

**David Schraa**  
*Director, Regulatory Affairs Department*



April 7, 2009

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

File Number S7-27-08

**Re. Roadmap for the Potential Use of Financial Statements Prepared in  
Accordance with International Financial Reporting Standards  
By U.S. Issuers (Release no. 33-8982)**

Dear Sirs:

The Institute of International Finance, through its Senior Accounting Group, is pleased to offer comments that are general but of basic importance on the captioned Roadmap. The Institute is an association of approximately 380 international financial institutions and has long been engaged in dialogue with the Commission and international bodies such as IOSCO and the Basel Committee. A fundamental goal is increasing the overall awareness and convergence of international regulatory, accounting, and other standards. The aim is to maximize the effectiveness and efficiency of regulation in increasingly globalized markets, and, in present conditions, to advocate measures that will contribute to the building of robust and effective markets for the future, in order to support a productive global economy.

The Institute has already commented on the Commission's highly effective first step toward convergence of accounting standards, by eliminating the reconciliation requirement for IFRS issuers.<sup>1</sup> Now the Roadmap points the way toward a highly significant next step in the development of integrated, efficient, and well-informed markets. By bringing the U.S. market into the international accounting system, the Commission has the opportunity to take the single most significant step toward that goal.

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<sup>1</sup> See IIF letter on the SEC's Proposed Rule "Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to US GAAP" File No. S7-13-07; Release No. 33-8818; 34-55998; International Series Release No. 1302.

Achieving that goal will certainly be in the public interest and further the protection of investors. It will also contribute to the broad interest of US and non-US investors alike in enhancing financial stability and creating efficiently productive markets. A single, consistent, global set of high-quality standards will facilitate capital formation and allocation, and this will contribute to recovery from the present crisis, given the likely ongoing shortage of credit in all global markets. We underscore that accounting convergence has been embraced as a significant goal by the global community through the G20 and the FSF. Nothing could contribute more importantly toward this goal than a “single language” of accounting in all the increasingly interlinked major financial centers.

Without commenting specifically on each one, we believe that the Commission’s milestones can reasonably be expected to be achieved completely to permit transition of the US market to international standards by 2014 as proposed. Our long-standing dialogue with the IASB and the Accounting Task Force of the Basel Committee, the Commission and the FASB, supports the conviction that IFRS do in fact constitute “high quality” international standards. Therefore, the Commission can have confidence that IFRS will continue to constitute such high quality standards as they develop and evolve, among other things because of the keen interest of international issuers such as our members, and the support of IOSCO and the international regulatory community.

While any accounting transition would pose challenges to issuers required to convert, we heartily endorse the goals of the Roadmap, in particular the proposed option for large US issuers to use IFRS for fiscal years ending on or after December 15, 2009. Despite the many challenges faced by US issuers at the moment, having this option will benefit those with extensive non-US operations and all firms would benefit from the use of IFRS, which has become the regulatory norm and the expectation of investors around the world. A clear timetable not subject to further change should be established as soon as possible so that all concerned can plan for and execute transition in a smooth and cost-effective manner.

As the Commission’s discussion indicates, US investors would benefit from the efficiency gains of becoming familiar with international standards and then having to maintain only one set of analytical tools to assess reporting from all major markets. Moreover, a single global standard would support the ongoing development of important technological improvements, of which XBRL is the most salient example. Of course, some education of preparers, auditors and investors will be essential, but the investment will be well worth the net gains to be expected. In particular, a good understanding of the use of judgment in the valid application of the global standards, strongly influenced as they are by US GAAP, will contribute to a smooth transition.

At a time when the US financial-services industry is under severe pressure, and when the shape of the future international markets is unclear, the efficiency gains that would be achieved could add significantly to rebuilding the hitherto – by now by no means assured – leadership of US firms in the provision of financial services. We believe that completion of the Roadmap and full adoption of IFRS by the Commission would be

a huge win for all participants in the financial markets, which are now irrevocably international markets. One global set of accounting standards will contribute to a level playing field for competition for capital between firms of different national origins, and indeed between financial centers.

The proposed Roadmap, as written, does not apply to issuers that are investment companies under the Investment Company Act of 1940 or registered broker-dealers. There are instances where these entities are subsidiaries of IFRS filers, but required to maintain and file US GAAP statements only to comply with regulatory requirements. We support the expansion of the early adoption proposal to allow subsidiaries of IFRS companies to discontinue preparing parallel US GAAP statements and submit IFRS statements to satisfy their regulatory filing requirements. This represents an opportunity for regulators to gain firsthand experience with IFRS financial statements and, simultaneously, reduce the regulatory burden imposed on foreign private issuers.

We recognize, of course, that the financial crisis has turned up many difficult problems; however, we note that these issues come up in broadly similar terms under both IFRS and US GAAP. The existence of the IASB-FASB Financial Crisis Advisory Group is testimony to this fact. Consistent resolution of issues currently under debate is clearly a goal of the G20 (and indeed is a priority of the IIF) and, whatever the outcome of those debates, the result should strengthen the convergence of standards and therefore the Commission's ability to reach the necessary conclusions in favor of adoption of IFRS.

In short, the Institute and, we believe, the great majority of internationally active firms emphatically support the goals of the Roadmap and stand ready to work with the Commission insofar as possible to achieve those goals. We are concerned that we are beginning to hear mixed messages about such goals, but hope to reinforce their importance, and to add our voice to the commitment to convergence already stated by the G20 and other international public-sector bodies.

Should you have any question or comment about this letter, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Schov", followed by a long horizontal flourish line.