



Ms. Nancy M. Morris  
Secretary  
U.S. Securities and Exchange Commission  
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May 12, 2008

RE: File Number S7-05-08  
Proposed Rule  
Foreign Issuer Reporting Enhancements  
Release Nos. 33-8900; 34-57409; International Series Release No. 1308

Dear Ms. Morris:

Grant Thornton LLP appreciates the opportunity to comment on the above-referenced proposed rule release. We support the overall efforts of the Commission to improve the accessibility of U.S. capital markets for Foreign Private Issuers (FPIs) and to enhance the information related to these issuers that is available to investors.

Although we agree in substance with the Commission's objectives, we believe the proposed rules should be revised to more fully acknowledge some of the unique reporting challenges faced by FPIs. We also believe that certain clarifications are necessary to ensure that the proposed requirements would provide relevant, timely information to investors.

We respectfully submit the following suggestions. We have provided responses to certain of your questions in Appendix A.

#### **Annual test to determine foreign private issuer status**

We support the proposal to require FPIs, including MJDS filers, to perform one annual test as of the last business day of the most recent second fiscal quarter in order to determine their qualification for foreign private issuer status. In addition, we support the proposal to allow registrants that qualify as FPIs on the annual testing date to immediately avail themselves of the foreign private issuer accommodations. Likewise, we support the proposed rule that would allow FPIs, including MJDS filers, which fail to maintain their filing status, to begin using domestic forms on the first day of their next fiscal year.

We support the general principle that filing requirements for FPIs, including MJDS filers, should be relatively simple and should more closely mirror the filing requirements of domestic filers. If the proposed rules are adopted, they would align the testing and transition

requirements for foreign private issuer status with the requirements for the categories of large accelerated, accelerated, and non-accelerated filers and smaller reporting companies. In addition, this proposal would reduce the burden on FPIs who must now perform tests on a continual basis. We believe that having only one annual testing date would provide significantly more certainty for FPIs concerning their filing requirements.

Finally, we believe that it would be sufficient for registrants that must exit foreign private issuer status to post a press release to their websites notifying investors of their change in filing status. Companies that currently file on domestic forms who subsequently qualify and choose to file as FPIs, should be required to notify their investors by filing a Form 8-K, which would be the last domestic filing required before registrants would be able to enter foreign private issuer status.

### **Accelerating the due date for Form 20-F annual reports**

We support the proposal to accelerate the due date for annual reports on Form 20-F. We believe that *all* FPIs should be required to file their annual reports within 120 days of fiscal year-end. Today, global markets demand more timely information than in the past. Technological advances since the Form 20-F rules were adopted over 30 years ago have greatly improved the gathering and reporting of financial information, which in turn has made earlier reporting less burdensome.

We believe that accelerating the filing deadline for all FPIs to within 120 days after their fiscal year-end would provide adequate time for FPIs to (i) prepare their financial statements in accordance with U.S. GAAP or IFRS as issued by the IASB, or reconcile their financial statements to U.S. GAAP and (ii) translate their annual reports into English. We believe that the use of a single due date supports a general principle of simplifying filing requirements for all FPIs and also achieves the goal of providing more relevant and timely information to investors. In general, we do not believe that FPIs should be required to file their annual report using Form 20-F before they are required to do so in their home countries, and we took this into consideration when formulating our comment. We understand that the majority of FPIs have public company reporting deadlines no later than 120 days following their year end. In addition, we believe that the use of a single due date supports a general principle of simplifying filing requirements for all FPIs while still achieving the goal of providing more relevant and timely information to investors.

We support a transition to an accelerated Form 20-F due date by fiscal years ending on or after December 15, 2011 rather than the proposed transition date of fiscal years ending on or after December 15, 2010. We believe this later transition date will more closely align with the mandate of a number of countries, particularly Canada, for their public companies to adopt IFRS reporting by 2011.

