

November 13, 2007

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-20-07
Concept Release on Allowing U.S. Issuers To Prepare Financial Statements in Accordance With
International Financial Reporting Standards
Release Nos. 33-8831; 34-56217; IC-27924

Dear Ms. Morris:

Grant Thornton LLP appreciates the opportunity to comment on the above-referenced Concept Release. We support allowing U.S. issuers to prepare financial statements in accordance with International Financial Reporting Standards (IFRS). We have responded to certain questions included in the Concept Release in the accompanying Appendix. Our comments on the issues may be summarized as follows:

- We support a voluntary program that allows U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB.
- We believe the overarching goal should be to move toward one set of high-quality, globally accepted accounting standards.
- We would not favor a delay in implementing the voluntary program to allow for regulatory coordination or increased convergence.
- Market forces should not be regulated for a voluntary program.
- Companies should decide for themselves whether and when to participate based on their own analyses of market forces and cost-benefit considerations.
- Issues that arise among the voluntary participants will benefit later participants and convergence efforts.
- Other market participants, including investors, analysts and auditors, will adapt as necessary.
- Comparability will not only be an issue if U.S. issuers are allowed to use IFRS; it may be an issue if they are not allowed to do so.
- Allowing U.S. issuers to use IFRS will not slow convergence which has sufficient momentum and commitment to continue.
- We believe the SEC will continue to have sufficient influence in standard setting.
- We support the IASB as the standard setter for global standards.
- The SEC should be as active as possible in education efforts.
- The SEC should be as transparent as possible in its regulatory information-sharing activities and the manner in which the staff will approach reviews.
- The SEC should continue its dialogue toward international regulatory cooperation.
- A reasonable timeframe for mandatory application would be appropriate.
- Switching back should not be prohibited outright.

If you would like to discuss our comments, please contact Gary Illiano, Partner-in-Charge, Accounting and Auditing, at (212) 542-9830 or gary.illiano@gt.com.

Very truly yours,

Grant Thornton LLP

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Appendix — Responses to Request for Specific Comments

1. Do investors, U.S. issuers, and market participants believe the Commission should allow U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB?

We would support a voluntary program that allows U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB.

2. What would be the effects on the U.S. public capital market of some U.S. issuers reporting in accordance with IFRS and others in accordance with U.S. GAAP? Specifically, what would be the resulting consequences and opportunities, and for whom? For example, would capital formation in the U.S. public capital market be better facilitated? Would the cost of capital be reduced? Would comparative advantages be conferred upon those U.S. issuers who move to IFRS versus those U.S. issuers who do not (or feel they can not)? Would comparative advantages be conferred upon those investors who have the resources to learn two sets of accounting principles (IFRS and U.S. GAAP) as compared to those who do not?

We appreciate the concern that there may be situations where there are two different reporting systems, IFRS and U.S. GAAP, used by companies that would be analyzed by investors and others. Comparability would be an issue; the potential for increased capital costs and less efficient markets due to reduced investor confidence would certainly exist. Advantages may be enjoyed by the different market participants based on the skills they have developed to date.

We believe this is not unusual in our markets today. Advantages are enjoyed by those with additional skills; investors consider where to allocate capital; companies adapt. Though not perfect, particularly in the short-term, eventually behavior among the market participants is driven toward what they perceive to be in their best interests. In the competition for capital, companies will benefit from adjusting their reporting to include what the providers of capital require (with regulatory oversight). For this voluntary program, if a particular company concludes that it will benefit from providing financial statements under IFRS, it should be allowed to do so. While regulation should be used to address unfair advantage, ideally it should not hinder progress toward a desired result, i.e., advancing toward one set of high-quality global standards.

One way to experience the disadvantages of two different accounting systems is to prevent U.S. issuers from reporting using IFRS. Unless there is persuasive evidence that investors and the markets will be hurt, we see no reason to require a company to use U.S. GAAP when that is contrary to the demands of the market in which it operates, as might be the case where the U.S. company competes in an industry with non-U.S. companies reporting using IFRS. We should avoid the situation where you end up with two sets of accounting principles in use, at the expense of comparability and comparative advantage for the U.S. issuers.

