appropriate?

Commission staff has strongly encouraged foreign private issuers to apply the guidance in SAB 108 to their non-US GAAP primary financial statements to the extent that it is permissible under local GAAP. We believe the Commission should clarify whether U.S. issuers that adopt IFRS should apply the provisions of SAB 108.

There are no other issues on which further guidance for IFRS issuers would be necessary.

60. Is the application of the proposed rules to the preparation of financial statements and financial information described in Sections V.D and V.E above sufficiently clear? If not, what areas need to be clarified? Are any further changes needed for issuers that prepare their financial statements using IFRS as issued by the IASB?

The application of the proposed rules to the preparation of financial statements and financial information is sufficiently clear.

61. Under the proposed rules, an IFRS issuer or foreign private issuer may file financial statements of an entity under Rule 3-05, 3-09 or 3-14 prepared in accordance with IFRS as issued by the IASB even though the entity does not meet the definition of “IFRS issuer.” Should we also accept financial statements required under Rule 3-05, 3-09 or 3-14 prepared in accordance with IFRS as issued by the IASB without regard to the status of the issuer as an IFRS issuer or foreign private issuer? Should our acceptance depend on characteristics of the entity whose financial statements are being provided, such as that the entity already prepares IFRS financial statements or the entity principally operates outside the United States?

We believe the Commission should accept financial statements required under Rule 3-05, 3-09 or 3-14 prepared in accordance with IFRS as issued by the IASB without regard to the status of the issuer as an IFRS issuer or foreign private issuer. The Commission's acceptance should consider whether such information provides useful information, and should not depend on characteristics of the entity whose financial statements are being provided.

In addition, we believe that clarification is needed with respect to the application of S-X Rules 3-05 and 3-09. When the 30% threshold is exceeded, such separate financial statements can currently be presented in accordance with (1) IFRS as issued by the IASB, (2) U.S. GAAP, or (3) other GAAP reconciled to U.S. GAAP. When the 30% threshold is exceeded, and the issuer's primary financial statements are prepared using IFRS as issued by the IASB, we believe that financial statements prepared in accordance with other GAAP should be allowed to be reconciled to IFRS as issued by the IASB. Requiring reconciliation to IFRS as issued by the IASB in such circumstances would provide more relevant information to investors than a reconciliation to U.S. GAAP.

62. Are there other rules in Regulation S-X that should be specifically amended to accommodate our proposal? If so, how would the application of those rules be unclear if there were no changes to those rules, and what changes would be suggested in order to make them clear?

We are not aware of any other rules in Regulation S-X that should be specifically amended to accommodate the proposal.

64. Is the guidance in this proposal sufficient to avoid any ambiguity about the use of IFRS financial statements in exempt offerings? If not, what additional clarification is needed? Is any revision to forms or rules necessary?

In section V.H.1, *Application of Proposed Amendments to Exempt Offerings*, the proposal provides that an IFRS issuer that would be *eligible* to file IFRS financial statements under the proposed rules would also be able to use those financial statements when conducting an exempt offering. It is unclear whether these rules apply to IFRS issuers filing IFRS financial statements with the Commission or to those that are *eligible* to file IFRS financial statements with the Commission. We recommend that the Commission provide clarification in this area.

We are not aware of any necessary revision to other forms or rules.

65. Are there other rules or forms under the Securities Act or the Exchange Act that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as issued by the IASB? If so, how would the rules or forms be unclear if there were no changes to those forms, and what changes would be suggested in order to make them clear?

We are not aware of other rules or forms under the Securities Act or the Exchange Act that should be specifically amended.

66. Are there other considerations in addition to those discussed in this release that the Commission should consider as part of the proposed amendments to permit the limited use of IFRS or its future decision regarding the use of IFRS by U.S. issuers?

We are not aware of any other considerations that the Commission should consider as part of the proposed amendments to permit the limited use of IFRS or its future decision regarding the use of IFRS by U.S. issuers.

67. Do you agree with our assessment of the costs and benefits as discussed in this section? Are there costs or benefits that we have not considered? Are you aware of data and/or estimation techniques for attempting to quantify these costs and/or benefits? If so, what are they and how might the information be obtained?

We understand that the cost of changing to IFRS will be substantial. While we have not conducted an independent, statistical study, we have participated in numerous conversations with U.S. issuers who are considering the implications of converting to IFRS. In our view, the Commission's estimate of cost is based on a series of generalized assumptions. Actual experience will vary dramatically by issuer. We also believe that it may be difficult to isolate the costs of conversion from a number of other concurrent actions issuers may take to enhance their information technology systems, change and improve processes and controls, and create other business efficiencies.

We do, however, believe the cost of providing supplemental reconciliations to U.S. GAAP is understated. In order to provide this supplemental information, U.S. issuers will likely need to maintain controls, procedures, and books and records for U.S. GAAP information, for periods after the election to report in IFRS. Although we expect companies converting to IFRS will likely run in parallel for a short period of time to ensure effective controls and reporting, maintaining dual systems for an extended period of time would be costly. We believe these costs, which are ultimately borne by investors, will exceed the estimates provided by the Commission.