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Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

Ms. Elizabeth Murphy,

Allianz SE ("Allianz") appreciates the opportunity to comment on the SEC's proposed rule for the potential use of IFRS financial statements by U.S. issuers. Allianz is a global financial services provider and a leading insurance company with significant subsidiaries located in the U.S. Allianz is a foreign private issuer that files financial statements with the SEC in accordance with IFRS, as issued by the IASB, without reconciliation to U.S. GAAP. Our U.S. subsidiaries prepare various U.S. GAAP financial statements, including Allianz Life Insurance Company of North America ("Allianz Life"), which files U.S. GAAP financial statements with the SEC.

Allianz supports IFRS as the single set of high-quality global accounting standards that will achieve comparability of financial information among U.S. and non-U.S. companies. We believe investors, creditors and rating agencies are becoming accustomed to IFRS and are accepting the statements as high quality and more transparent than statements prepared under U.S. GAAP. Further, we are encouraged by the FASB's and IASB's continued commitments to and progress in converging U.S. GAAP and IFRS accounting standards.

We support the use of IFRS for U.S. issuers of financial statements. In particular, we recommend that subsidiaries of foreign private issuers that are already applying IFRS for consolidated financial statements are permitted to convert to IFRS for U.S. filings as early as possible. For Allianz, a conversion of our U.S. subsidiaries to full IFRS reporting provides an opportunity to increase transparency and reduce costs by eliminating reporting under multiple accounting bases. In addition, the single use of IFRS for the financial statements would result in improved consistency of financial information for users of financial statements. We suggest however that the SEC provide a conversion date. Unless a date is set, companies cannot begin planning and allocating resources to the adoption of IFRS.

Our subsidiary, Allianz Life, has submitted a detailed comment letter outlining its views on the proposed rule. As the parent of Allianz Life, we would like to express our support of the views outlined in their comment letter, which is attached for reference.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'B. Keese', written in a cursive style.

Burkhard Keese

Head of Group Financial Reporting



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April 16, 2009

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

Subject: File No. S7-27-08

Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

Dear Ms. Murphy,

Allianz Life Insurance Company of North America ("Allianz Life" or "the Company") appreciates the opportunity to express its views on the SEC's proposed Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers ("the Roadmap"). Allianz Life is an insurance company licensed to sell annuity, group accident and health, and life insurance policies in the United States, Canada, and several U.S. territories. Allianz Life is a wholly owned subsidiary of Allianz of America ("AZOA"), a wholly owned subsidiary of Allianz SE, a stock corporation in the form of a European Company (Societas Europaea). Allianz Life and AZOA prepare financial statements in accordance with U.S. GAAP. Allianz Life files its financial statements with the SEC in connection with product registration statements filed on Form N-4. Allianz SE is a Foreign Private Issuer ("FPI") that files financial statements with the SEC in accordance with IFRS, as issued by the IASB, without reconciliation to U.S. GAAP.

Allianz Life believes that the global use of a single set of high quality, principles based standards will improve the transparency, usefulness and credibility of financial reporting across global capital markets. Accordingly, we strongly support adoption of IFRS, as issued by the IASB, for financial reporting in the U.S. We also believe investors would benefit from having one high-quality financial reporting language.

IFRS financial statements are already accepted in the U.S. capital markets. IFRS are developed through a formal system of due process and broad international consultation. The due process followed by the IASB in the development of standards is characterized by transparency and opportunities for public comment and debate. In 2007, Don Nicolas, the SEC's Former Chief Accountant, stated that continued convergence is dictated by market forces.¹ We believe this is proving to be true. Acceptance of IFRS grows, and the

¹ World Securities Law Report. "IFRS-GAAP Convergence Not Needed to End U.S. Reconciliation Requirement." Volume 13, Number 03. March 2007

demands of investors and analysts have accelerated the pace of convergence. The global marketplace is demanding consistent and transparent financial reporting, as evidenced by the recent activities around fair value measurement and impairment guidance. We believe that investors, creditors and rating agencies are becoming accustomed to IFRS and view IFRS financial statements as high quality and providing at least as much, if not more, transparency than statements prepared under U.S. GAAP.