### **Elimination of Item 17 reconciliation and segment reporting accommodations in annual reports**

We support the proposal to eliminate the Item 17 reconciliation and to require the Item 18 reconciliation for FPIs. In addition, we support the proposal to eliminate the accommodation that would allow FPIs to omit segment disclosures from their financial statements. In our view, Item 17 reconciliations will become less relevant as more jurisdictions mandate the use of IFRS as issued by the IASB, and companies that adopt these standards will be required to disclose segments. We believe that the transition date for the proposal to eliminate the Item 17 reconciliation and the segment reporting exemption should be for fiscal years ending on or after December 15, 2011 rather than for fiscal years ending on or after December 15, 2009, as proposed. Since a number of jurisdictions, most notably Canada, will require companies to adopt IFRS by 2011, we believe that the required transition to Item 18 reconciliations and the inclusion of segment data, followed shortly thereafter by a transition to IFRS, would be too much of a burden for FPIs.

#### Current reporting requirements

We support the concept of requiring FPIs to disclose changes in certifying accountants and to provide audited financial statements of highly significant acquisitions made during the most recently completed fiscal year, but we believe that this information should be filed more timely than in annual reports filed in Form 20-F or in initial public offerings. We believe that delays of possibly a year or more before disclosing changes in auditors or providing financial information for highly significant acquisitions made would greatly diminish the value of such information to investors.

We appreciate the opportunity to comment on the Proposed Rules and would welcome the opportunity to respond to any questions you may have regarding any of our comments and recommendations. Please contact Carol Banford, Managing Partner – International Client Services, at (215) 814-1752.

Sincerely,



Carol Banford  
Managing Partner – International Client Services

## Appendix – Response to Request for Specific Comments

### *Annual Test for Foreign Private Issuer Status*

1. *Is it appropriate for foreign issuers to have six months' notice that they no longer qualify as foreign private issuers?*

Yes. We believe a transition period is appropriate for these filers, particularly those that have never previously used domestic forms.

3. *If a foreign private issuer that has been filing on domestic forms qualifies as a foreign private issuer on the last business day of its second fiscal quarter, should it be allowed to switch over immediately to the foreign private issuer forms?*

Yes. An immediate transition would be consistent with the rules that allow companies to immediately use scaled disclosures upon qualifying for smaller reporting company status.

4. *Because of the many accommodations provided to foreign private issuers, should foreign private issuers be required to test their status twice a year, rather than just once a year?*

No. We believe that one test as of the last business day of the second fiscal quarter is sufficient, which is consistent with the determination date for domestic filing status.

5. *If we adopt the proposed amendment, to avoid confusion by investors, should a foreign issuer be required to notify the market when it has determined that it has switched its status from domestic issuer to foreign private issuer, or vice versa?*

Yes. We believe that a FPI that previously filed on domestic forms should be required to notify the market that it will begin filing on foreign private issuer forms. The staff should consider the need to adopt a new 8-K item in this regard. We believe that it would be sufficient for foreign private issuers that must begin filing on domestic forms to notify investors by posting a press release on their websites.

7. *Should MJDS filers be required to test their foreign private issuer status on the last business day of their most recent second fiscal quarter, as well as at the end of the fiscal year?*

No. We believe that assessing MJDS status once per year is sufficient, and we believe that the determination date for MJDS filers should be changed to the last business day of their second fiscal quarter, commensurate with that of other determination dates.

8. *Should MJDS filers be permitted to file on the foreign private issuer registration statement forms in the period from the last business day of the second fiscal quarter on which the MJDS filers determine they no longer qualify as a foreign private issuer and the end of their fiscal year?*

Yes. We believe that MJDS filers should be permitted to use the foreign private issuer registration statement forms during the transition period before they are required to use domestic registration statement forms to alleviate some of the initial burden of filing on domestic forms and to ensure consistency with the transition provisions for other FPIs.

### ***Accelerating the Reporting Deadline for Form 20-F Annual Reports***

9. *Would accelerating the due date for form 20-F annual reports be beneficial for investors?*

Yes. We believe that an accelerated due date would provide more timely information to investors. We support accelerating the due date to provide investors with more timely information but we are suggesting that a due date of 120 days following year end is appropriate for all filers vs. the proposed 90 days for certain filers. The later due date provides adequate time for FPIs to (i) prepare their financial statements in accordance with U.S. GAAP or IFRS as issued by the IASB, or reconcile their financial statements to U.S. GAAP and (ii) translate their annual reports into English. We believe that the use of a single due date supports a general principle of simplifying filing requirements for all FPIs and also achieves the goal of providing more relevant and timely information to investors.

