



March 31, 2008

Ms. Nancy M. Morris  
Federal Advisory Committee Management Officer  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: File No. 265-24 – Progress Report of the SEC Advisory Committee on Improvements to Financial Reporting (“CIFiR”)**

Dear Ms. Morris:

The Enhanced Business Reporting Consortium (“EBRC”) respectfully submits the following written comments in response to the *Progress Report of the SEC Advisory Committee on Improvements to Financial Reporting*. The EBRC was founded by the AICPA, Grant Thornton LLP, Microsoft Corporation, and PricewaterhouseCoopers LLP in 2005 upon the recommendation of the AICPA Special Committee on Enhanced Business Reporting. The EBRC is an independent, market-driven non-profit collaboration focused on improving the quality, integrity and transparency of information used for decision-making in a cost effective, time efficient manner.

The EBRC appreciated the opportunity to meet with the Delivering Financial Information subcommittee in February 2008, where we proposed that CIFiR should recommend in their final report that the SEC:

1. Encourage industry based groups of companies and investors in the development of key performance indicators (KPIs);
2. Explore how collaborative frameworks could be used to structure Management’s Discussion and Analysis (MD&A); and
3. Encourage private sector organizations to identify and celebrate innovative corporate websites that improve transparency.

We also proposed that CIFIIR should test market reaction to development of KPIs and improvements to MD&A at upcoming CIFIIR open meetings. Following is additional detail on how the EBRC can assist in implementing these recommendations.

### Key Performance Indicators and Other Metrics

As indicated in our October 2007 comment letter to CIFIIR, investors are interested in information on KPIs that are leading indicators of financial results and intangible assets that are not captured on a company's balance sheet. Furthermore, investors need more complete, reliable, and useful information on a company's performance and prospects within the industry or industries where it competes. The EBRC believes that voluntary standards for measuring KPIs and providing information on intangible assets should be developed by industry-specific market-based consortia that include companies, investors, analysts, accountants and others who use or play a role in the information various stakeholders use in making their decisions.

The EBRC has entered into an initiative with Gartner, Inc. for market driven collaboration to establish voluntary industry standards for KPIs. The market driven collaboration would include corporations, financial analysts, technology enablers, and information disseminators. Primary research conducted by Gartner clearly indicates that there is interest among each of these stakeholders for voluntary industry standard KPIs that are predictive of financial performance. This market driven collaboration will initially focus on the insurance, IT outsourcing, pharmaceutical, and software sectors.

From an international perspective, the EBRC is a member of the World Intellectual Capital Initiative (WICI), a diverse group of international organizations collaborating to promote better corporate reporting in terms of content and format. WICI was founded by the EBRC, European Federation of Financial Analysts Societies (EFFAS), Japan Ministry of Economy, Trade and Industry, Organization for Economic Cooperation and Development, Society for Knowledge Economics in Australia, University of Ferrara, and Waseda University. Working groups in Japan (Waseda Intellectual Capital Research Society) and Europe (EFFAS Committee on Intellectual Capital and the Society of Investment Professionals in Germany) are developing voluntary KPIs for a number of

sectors, including the automotive, pharmaceutical, electronic devices and telecommunications sectors.

### Improvements in Management's Discussion and Analysis

The EBRC believes that an optimal solution for improving the content of MD&A would include the market driven development of a voluntary, best practices framework covering generally accepted disclosure guidelines for information about opportunities, risks, strategies and plans, and about the quality, sustainability and variability of cash flows and earnings. The EBRC and WICI have combined their thinking to create a high level framework covering Business Landscape, Strategy, Resources and Processes, and Performance. In addition, an Extensible Business Reporting Language (XBRL) taxonomy has been developed for the framework so that the information can be shared electronically. Finally, the framework is consistent with the International Accounting Standards Board (IASB) Management Commentary framework, which can lead to international convergence as improvements are made to MD&A.

### Corporate Websites

The EBRC strongly agrees with CIFIr's developed proposal that industry participant should coordinate among themselves to develop uniform best practices on uses of corporate websites for delivering corporate information to investors and the market. We have initiated discussions with the National Investors Relations Institute (NIRI) on this proposal and believe the initiative with Gartner discussed above would be ideal for market driven collaboration in this area. As indicated earlier, one of EBRC's founding members is Microsoft, which provided a demonstration of improved corporate website use at the January CIFIr meeting. In addition, Gartner is one of the world's leading information technology research and advisory companies.

The EBRC respectfully submits that we can assist CIFIr in meeting its mission to enhance financial reporting for the benefit of investors. We are prepared to provide additional material further explaining our position if that would be helpful. Please

contact Mike Krzus at 312-602-8029 or Amy Pawlicki at 212-596-6083 with any questions or requests. Thank you for the opportunity to share our views.

Respectfully Submitted,

The Enhanced Business Reporting Consortium