Along with the SEC, Allianz Life recognizes IFRS as high quality financial reporting standards that improve the transparency, usefulness and credibility of financial reporting. According to the SEC's own report, approximately 120 FPI's are currently reporting to the SEC using IFRS.² IFRS, as issued by the IASB, has been accepted for use in financial statements filed with the SEC since 2005 with reconciliation to U.S. GAAP and since 2007, without reconciliation to U.S. GAAP. In fact, Allianz SE has filed IFRS or IAS (the predecessor to IFRS) financial statements with the SEC since its initial registration in November 2000. Allianz SE adopted IFRS in 1998 and has filed its IFRS financial statements with the SEC without reconciliation to U.S. GAAP since 2007.

As a subsidiary of a FPI that has been reporting to our parent under IFRS for a number of years, Allianz Life supports the development of a Roadmap and timeline for conversion to IFRS in the U.S. However, we have the following concerns, which we would like to see addressed in the final Roadmap:

- Provide a date certain for transition to IFRS;
- Open the early adoption option to subsidiaries of FPI's who are already skilled in IFRS reporting;
- Align U.S. GAAP reconciliation requirements with IFRS 1, *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1");
- Expand the scope of the Roadmap to include registered investment companies and broker dealers; and
- Align XBRL requirements with the Roadmap.

Provide a date certain for transition to IFRS

We believe a decision should be made soon and a date certain set for transition, so companies can begin planning and making preparations for implementation. Postponing a decision until 2011, regarding whether to mandate adoption of IFRS, as proposed in the Roadmap, is problematic. For companies that are not currently using IFRS, a significant investment of time and resources will be necessary to plan and execute a conversion to IFRS. It would be difficult, from a business or economic perspective to invest resources in converting to IFRS when a company might have to revert back to U.S. GAAP reporting once a decision is made by the SEC. The current proposal would require companies to maintain dual accounting records, under IFRS and U.S. GAAP, until a decision is made and reconciliation to U.S. GAAP is no longer necessary. Dual record keeping is costly and without benefit to investors, analysts or regulators. In addition, we question the relevance and importance of certain milestones identified as critical to an IFRS conversion. In

² SEC Roadmap for Potential Use of Financial Statements Prepared in Accordance With IFRS by U.S. Issuers, November 18, 2008, page 16, FN 47.

particular, many countries have concluded that IFRS should be the global standard and have already converted or are taking steps to convert to IFRS.

Therefore, we urge the Commission to make a decision soon on whether it will or will not adopt IFRS for U.S. companies. If the SEC decides to adopt IFRS, the logical next step would be to lay out a timeline that moves the country towards full IFRS conversion.

Open the early adoption option to subsidiaries of FPI's who are already skilled in IFRS reporting

In addition to supporting IFRS as a global standard, Allianz Life supports voluntary early adoption of IFRS for U.S. companies that already have experience with applying IFRS. In particular, subsidiaries of FPI's are already preparing audited IFRS financial reports for inclusion in their parent company's IFRS financial statements. These companies would benefit from early conversion to IFRS. Conversion to full IFRS reporting provides the opportunity to reduce costs and eliminate reporting under multiple accounting bases, which is quite burdensome. Additionally, there are benefits to investors and auditors in terms of gaining experience with IFRS, fostering education and training and improving consistency of financial statements. The most efficient and meaningful approach is to allow subsidiaries of FPI's to file under the same rules and regulations as the parent company. In that way, all of the financial reports of the global parent will be prepared on a consistent basis, and the consolidated group can achieve efficient and consistent financial reporting. This consistency is in the best interests of investors and other users of financial statements.

Align U.S. GAAP reconciliation requirements with IFRS 1

Allianz Life supports Alternative A, a one-time reconciliation to U.S. GAAP in the year of conversion, as required under IFRS 1. We do not believe ongoing reconciliation of U.S. GAAP to IFRS is relevant to the needs of investors and analysts, beyond the period of initial adoption of IFRS. There are costs associated with maintaining both IFRS and U.S. GAAP accounting systems. In addition to maintaining accounting records on multiple bases, the reconciliation process itself requires additional resources, internal controls, and attention from management. This dual system is a burden and provides no additional benefits to investors, creditors, analysts or regulators.