It is important to consider that investors and others that analyze companies' financial statements today do not necessarily come from a background in U.S. GAAP reporting. While the investor or analyst that understands both U.S. GAAP and IFRS may have a comparative advantage, there will also be the case where the investor or analyst chooses to eschew U.S. investments rather than

develop the necessary skill set toward U.S. reporting. We do not see that as advantageous to U.S. companies or U.S. investors. If companies are allowed to provide IFRS statements, and they choose to because of the perceived advantages in their competitive environment, the foreign investor or analyst would not need to learn U.S. GAAP. The U.S. investor or analyst, at such time as they perceive the need to understand IFRS, would develop those skills, or risk being at a comparative disadvantage. It seems likely that if the market forces in a particular industry are such that companies perceive an advantage to providing IFRS statements, then investors or analysts will similarly perceive the advantage of understanding IFRS, if they are to stay in that industry sector. At a macro level, investors regardless of location will eventually become more confident, cost of capital will decrease, and the markets will operate more effectively.

3. What would be the effects on the U.S. public capital market of not affording the opportunity for U.S. issuers to report in accordance with either IFRS or U.S. GAAP? Specifically, what would be the resulting consequences and opportunities, and for whom? Would capital formation in the U.S. public capital market be better facilitated? Would the cost of capital be reduced? Alternatively, are there certain types of U.S. issuers for which the Commission should not afford this opportunity?

We see no advantage to preventing a U.S. issuer from reporting under IFRS. If market forces exist that cause a U.S. company to conclude that it will benefit from reporting under IFRS rather than U.S. GAAP, that company should be allowed to do so. That decision will likely include consideration of costs of converting versus not converting, both in absolute terms and in terms of lost opportunities. From the perspective of the U.S. issuer, having the choice allows for the cost of capital to reach its lowest level.

We acknowledge that there may be concerns that some companies will choose an accounting system that allows it to obscure some element of its reporting. We believe there are other forces that will combat those concerns, including a strong regulatory system as we have in the United States, considered standard setting, investor intelligence and information sharing. On balance, it seems unwise to prevent the good result for the majority of companies because of the potential for abuse by the few.

5. What immediate, short-term or long-term incentives would a U.S. issuer have to prepare IFRS financial statements? Would the incentives differ by industry segment, geographic location of operations, where capital is raised, other demographic factors, or the aspect of the Commission's filing requirements to which the U.S. issuer is subject?

We believe that U.S. issuers who are contemplating whether to switch to IFRS reporting would have to consider all those factors, and more. It is fundamentally a company-specific determination. We would be in favor of allowing the choice rather than providing specific incentives that do not already exist.

6. What immediate, short-term or long-term barriers would a U.S. issuer encounter in seeking to prepare IFRS financial statements? For example, would the U.S. issuer's other regulatory (e.g., banking, insurance, taxation) or contractual (e.g., loan covenants) financial reporting requirements present a barrier to moving to IFRS, and if so, to what degree?

It would be preferable if all the regulators could coordinate on this issue, but that goal should be addressed independently. We would not be in favor of delay due to potential regulatory conflicts. As it is a voluntary program, companies can consider the regulatory issues that might affect them in making their decision whether or not to switch to IFRS.

9. Would giving U.S. issuers the opportunity to report in accordance with IFRS affect the standard setting role of the FASB? If so, why? If not, why not? What effect might there be on the development of U.S. GAAP?

For those issuers that do switch to IFRS reporting, there will be issues that arise in interpretation and application of IFRS to those companies' transactions and events. Those issues have the potential to provide insight into the effectiveness of the standards, which in turn provides feedback to the standard setters. As the FASB continues its convergence activities with the IASB, this feedback may be useful in the deliberations for improved standards, jointly developed. We view this as beneficial to the FASB's role, as well as to standard setting generally.

10. What are investors', issuers' and other market participants' opinions on the effectiveness of the processes of the IASB and the FASB for convergence? Are investors and other market participants satisfied with the convergence progress to date, and the robustness of the ongoing process for convergence?

