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financial executives  
international

committee on corporate reporting

November 13, 2007

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

Subject: File Number S7-20-07

Dear Ms. Morris:

The Committee on Corporate Reporting (“CCR”) of Financial Executives International (“FEI”) wishes to share its views on the Securities and Exchange Commission’s (the “SEC”) Concept Release (the “release”) On Allowing U.S. Issuers To Prepare Financial Statements In Accordance With International Financial Reporting Standards (“IFRS”).

FEI is a leading international organization of 15,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior financial executives. CCR is a technical committee of FEI, which reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. This document represents the views of CCR, and not necessarily those of FEI or its members individually.

It is important to acknowledge that the prospect of allowing U.S. companies to file on the basis of IFRS has very different implications for the broad array of U.S. companies that form the membership of FEI. At one end of the spectrum are large multi-national companies that are required to prepare statutory filings on the basis of IFRS in a growing number of foreign jurisdictions and compete directly with foreign companies that utilize IFRS for financial reporting. At the other end of the spectrum are small and medium sized public companies (as well as some large companies) that compete in regional or national markets and justifiably have no interest in IFRS at this time. We believe that in taking a voluntary approach, the release appropriately recognizes these differences. However, differences in the circumstances of U.S. companies and their readiness to adopt IFRS will

dictate that acceptance of both IFRS and U.S. GAAP financial statements in our capital markets will be necessary for the foreseeable future.

CCR strongly supports providing a choice in the near term to U.S. issuers to prepare financial statements in accordance with IFRS as published by the International Accounting Standards Board. We believe that IFRS has developed into a comprehensive and robust set of accounting standards that are suitable for use in U.S. capital markets. In its proposal to allow foreign private issuers to file financial statements in accordance with IFRS without reconciliation (the "rule proposal"), the SEC has recognized the significant advances that have occurred in this body of standards over the last decade.

As we indicated in our response dated September 25, 2007, we also support the SEC rule proposal to eliminate the reconciliation. We observe that decisions related to removing the reconciliation and allowing U.S. public companies to file financial statements in accordance with IFRS are closely linked and that the interests of companies and their investors are best served by a consistent approach to these issues. If the SEC makes the decision to remove the reconciliation, as we expect, we believe U.S. public companies also should be permitted to file financial statements in accordance with IFRS. We believe this would be the fairest and most appropriate way to ensure that there is a level playing field between U.S. and foreign companies that compete for funds in global capital markets.

As the Commission is aware, European listed companies have been required since 2005 to prepare their financial statements in accordance with IFRS. At the same time, U.S. companies have been allowed to issue securities in European capital markets on the basis of U.S. GAAP without reconciliation to IFRS or other supplemental disclosure. The functioning of European capital markets since the required adoption of IFRS by listed companies provides an indication of the likely future state of U.S. markets: listed companies applying IFRS trading side by side with other listed companies applying U.S. GAAP. It is our understanding that European investors have reacted favorably to the introduction of IFRS and we are not aware of any significant issues being raised with respect to the differences between U.S. GAAP and IFRS from participants in those markets.

We believe that the SEC also is aware that the European Commission is considering instituting a requirement for foreign issuers to reconcile from U.S. GAAP to IFRS. Given the expectation that U.S. companies will adopt IFRS at some point in the future, it would be fairer to allow U.S. companies that issue securities in European markets to adopt IFRS voluntarily and not be forced to reconcile to IFRS and prepare U.S. GAAP financial statements for U.S. regulatory purposes.

In providing our support for providing an option for voluntary adoption, we recognize that we have a long journey ahead of us and that adoption of IFRS by all U.S. companies will have to occur over an extended time frame. It would be helpful for the SEC to establish a specific, phased timetable for that to occur, as it will serve to engage members of the financial reporting community in the process. We believe that mandatory adoption by all companies could occur no sooner than 2012. In the meantime, we believe that it is important to start that process now by permitting companies the option to adopt IFRS voluntarily. We believe that the fact that IFRS are used in financial statements of listed companies in European capital markets provides confidence that the standards are of high quality and are suitable for use by investors. It is also comforting to note that investors in European capital markets do not appear to be fazed by the challenge of analyzing competing investment alternatives using financial statements prepared on the basis of either U.S. GAAP or IFRS.

We also are cognizant of the fact that there is significant work that needs to be done with respect to infrastructure (e.g., academic curricula, continuing professional education, certification, etc.). We believe that the most effective way to meet this challenge is to bring market forces to bear now. A voluntary program permitting U.S. companies to file financial statements in accordance with IFRS will provide the impetus for changes in education and certification. For example, a demand by employers for graduates that understand and can apply IFRS is the best way to bring IFRS into the mainstream accounting curricula of colleges and universities. Likewise U.S. companies that voluntarily adopt IFRS, along with their audit firms, will generate demand for continuing professional education courses about IFRS. In the absence of the proposed voluntary approach that engages market forces we are concerned that these initiatives will continue to languish in the background and we will be no better prepared 5 years from now than we are today.

For all of the reasons stated above, we urge the Commission to take whatever steps are necessary to allow companies to voluntarily adopt IFRS as soon as practicable. In the early stages, that population is likely to be limited to seasoned, multi-national issuers who have the in-house technical capability to comply with IFRS on a sustainable basis and IFRS trained audit resources to review how the standards are applied. For many of these companies, the ability to adopt IFRS voluntarily is the best safeguard against having to reconcile to IFRS from U.S. GAAP as a consequence of issuing securities in European markets. However, we are hopeful that this initial group of adopters will lead to changes in U.S. infrastructure that will facilitate a broader group of companies to migrate to IFRS in the near future. We encourage the staff of the Commission and the PCAOB to work cooperatively with early adopters to learn at a detailed, tactical level what steps and additional guidance may be necessary to facilitate moving a larger number of registrants to IFRS.

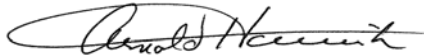
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CCR believes that providing this choice is a logical and necessary step in the longer-term global movement towards a single set of high quality global accounting standards. Global principles will level the playing field over time, leading to more consistent and comparable financial reporting by companies. In the longer term, this will enable investors to compare financial statements across borders and within industries. CCR commends the SEC for the work that it has done on its International Financial Reporting Standards "Roadmap." We believe that the SEC's actions in the next few years will determine whether the goals set forth in the roadmap can be achieved in the U.S. securities markets.

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Members of CCR would be pleased to offer their assistance to the staff of the SEC on this very important issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arnold C. Hanish".

Arnold C. Hanish  
Chair, Committee on Corporate Reporting,  
Financial Executives International