Expand the scope of the Roadmap to include registered investment companies and broker dealers

We encourage the SEC to expand the Roadmap to include all financial reports filed or furnished to the SEC by all domestic subsidiaries of FPI's, using IFRS as issued by the IASB. This should include registered investment companies (registered under the Investment Act of 1940) and reports filed or furnished to the SEC by regulated entities, such as registered broker-dealers. Many companies, like Allianz Life, have registered investment companies and broker-dealers as part of their operation. Any exemptions add additional costs and are contrary to the objective of global use of a single set of high quality, principles based standards. The same investors and others who are demanding transparency and use of IFRS are the users of these financial statements.

Align XBRL requirements with the Roadmap

We also encourage the SEC to align XBRL requirements with the conversion timeline. U.S. issuers should be allowed to implement XBRL reporting once, after implementation of IFRS [or in their first IFRS filing]. It is not efficient or cost effective for companies to file reports under the U.S. GAAP taxonomy and then again under the IFRS taxonomy.

Conclusion

IFRS is currently viewed as a comprehensive and high-quality body of accounting standards, accepted for use by FPI's. U.S. companies should be provided the same opportunity. We encourage the SEC to move forward with making a decision on adopting IFRS sooner than 2011. Allianz Life sees no reason to delay the transition to IFRS for companies that are ready, in particular subsidiaries of FPI's who are already applying IFRS.

In an attachment to this letter, the Company provides responses to certain Roadmap questions that are most relevant and important to Allianz Life.

Sincerely,



Giulio Terzariol
Chief Financial Officer
Allianz Life Insurance Company of North America



Jill Paterson
Chief Financial Officer
Allianz of America, Inc.

ATTACHMENT – RESPONSES TO QUESTIONS

1. Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?

Yes. We believe that investors, issuers and markets are demanding a single set of globally accepted accounting standards and that IFRS, as issued by the IASB, is the best candidate for meeting this demand. IFRS is already accepted in over 110 countries with more expected to adopt IFRS over the next few years. Additionally, IFRS financial statements prepared by FPI's are accepted in U.S. capital markets. We encourage the SEC to adopt IFRS as the single set of accounting standards for the U.S. A single set of standards would facilitate decision making and capital allocation by simplifying comparisons among global investment opportunities.

2. Do commenters agree that the milestones and considerations described in Section III.A. of this release ("Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers") comprise a framework through which the Commission can effectively evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission? Are any of the proposed milestones not relevant to the Commission's evaluation? Are there any other milestones that the Commission should consider?

We believe the milestones laid out in the Roadmap are appropriate indicators of progress towards universal application of a single, global set of accounting standards. However, we do not think they are all critical to making a decision on whether or not to adopt IFRS. We encourage the SEC to make a decision soon. Once a decision is made, then a plan and timeline should be developed that moves the U.S. towards an IFRS adoption date. We offer the following comments on certain milestones presented in the Roadmap:

- *Convergence:* Significant progress has been made on convergence in recent years. The FASB and IASB have repeatedly indicated their commitment to work together to converge their standards. The outcome of convergence is expected to be one set of high quality standards that can be applied consistently and globally. The current MOU and joint project plans call for the most significant issues to be converged by 2011. Recent market turmoil has heightened the sense of urgency for the respective boards to reach a common platform on major issues, such as fair value measurement and a comprehensive insurance contracts accounting standard, which is important to our company. We believe the pace of convergence will continue to accelerate. To date, more than 100 countries have adopted or are planning to adopt IFRS and IFRS financial statements are already accepted in U.S. capital markets. Therefore, we do not believe it is necessary to evaluate the progress of convergence in 2011, in order to make a decision and set a timeline for mandatory filing under IFRS.
- *Education and training:* We believe that education and training in IFRS will be driven by the market. As the market increases its use of IFRS, the education system will rise to meet the demands. Expanding early adoption of IFRS to companies that are prepared to do so will broaden the awareness and attention given to IFRS as a single set of high-quality globally accepted accounting standards. It will increase opportunities for preparers, auditors, users and educators to learn from experience

and will foster consistency in financial reporting under IFRS. Until a decision is made to mandate IFRS, experience, education and training in the U.S. will remain marginal.