We believe that the convergence efforts of the FASB and the IASB are working well. The effort required is significant; the difficulties faced perhaps more so. We commend both the FASB and the IASB for their efforts, and their results, to date. Given the importance of what they are doing, their deliberations are thoughtful, considerate, and not unreasonable in timing. We expect the process will continue in a robust manner.

We do not subscribe to the notion that allowing issuers to file using IFRS should be delayed until convergence is complete, or even further along than it is presently. There may be difficulties inherent in the convergence process that makes the timing for convergence unacceptably long. What constitutes sufficient convergence becomes a debate that slows the movement toward an accepted set of global accounting standards. Given the dynamic nature of standard setting, trying to determine sufficient convergence reduces to an unhelpful attempt to hit a moving target.

11. How would the convergence work of the IASB and the FASB be affected, if at all, if the Commission were to accept IFRS financial statements from U.S. issuers? If the Commission were to accept IFRS financial statements from U.S. issuers, would market participants still have an incentive to support convergence work?

We do not believe that convergence will be significantly affected if the Commission were to accept IFRS financial statements from U.S. issuers. We believe that the process of convergence has developed sufficient momentum to carry through independent of how the Commission ultimately decides that issue. We perceive a strong commitment to convergence on the part of both standard setters. We note that convergence is taking place in many parts of the world, not just in the U.S. We believe that too will have an influence on continuing convergence efforts in this country.

12. If IFRS financial statements were to be accepted from U.S. issuers and subsequently the IASB and the FASB were to reach substantially different conclusions in the convergence projects, what actions, if any, would the Commission need to take?

Choice exists in accounting standards, not just between standards, but within standards. Besides estimates (useful life, rates of return, contingencies, etc.) there are absolute choices (inventories, fair value option). Those choices have to be made and evaluated using professional judgment. It is unrealistic to think that standard setters will be able to agree on the proper accounting for every event and transaction in every environment. Sometimes the best answer is to make a reasoned choice and communicate the rationale used. We see that as consistent with the Commission's goals of investor protection, maintaining fair, orderly and efficient markets and facilitating capital formation. The Commission does have, and should use, its influence during the standard setting process to facilitate agreement or at least a practical solution. We believe there is a danger in suggesting the Commission select one or another alternative in that we do not see that as promoting the goal of developing a single set of globally accepted standards.

13. Do investors, issuers and other market participants believe giving U.S. issuers the choice to prepare financial statements in accordance with IFRS as published by the IASB furthers the development of a single set of globally accepted accounting standards? Why or why not, and if so, how?

We do believe that giving U.S. issuers the choice to prepare financial statements in accordance with IFRS as published by the IASB furthers the development of a single set of globally accepted accounting standards. Looking at the world today, it becomes evident that the acceptance of IFRS is widespread. Looking at the world in the next few years, IFRS is almost certain to be the accounting standard for the majority of the world. Giving U.S. issuers the choice now puts more U.S. constituents into the process sooner. The implementation and application issues experienced by U.S. companies voluntarily filing IFRS will provide information to be inserted into the convergence process. Not only will that give the U.S. more influence into a globally accepted set of standards, it will make those standards better than they might have been without that input. Also, it is likely that allowing more companies here to use IFRS will focus the attention of market participants on IFRS more than just continuing through convergence efforts alone.

14. Are investors, U.S. issuers and other market participants confident that IFRS have been, and will continue to be, issued through a robust process by a stand-alone standard setter, resulting in high quality accounting standards? Why or why not?

We believe the process for developing IFRS has been and will continue to be a good one. We note that the structure of the IASB is similar to the FASB. Funding issues are frequently cited, but there does exist a reasonable plan to address funding to preserve the independence of the process. We are pleased that the Trustees of the International Accounting Standards Committee Foundation have announced proposals to enhance governance and public accountability of the IASB.

Constituents, including those in the U.S., do have the opportunity to provide input into the process. We note that we have been asked to meet with the IASB staff as a result of comments we have made on proposed standards. The increasing acceptance of IFRS worldwide is further confirmation that the process for developing IFRS is working quite well.

