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Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
United States of America

Re: File Number S7-20-07: Concept Release on Allowing U.S. Issuers To Prepare Financial Statements in Accordance With International Financial Reporting Standards (“Concept Release”)

Dear Ms. Morris,

The Retail Industry Leaders Association (“RILA”) and its Financial Leaders Council are pleased to respond to the Securities and Exchange Commission’s (“SEC”) request for comments on whether U.S. issuers should be permitted to prepare financial statements in accordance with international financial reporting standards (“IFRS”).

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

Principled Support for IFRS

RILA supports in principle the SEC allowing U.S. issuers to prepare financial statements in accordance with IFRS. Allowing U.S. issuers to use IFRS would reduce the disparity between the accounting and disclosure practices mandated under U.S. generally accepted accounting principles (“U.S. GAAP”) and those used in the almost 100 other countries that already use a version of IFRS. For U.S. multinational issuers, allowing the use of IFRS could substantially increase efficiencies, reduce costs, and diminish the risk of errors resulting from maintaining reporting systems for IFRS and U.S. GAAP. For example, U.S. retailers with international subsidiaries in jurisdictions already requiring the use of IFRS could prepare consolidated financial statements using IFRS rather than converting from IFRS to U.S. GAAP in each jurisdiction. The efficiencies and cost savings from preparing financial statements using one set of standards could be invested in the issuer or passed on to consumers.

That said, RILA has three principal areas of concern with regard to allowing U.S. issuers to prepare financial statements in accordance with IFRS: the global consistency of IFRS, SEC oversight of the development and application of IFRS, and the orderly implementation of IFRS by U.S. issuers.

Global Consistency of IFRS

RILA endorses the goal of a single set of high quality, globally accepted accounting standards. The SEC has recently helped build momentum towards achieving this goal through the Concept Release and the SEC's proposed rule allowing foreign private issuers to file financial statements in accordance with IFRS without reconciliation to U.S. GAAP (the "Proposed Rule").¹ RILA acknowledges the collaboration between the Financial Accounting Standards Board ("FASB") and International Accounting Standards Board ("IASB") on the convergence of U.S. and international accounting standards, and RILA believes that this collaboration should continue consistent with the objectives set forth in the 2002 Memorandum of Understanding between the FASB and IASB referred to as the Norwalk Agreement.² However, because of relatively little progress and the very long time table for convergence, allowing the use of IFRS by U.S. issuers will be a faster means to achieving the goal of a single set of high quality, globally accepted accounting standards.

A challenge to allowing the use of IFRS, however, is that worldwide application of IFRS is not consistent. For example, as discussed by previous comments to the Concept Release and the Proposed Rule, IFRS as adopted by the IASB differs from IFRS as adopted by the European Union. It is not surprising that comments from regulatory authorities from other jurisdictions seek to allow the SEC to accept the version of IFRS adopted by their jurisdiction. However, RILA encourages the SEC to remain firm to the principle of a single set of high quality, globally accepted accounting standards and only accept IFRS as adopted by the IASB. The SEC's recognition of multiple versions of IFRS would undermine IFRS as a set of globally consistent accounting standards. For these reasons, RILA supports the SEC only accepting financial statements prepared in accordance with IFRS as adopted by the IASB and not IFRS as adopted by any other jurisdiction, requiring that issuers using a jurisdictional version of IFRS reconcile their financial statements to IFRS as adopted by the IASB. Although requiring a reconciliation will reduce some of the efficiencies, the use of a uniform set of accounting standards should be paramount.

Moreover, the SEC should not support U.S.-specific deviations from IFRS as adopted by the IASB. A new version of IFRS as adopted by the U.S. would further undermine IFRS as a globally consistent accounting standard. To the extent that the SEC has concerns about IFRS as adopted by the IASB, RILA believes that the SEC has adequate influence over the development of IFRS, as further discussed below.

¹ "Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP" Securities Act Release No. 33-8818 (July 11, 2007).

² FASB and IASB Memorandum of Understanding, "The Norwalk Agreement" (September 18, 2002), available at <http://www.fasb.org/news/memorandum.pdf>.

The SEC should officially recognize IFRS as adopted by the IASB. RILA acknowledges previous comments that raise concerns about the SEC's authority to officially recognize IFRS due to Administrative Procedure Act concerns and due to funding and voting requirements for accounting standard setting bodies under the Sarbanes-Oxley Act which IASB may not meet.³ However, as the Concept Release notes, such constraints may be addressed by the International Accounting Standards Committee Foundation's 2008 priorities with regard to changing the funding structure for IASB. In any event, RILA hopes that these and other current potential legal constraints can be quickly resolved in order to allow the SEC to officially recognize IFRS as adopted by the IASB as a legitimate set of accounting principles for use by U.S. issuers.