- *Experience with limited early use:* Auditors' knowledge and ability to influence consistency in application of IFRS will come from experience with more companies preparing IFRS financial statements. Increased experience with IFRS financial statements would also assist SEC staff in developing familiarity with IFRS. However, the lack of a date certain and limited early adoption criteria discourage early adoption. Therefore, we do not believe a significant amount of experience is to be gained without a date certain mandate.

3. Do commenters agree with the timing presented by the milestones? Why or why not? In particular, do commenters agree that the Commission should make a determination in 2011 whether to require use of IFRS by U.S. issuers? Should the Commission make a determination earlier or later than 2011? Are there any other timing considerations that the Commission should take into account?

We believe the decision to mandate IFRS should be made soon, and a date certain for mandatory adoption should be specified. A date certain is necessary in order for companies to effectively plan and execute a successful conversion to IFRS. The milestones should identify the specific steps and actions that need to take place prior to the first mandatory IFRS filings.

6. Is it appropriate to exclude investment companies and other regulated entities filing or furnishing reports with the Commission from the scope of this Roadmap? Should any Roadmap to move to IFRS include these entities within its scope? Should these considerations be a part of the Roadmap? Are there other classes of issuers that should be excluded from present consideration and be addressed separately?

We do not believe the scope of the Roadmap should be limited to certain types of organizations. This would be contrary to the objective of global use of a single set of high quality, principles based standards. Specifically, we request that the scope be expanded to include registered investment companies and registered broker-dealers.

Entities that are subsidiaries of FPI's should be allowed to file under FPI rules and regulations, regardless of the type of company. A parent entity that is allowed to file IFRS should be able to report all its subsidiaries on the same basis. If not, entities would need to maintain dual accounting systems, which are inefficient and costly to investors.

15. Where a standard is absent under IFRS and management must develop and apply an accounting policy (such as described in IAS 8, for example) should the Commission require issuers to provide supplemental disclosures of the accounting policies they have elected and applied, to the extent such disclosures have not been included in the financial statements?

We support disclosure of all significant accounting policies in the financial statements. However, we believe IFRS already requires appropriate disclosure of accounting policies elected (i.e., IAS 1, *Presentation of Financial Statements* ("IAS 1") and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8")). Therefore, in our view, additional supplemental disclosure guidance within SEC regulations is not necessary.

IAS 1, paragraph 117 specifies that “An entity shall disclose in the summary of significant accounting policies:

- (a) the measurement basis (or bases) used in preparing the financial statements, and
- (b) the other accounting policies used that are relevant to an understanding of the financial statements.”

Further, paragraph 121 states “It is also appropriate to disclose each significant accounting policy that is not specifically required by IFRSs but the entity elects and applies in accordance with IAS 8”.

IAS 8, paragraph 10-12 goes further to say that “When accounting guidance is absent under IFRS, management should use its judgment in developing and applying an accounting policy that is reliable and relevant to the economic decision making needs of users as long as it does not conflict with IFRSs dealing with similar or related issues and does not conflict with the recognition criteria and measurement concepts in the *Framework*”.

16. Do commenter's agree that certain U.S. issuers should have the alternative to report using IFRS prior to 2011? What circumstances should the Commission evaluate in order to assess the effects of early adoption on comparability of industry financial reporting to investors?

Yes. Allianz Life supports voluntary early adoption for U.S. companies already using or ready to convert to IFRS, once a decision is made to mandate IFRS. Allowing early adoption will create additional awareness of IFRS and provide the SEC with experience in reviewing IFRS financial statements. Early adopters would also encourage additional early adopters and accelerate the transition to IFRS. However, under the proposed rule, we do not expect many companies to elect early adoption, because it is limited and risky given there is no date certain. In addition, we do not believe that early adoption should be limited based on comparability concerns or other circumstances. If the SEC views comparability as being critical, subsidiaries of FPI's should be allowed to early adopt, creating comparability of financial statements between parent and subsidiary financial statements.

18. Which eligible U.S. issuers have the incentive to avail themselves of the proposed amendments, if adopted? Are there reasons for which an issuer that is in a position to file IFRS financial statements under the proposed amendments would elect not to do so? If so, what are they?