15. Would it make a difference to investors, U.S. issuers and other market participants whether the Commission officially recognized the accounting principles established by the IASB?

It probably is a good idea for the Commission to officially recognize IFRS at some point. How that is done should be given careful consideration. We would not like to see an endorsement process that is used in other parts of the world that results in jurisdictional variations of IFRS. It is important that one set of globally-accepted standards be developed. Caution is warranted to prevent the U.S. from becoming just another jurisdictional variant of IFRS as promulgated by the IASB.

16. What are investors', U.S. issuers' and other market participants' views on how the nature of our relationship with the IASB, a relationship that is different and less direct than our oversight role with the FASB, affects the Commission's responsibilities under the U.S. securities laws?

The Commission has influence currently, partly but not altogether as described in section III.B of the concept release. We believe the Commission will take whatever steps are necessary to faithfully discharge its responsibilities under the U.S. securities laws. At present, the level of influence the SEC has on the processes of the IASB seems to be meaningful and sufficient. While currently we see nothing to indicate that it would be necessary, in the event that issues related to IFRS affect the Commission's mission of investor protection, maintenance of fair, orderly and efficient markets, and facilitating capital formation, the Commission could take appropriate steps at that time. The Commission could seek to further its influence as necessary, or to take additional steps including modifying, supplementing or rejecting IFRS at some future time should that become absolutely necessary.

17. In what ways might the Commission be able to assist in improving investors' ability to understand and use financial statements prepared in accordance with IFRS?

The SEC should continue to take an active and visible role in educating investors about the benefits of a single set of quality standards, and why IFRS advances that goal. Investor confidence could be improved where the SEC can publicly explain its process for influencing standard setting; investor understanding could be improved where the SEC can publicly explain the need for reasoned judgment in the face of acceptable accounting alternatives.

18. What are the incentives and barriers to adapting the training curricula for experienced professionals to address both IFRS and U.S. GAAP? Separate from ongoing training, how long might it take for a transition to occur? How much would it cost?

From our perspective, the transition has already begun. We already develop and update training and other materials related to IFRS and International Standards on Auditing. We believe that in due course the Universities will modify their curricula; the Uniform CPA Examination will be updated as well. We anticipate that allowing more U.S. companies to use IFRS would accelerate those changes.

20. What issues would be encountered by U.S. issuers and auditors in the application of IFRS in practice within the context of the U.S. financial reporting environment?

We expect that the primary issues surrounding application will relate to education and understanding. The level of detail in IFRS may be less than what some issuers and auditors in the U.S. are used to seeing. There will likely be instances when professional judgment will need to be exercised where previously a specific rule governed. Moving from a specific rule to judgment increases uncertainty in most cases. There will be circumstances that will require more time and effort at analysis and deliberation. Issuers will most likely weigh these considerations when deciding whether to switch to IFRS reporting. We note that communication is faster and easier than ever before, as is the ease at which information can be disseminated. Those factors would serve to mitigate the concerns toward increased time and effort necessary in the application of IFRS. Over time, education will occur to the point where these issues become less important.

The SEC may have an opportunity to discuss as a policy matter how it plans to have the staff address those areas where professional judgment is clearly required to effectively apply IFRS. Consistent application benefits all the capital market participants, but there is no way to allow for many different circumstances without judgment. If a protocol could be developed that would guide the staff's approach to review, especially one that includes a hierarchy of guidance and explicitly allows the staff adequate room to accept reasonable judgments, then issuers, auditors, and other market participants would take comfort that appropriately developed judgments would be acceptable without the need for specific rules or one-off consultations with the staff.

21. How do differences between IFRS and U.S. GAAP bear on whether U.S. issuers, including investment companies, should be given the choice of preparing financial statements in accordance with IFRS?

We believe that convergence has progressed to the point where the differences are not too numerous and are understood by market participants. Coupled with transparency and robust disclosure, U.S. investors would be sufficiently protected if IFRS were allowed for U.S. companies. The differences that have been identified are being addressed. As further differences come to light they will be dealt with as well. The fact that there are, and will be, some differences between U.S. GAAP and IFRS is not sufficient grounds to delay offering the use of IFRS as an alternative to U.S. companies.