Oversight of IFRS by the SEC

The goal of developing a single set of high quality, globally accepted accounting standards is best met by supporting the IASB as the single entity responsible for developing IFRS. RILA supports the IASB's current role in developing IFRS and believes that the U.S. has adequate influence in developing IFRS through the SEC's participation in the Standing Committee on Multinational Disclosure and Accounting of the International Organization of Securities Commissions ("IOSCO") and FASB/U.S. representation on IASB.

Ideally, a single set of globally accepted accounting standards would be applied consistently and appropriately by regulators in different jurisdictions. Because this goal would not exist in practice, at least in the short term, RILA supports the continued development of infrastructure to identify and address the globally consistent application of IFRS through IOSCO and other international organizations.

RILA believes the SEC's continuing oversight of SEC registrants will ensure proper application of IFRS. To the extent issues have not been resolved by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC"), the SEC could issue interim guidance to address the issue. However, as the Concept Release notes, if such interim measures are necessary by the SEC, the SEC's interim measures could (and in RILA's view, should) be rescinded when the IASB or the IFRIC establishes authoritative literature addressing the issue on a globally consistent basis. As other comments to the Concept Release have asserted, global standards require global interpretations.⁴

³ See, e.g., Comment Letter to Concept Release from Lawrence A. Cunningham, Professor of Law, George Washington University dated August 10, 2007, pg. 3 (discussing whether the IASB meets the requirements of Sarbanes-Oxley Act §108(b)).

⁴ Comment Letter to Concept Release from Jacques Potdevin, President, Fédération des Experts Comptables Européens dated September 27, 2007, pg. 2 ("We wish to emphasise that global standards should be interpreted at global level, i.e. by IFRIC rather than by national mechanisms. We are therefore of the opinion that, instead of issuing interim measures by the staff, the SEC should refer the accounting issue immediately to IASB or IFRIC unless it consists of a specific national issue. Global standards require global interpretations.")

In parallel with the momentum towards a global set of uniform accounting standards, we also support a global set of uniform auditing standards. We note the October 18, 2007 meeting of the Standing Advisory Group of the PCAOB during which possible auditing issues associated with the use of IFRS and the need for uniform auditing standards for both domestic and cross-border financial reporting purposes were discussed.⁵ RILA hopes that the SEC encourages the establishment of a global set of uniform auditing standards in light of the SEC's consideration of allowing U.S. issuers to prepare financial statements in accordance with IFRS. Adopting such standards would realize similar efficiencies and cost reductions associated with adopting IFRS.

Orderly Implementation of IFRS

RILA supports allowing U.S. issuers to file financial statements using IFRS beginning in 2010. Additionally, RILA believes that the SEC should adopt an "opt-in" approach for the adoption of IFRS by U.S. issuers through 2015. Individual U.S. issuers may decide to convert to IFRS or retain U.S. GAAP based on company-specific factors. Further, RILA believes that the decision whether to convert to IFRS during this period should be made by the U.S. issuer and not be mandated by the SEC.

The long-term benefits of a single set of globally accepted accounting standards outweigh the short-term costs of conversion. For this reason, RILA supports mandatory implementation of IFRS by all U.S. issuers by 2015. Although this timeframe may be subject to change, RILA believes it is important to establish now that IFRS will eventually be required by all U.S. issuers in order to demonstrate the SEC's commitment to the goal of a single set of globally accepted accounting standards.

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

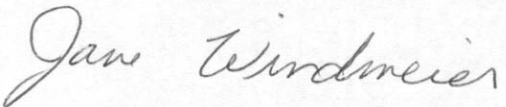
⁵ See Public Company Accounting Oversight Board Standing Advisory Group Meeting, Standards-Setting Priorities as of October 18, 2007, pg. 13-14, available at http://www.pcaobus.org/Standards/Standing_Advisory_Group/Meetings/2007/10-18/Activities_Script.pdf.

Concluding Remarks

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

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

Kind regards,

A handwritten signature in cursive script that reads "Jane Windmeier". The signature is written in dark ink on a light-colored, slightly textured background.

Jane P. Windmeier

Chairperson, Financial Leaders Council
Retail Industry Leaders Association