Subsidiaries of FPI's already using IFRS are in the best position to transition to full IFRS reporting. The incentives are streamlining and reducing costs of the financial reporting function, enabling increased attention and focus on a single basis of accounting and a consistent basis of global reporting. Additionally, there are benefits to investors and auditors in terms of gaining experience with IFRS, fostering education and training and improving consistency of financial reporting.

Companies are unlikely to convert to IFRS unless they know the investment of resources will bring economic benefit. Under the current proposal, it is unlikely that any companies would adopt IFRS early because of the possibility they would be required to revert to U.S. GAAP once a decision is made. Based on our experience with IFRS, we recommend a 2-3 year timeframe from a decision to the first mandatory use of IFRS. This is necessary to allow companies the lead time necessary to adequately prepare for conversion. Time is needed to put the necessary systems, processes and controls in place for preparing financial statements in accordance with IFRS. Removing uncertainty regarding a decision on mandating IFRS is critical to encourage companies to invest in conversion.

23. Do commenter's have any suggestions about the procedural aspects of the proposed eligibility requirements, e.g., the procedure for obtaining a letter of no objection from the Commission staff or the minimum contents of the required submission? Is such a procedure necessary? Do commenter's agree that such a procedure would assist both issuers and investors? Should the procedural aspects of the proposed eligibility requirements be less formal? Should the procedure be similar to that in the no action letter process regarding shareholder proposals under Rule 14a-8 of the Exchange Act? Should the letter of no objection be advisory only? Should obtaining a letter of no objection be optional? Is the method for calculating eligibility clear and appropriate or are there alternative suggestions that should be considered? Should the Commission publish standards or criteria to guide the staff's determination? What do commenter's believe the respective role of the Commission and its staff should be in making these eligibility determinations? Should the Commission post on its Web site all submissions and responses, including those for which the staff does not issue a no-objection letter?

We support a proposal to allow early adoption of IFRS by U.S. domestic companies. Issuers that are already using IFRS should be allowed to convert to IFRS as soon as a decision is made. This would be beneficial to the companies and their investors.

Subsidiaries of FPI's should be allowed to file under the same rules and regulations as their foreign parent. In general, if a no-objection letter is utilized, it should provide for ongoing reporting under IFRS, without risk of reversion to U.S. GAAP. The decision to mandate IFRS in the future should represent a firm commitment and provide an application date. Any letter of no-objection should apply prospectively.

24. Currently, some public companies in the U.S. public capital market report in accordance with IFRS and others in accordance with U.S. GAAP. Today, however, this ability to report using IFRS exists only for foreign companies. What consequences, opportunities or challenges would be created, and for whom, of extending the option to use IFRS to a limited number of U.S. companies based on the criterion of improving the comparability of financial reporting for investors?

In the global capital markets, investors have the ability to make investment decisions among domestic and foreign companies. Accordingly, investors would benefit from the ability to compare financial information of U.S. companies with that of non-U.S. companies. Accounting is a language people use to communicate financial information. As such, in these times, it is critical that the world speaks a common language when it comes to financial reporting. The most effective manner in which to educate investors on IFRS is to provide them with financial statements prepared in accordance with IFRS.

Investors will understand the basis for the reported results to the extent that companies transparently and clearly present and disclose information in their financial statements.

Additionally, many jurisdictions are already engaged in the process of transitioning to IFRS, with plans to convert over the next few years, such as Canada, Latin America, Brazil, Mexico and India. The longer the Commission waits to adopt IFRS in the U.S., the further behind the learning curve our country will be, which could put us at a competitive disadvantage.

27. What are commenter's views on the accounting principles that should be used by those U.S. issuers that elect to file IFRS financial statements if the Commission decides not to mandate or permit other U.S. issuers to file IFRS financial statements in 2011? Should the Commission require these issuers to revert back to U.S. GAAP in that situation?

We believe subsidiaries of FPI's should be allowed to file on the same basis as their parent. IFRS is accepted from FPI's, without reconciliation to U.S. GAAP, and the same reporting framework should be provided for their subsidiaries. We believe it is unlikely any company would adopt IFRS with the uncertainty of having to revert to U.S. GAAP.

30. Are there any considerations that may make it difficult for an eligible U.S. issuer to file IFRS financial statements? Are there considerations about filing IFRS financial statements that would weigh differently for an eligible U.S. issuer than they would for a foreign private issuer that files IFRS financial statements?