23. Would audit firms be willing to provide audit services to U.S. issuers who prepare their financial statements in accordance with IFRS? How, if at all, would allowing U.S. issuers to prepare IFRS financial statements affect the current relative market shares of audit firms?

We are currently and will in the future provide audit services to clients who prepare financial statements in accordance with IFRS. Given the cost considerations in maintaining sufficient quality controls in this area, it seems logical that larger audit firms have an advantage over smaller firms, at least at the outset. Also, in a voluntary program it is likely that issuer demand for IFRS services would come from larger, perhaps multinational clients. Given our unique position as an alternative to both larger and smaller audit firms, we believe that there will be sufficient demand for our services to justify the changes we are making to ensure that we deliver quality services relating to IFRS.

24. What factors, if any, might lead to concern about the quality of audits of IFRS financial statements of U.S. issuers?

Both issuers and auditors need to understand that this is a significant change to current reporting. As such it will take large amounts of time and effort to successfully implement quality services for IFRS. To the extent issuers and auditors misjudge the level of commitment required, there could be problems. The notion of voluntary rather than universal implementation should serve to mitigate those problems somewhat.

25. Would any amendments or additions to auditing and other assurance standards be necessary if U.S. issuers were allowed to prepare IFRS financial statements?

No changes are necessary to current auditing standards.

We continue to support the work of the IAASB in developing International Standards on Auditing as a set of high-quality, globally-accepted auditing standards. We encourage the PCAOB to continue to consider to what extent the ISA's are appropriate for use in the United States.

26. How could global consistency in the application of IFRS be facilitated by auditors of U.S. issuers?

We and other firms with global networks have established mechanisms to communicate with our international affiliates regarding the application of IFRS. Auditors develop training and written educational material that is helpful in understanding IFRS issues. The availability of information from issuers, auditors, regulators, standard setters and others is at an unprecedented level.

Fundamentally, this issue is not new, although some aspects, such as cultural considerations, perhaps are. Consistent application of U.S. GAAP takes diligence by preparers, auditors and others. Hopefully, in looking toward a more principles-based set of standards, we can resist the call for specific rules to reduce uncertainty. Instead we can take advantage of communication technology to develop informed judgment as a means to both consistency and flexibility, thereby best reflecting the underlying economics of transactions and events captured in financial reporting.

27. Do you think that the information sharing infrastructure among securities regulators through both multilateral and bilateral platforms will improve securities regulators' ability to identify and address inconsistent and inaccurate applications of IFRS?

Yes. We would support a mechanism that helps determine the most appropriate and consistent application of IFRS as a global accounting standard. Generally, information sharing among regulators would further that objective. Moreover, we encourage continuing the dialogue of Mr. Ethiopis Tafara on October 15, 2007 in Montreal regarding the seamless oversight and enforcement, as well as reciprocal and mutual recognition among regulators.

We do encourage as much transparency surrounding these regulatory processes as possible. That includes continued use of any mechanism available to disseminate results to a wide audience, as the Commission currently does through posting of comment letters on the web, staff accounting bulletins, telephone interpretations, and so on. We are concerned that there may be considerations that will prevent many market participants, in particular preparers and auditors, from obtaining the information being shared by the regulators. With that lack of transparency comes two concerns. One is that rulemaking will develop from regulatory interpretations that don't enjoy sufficient due

process. The other is that useful guidance will be missed by those companies and auditors that don't have the ability to learn the results of the regulator's deliberative process.

29. Should there be an accommodation for foreign issuers that are not foreign private issuers regardless of whether the Commission were to accept IFRS financial statements from U.S. issuers? Should any accommodation depend upon whether the foreign issuer is subject to the laws of another jurisdiction which requires the use of IFRS, or if the issuer had previously used IFRS financial statements in its filings with the Commission?