We believe there should be no difference. We recommend the SEC extend the same accommodation to early adopters that were provided to FPI's in their first-time adoption of IFRS, which allowed them to present one year of comparative financial statements in the year of adoption. Additionally, U.S. GAAP reconciliations should only be required in the transition year of adoption, as provided for under IFRS 1 and IAS 1.

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

We support the approach used in IFRS 1 for transitioning to IFRS. The IASB gave thoughtful consideration to the requirements in IFRS 1, and as discussed in BC 86, the IASB "did not require a first-time adopter to present more comparative information than IAS 1 requires, because such a requirement would impose costs out of proportion to the benefits to users, and increase the risk that preparers might need to make arbitrary assumptions in applying hindsight."

We believe reconciliation of U.S. GAAP to IFRS provides limited benefits to investors and analysts beyond the initial period of adoption. In addition, the costs of providing further reconciliations would exceed any benefits. The cost of maintaining U.S. GAAP records and preparing reconciliation beyond initial adoption of IFRS presents a burden for companies. In addition to maintaining the accounting records on multiple bases, the reconciliation process itself requires additional resources, internal control processes and attention from management.

We do not anticipate companies would have any specific difficulties beyond learning to apply new standards. What is most important is appropriate lead time to allow for planning and execution of a successful transition plan.

32. What would affect a company's willingness to use IFRS if it were eligible to do so? For example, some market indices, such as the S&P 500, currently only include issuers that report in U.S. GAAP. Are there other investment instruments or indices that would affect companies that would be eligible to use IFRS under the proposed criteria? Would the ability to be included in the S&P 500, or other instrument or index affect whether an eligible U.S. issuer decides to use IFRS? Would these indices be prepared to accept IFRS, and, if so, how long would it take for them to change their criteria? Would more issuers be likely to use IFRS after they do? Should these considerations influence our decision on whether or when to permit or require U.S. issuers to use IFRS in their Commission filings?

Indexes will change as the market changes. As a FPI that uses IFRS reporting for internal management of the company, rating agency analysts are already familiar with our IFRS results and the major differences to U.S. GAAP. We believe reporting must change first, and then markets, analysts and investors will become familiar with the manner in which information is presented. Analysts will have discussions with the company's management, both during the transition and implementation period and on an ongoing basis, to get comfortable with the information reported.

33. To facilitate the transition to IFRS, should we add an instruction to Form 10-K and Form 10-Q under which an issuer could file two years, rather than three years, of IFRS financial statements in its first annual report containing IFRS financial statements as long as it also filed in that annual report three years of U.S. GAAP financial statements? Under such an approach, an issuer could, during its third year after beginning its IFRS accounting, choose to file a Form 10-K/A with IFRS financial statements covering the previous two fiscal years. For the current (third) fiscal year, the issuer could then file quarterly reports on Form 10-Q using IFRS financial statements. For example, a calendar-year issuer that began its IFRS accounting for the 2010 fiscal year would use U.S. GAAP to prepare its Forms 10-Q and Forms 10-K for the 2010 and 2011 fiscal years. In 2012, that issuer would have the option of filing a Form 10-K or a Form 10-K/A with IFRS financial statements for 2010 and 2011, which would allow it to use IFRS in its quarterly reports during 2012, continuing to use U.S. GAAP. In either case, the Form 10-K covering the 2012 fiscal year would include three years of IFRS financial statements.

Yes. The issuer should be allowed reprieve similar to that afforded to FPI's when they first adopted IFRS. This is the accommodation made under General Instruction G of Form 20-F that permits a first-time adopter of IFRS in its first year of reporting under IFRS, as issued by the IASB, to file two years rather than three years of financial statements, with appropriate related disclosure, in its registration statements.

34. What are commenter's views on Proposals A and B relating to U.S. GAAP reconciling information? Which Proposal would be most useful for investors? Is there a need for the supplemental information provided by Proposal B? Would the requirement under Proposal B have an effect on whether eligible U.S. companies elect to file IFRS financial statements? To what extent might market discipline (i.e., investor demand for

reconciliation information) encourage early adopters to reconcile to U.S. GAAP even in the absence of a reconciliation requirement?

We support proposal A, which is consistent with the disclosure requirements in IFRS 1. We believe IFRS 1 sufficiently informs users of the adjustments an issuer has made in adopting IFRS for the first time, in accordance with its objectives (IFRS 1, paragraph 1):

“To ensure an entity’s first IFRS financial statements ... contain high quality information that:

- (a) is transparent for users and comparable over all periods presented
- (b) provides a suitable starting point for accounting under IFRS, and
- (c) can be generated at a cost that does not exceed the benefits to users”

Ongoing reconciliations proposed under Alternative B are burdensome and could overwhelm users with too much unhelpful information. More information is not necessarily better information. In addition, Alternative B would require the maintenance of two accounting bases beyond the transition year, which is costly, as we know from our own experience. Further, ongoing reconciliations may encourage users to continue to rely on U.S. GAAP rather than making the transition to understanding IFRS and becoming comfortable with IFRS financial statements. If a single set of high quality standards is the objective, then financial statements should present the position of a company using that single high quality standard. Limited or no benefits do not justify the cost burden of maintaining multiple accounting bases.

52. With regard to specific references to U.S. GAAP in our regulations, should we amend the references to U.S. GAAP pronouncements to also reference appropriate IFRS guidance, and, if so, what should the references refer to? Would issuers be able to apply the proposed broad approach to U.S. GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the U.S. GAAP references for definitional purposes?

FPI’s are required to conform with existing SEC requirements that are outside the framework of U.S. GAAP accounting standards issued by the FASB, such as Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, and Staff Accounting Bulletin No. 99, *Materiality*. They must also provide additional disclosures required by FIN 46(R), *Consolidation of Variable Interest Entities*, and FIN 45, *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. We support continuation of the application of these SEC specific U.S. GAAP rules until conversion of U.S. GAAP to IFRS is substantially achieved. We would like to see all accounting and financial reporting standards contained within the body of a “single set of high quality standards”. Issues that surface should be vetted with the international standard setter and incorporated within the body of standards, if appropriate. As the FASB and IASB standards converge, we would expect some of these specific references within the SEC regulations to naturally go away. For example, when ED 10, *Consolidated Financial Statements*, is issued, we expect the SEC would revisit whether the additional

disclosures required under FIN 46 (R) are still necessary. We encourage the SEC to include revisiting these rules as part of the final Roadmap plan.

56. Should the Commission address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7? For example, would some kind of safe harbor provision or other relief or statements be appropriate?

Yes. Item 305 of Regulation S-K requires that qualitative and quantitative information about market risk inherent in certain financial instruments be disclosed outside of the financial statements. This information is expressly subject to the statutory safe harbors provided under Section 27A of the Securities Act and Section 21F of the Exchange Act to the extent it constitutes “forward looking statements”. IFRS 7, *Financial Instruments: Disclosures*, requires this same forward looking information be disclosed within the body of the IFRS financial statements. Accordingly, companies adopting IFRS would not be covered by the safe harbor provision since the information will appear in the footnotes to audited IFRS financial statements.

Allianz Life encourages the SEC to provide safe harbor protection for the disclosure of similar forward looking information for U.S. companies adopting IFRS as well as foreign private issuers filing under IFRS, as issued by the IASB. This protection should be provided regardless of whether the forward-looking information is disclosed outside or inside the financial statements and whether the filer is domestic or foreign. Such a decision would create a level playing field for IFRS and U.S. GAAP filers.

70. Would the proposed amendments, if adopted, promote efficiency, competition and capital formation?

We believe that increased comparability of financial information will promote capital formation by allowing greater access to global capital raising opportunities. This can only be achieved by use of a single set of high quality international standards. For subsidiaries of FPI's, moving to IFRS affords the opportunity to reduce the burden and cost of reporting under multiple accounting regimes. Further, external reporting would be aligned with the manner in which the company manages its business, which is under IFRS, as issued by the IASB. Allowing issuers to present one comparative period of financial statements in the year of adoption and no ongoing U.S. GAAP reconciliation supports cost reductions while providing users with an appropriate level of information for decision making. Increasing internal efficiencies and reducing costs is in the best interests of investors and consumers.