In our view foreign issuers that are not foreign private issuers but who file using IFRS should be allowed to do so. It is consistent both with the notion of IFRS as a high-quality, globally accepted accounting standard and with our view on this and other proposed rulemaking regarding use of IFRS.

30. Who do commenters think should make the decision as to whether a U.S. issuer should switch to reporting in IFRS: a company's management, its board of directors or its shareholders? What, if any, disclosure would be warranted to inform investors of the reasons for and the timing to implement such a decision? If management were to make the decision to switch to IFRS, do investors and market participants have any concerns with respect to management's reasons for that decision?

We believe that the responsibility for the decision to switch to reporting in IFRS should be determined by the requirements of the applicable laws and regulations governing the issuer. We see no need for additional rulemaking to address what is covered by general corporate laws. We do believe that a discussion of the reasons for making the switch would be appropriate, and would support specific rulemaking to that effect.

31. When would investors be ready to operate in a U.S. public capital market environment that allows the use of either IFRS or U.S. GAAP by U.S. issuers? When would auditors be ready? How about those with other supporting roles in the U.S. public capital market (e.g., underwriters, actuaries, valuation specialists, and so forth)? Is this conclusion affected by the amount of exposure to IFRS as it is being applied in practice by non-U.S. issuers?

We believe that market forces play a significant role here. Since this is a voluntary program, market participants can decide for themselves when they are ready to participate. Issues that are raised through the activities of the willing participants will benefit those that come behind.

32. Should the Commission establish the timing for when particular U.S. issuers could have the option to switch from preparing U.S. GAAP to IFRS financial statements? Should market forces dictate when a U.S. issuer would make the choice to switch from U.S. GAAP to IFRS financial statement reporting? If the former, what would be the best basis for the Commission's determination about timing?

It is our view that market forces should dictate the timing of the switch to IFRS. Offering the option at this stage is the best way to allow market forces to work. Subsequently, the information received can be used to guide further decisions as we move toward a high-quality, globally accepted set of

accounting standards. We would be in favor of establishing a mandatory date for use of IFRS to help drive the process toward one set of standards.

Allowing market forces to play a significant role in the decision making process allows for implementation difficulties and costs to be borne initially by those companies that expect to benefit. We believe that there will be good-faith application of IFRS by the vast majority of participants in a voluntary program, and that there are sufficient inherent safeguards in our regulatory infrastructure to ensure investors and the markets are protected. Initial participation by a motivated voluntary filing population will permit issues of concern that come to light, and are resolved, to benefit those that follow on later, either voluntarily or upon mandatory enactment.

33. Should the opportunity, if any, to switch to IFRS reporting be available to U.S. issuers only for a particular period of time? If so, why and for what period? At the end of that period of time, could commenters foresee a scenario under which it would be appropriate for the Commission to call for all remaining U.S. issuers to move their financial reporting to IFRS?

A reasonable timeframe to mandate use of IFRS would be beneficial. Putting a target of perhaps four to five years after introduction of the voluntary program would likely assist issuers and others with planning for changes. At the same time, convergence would continue and implementation issues among the voluntary population would become known. If the program indicates significant adverse consequences (or benefits), the mandatory implementation could be suspended (or accelerated) through subsequent rulemaking.

34. What difficulties, if any, do U.S. issuers anticipate in applying IFRS 1's requirements on first-time adoption of IFRS, including the requirements for restatement of and reconciliation from previous years' U.S. GAAP financial statements?

We do not anticipate any unique difficulties that have not already been addressed by those issuers that have already transitioned to IFRS.

35. Would it be appropriate for U.S. issuers that move to IFRS to be allowed to switch back to U.S. GAAP? If so, under what conditions?

We would not prohibit companies from switching back to U.S. GAAP from IFRS. Given the cost of the decision to switch we expect that switching back would be rare. There may be legitimate reasons for doing so. If a company considering the switch to IFRS had concerns that they might be in a position where they need to switch back, but were prohibited in all cases from doing so, they might forego making the change. That would not advance the goal of moving to one set of high-quality standards. It might be better if companies were allowed to switch back provided they disclosed their rationale for doing so.