*If you believe that the due date should be accelerated, are the proposed due dates appropriate?*

No. We believe that the due date for Form 20-F should be 120 days for all FPIs. We do not believe that 90 days would be reasonable for some FPIs that may be required to file their Form 20-F before the annual report due date in their home jurisdiction. We understand that the due date in some foreign jurisdictions is 120 days.

11. *Should different due dates be imposed on foreign private issuers depending on whether they file financial statements using U.S. GAAP, IFRS as issued by the IASB, or another GAAP with a reconciliation to U.S. GAAP or whether their disclosure was originally prepared in foreign languages and needs to be translated into English?*

No. We believe that the concept in the existing rule, which gives all FPIs the same amount of time to file their Form 20-F, should remain. While arguments could be made in favor of different due dates for different FPIs based on their particular circumstances, we feel that having all filers use the same due date will simplify compliance, monitoring and investor expectations.

12. *Should the deadline for filing Form 20-F annual reports be linked to the issuer's home country requirements for filing annual reports?*

No. We do not believe that the deadline for filing Form 20-F annual reports should be linked to the issuer's home country requirements. We are in favor of a uniform due date. We believe that a filing deadline of 120 days is reasonable and correlates more closely with the filing deadlines imposed by many foreign jurisdictions. Also, see our responses to question 9.

13. *Would a different transition period be more appropriate for implementation of the accelerated deadline?*

Yes. We believe that FPIs should transition to the accelerated filing deadline for fiscal years ending on or after December 15, 2011, since this would align with the mandate of a number of countries to use IFRS as issued by the IASB for financial reporting in 2011.

### ***Segment Data Disclosure***

15. *If the SEC adopts the proposal to eliminate the option to prepare financial statements according to Item 17 of Form 20-F, would it still be useful to eliminate the exemption from providing segment data?*

Yes. We believe that the removal of the exemption from providing segment data would still be appropriate, considering that segment disclosures will be required when a number of countries mandate the use of IFRS as issued by the IASB for financial reporting by 2011.

16. *Should we provide an exemption for foreign private issuers that are currently preparing financial statements under U.S. GAAP that omit segment data pursuant to Instruction 3 of Item 17?*

Only as a transition measure until 2011. We believe that the disclosure requirements for all FPIs should consistently follow those of either IFRS as issued by the IASB or U.S. GAAP, with no variations or exemptions allowed except as otherwise included in those accounting standards.

### ***Requiring Item 18 Reconciliation in Annual Reports and Registration Statements Filed on Form 20-F***

21. *Would the proposed amendment to eliminate the availability of the Item 17 option benefit investors?*

Yes. We believe that the elimination of the Item 17 option would provide investors with more consistency when evaluating foreign private issuers.

22. *Is it appropriate to provide a transition period for foreign private issuers that are currently preparing financial statements in accordance with Item 17 of Form 20-F and would such a transition period be in the best interest of investors? If so, is the suggested transition period appropriate in length?*

We believe that a transition period would give FPIs additional time to prepare the more extensive disclosures required under Item 18. A transition period to fiscal years ending on or after December 15, 2011 seems appropriate, considering that FPIs transitioning to IFRS as issued by the IASB would no longer need a reconciliation to U.S. GAAP. We believe delaying required adoption would relieve what may be an undue burden on foreign private issuers to provide full U.S. GAAP disclosures, followed closely thereafter by a transition to IFRS as issued by the IASB. We also believe that aligning the transition dates of the new foreign private issuer rules and IFRS as issued by IASB would reduce investor confusion.

23. *Is there any reason for retaining the Item 17 financial information option for non-capital raising offerings made by foreign private issuers or annual reports?*

Yes. In order to encourage certain foreign private issuers to remain in the U.S. markets, we agree that retaining the availability of Item 17 financial information is appropriate for (i) MJDS registration statements and (ii) the financial statements of nonregistrants that must be included in a foreign or domestic issuer's registration statement, annual report, or other Exchange Act report.

26. *Should we provide an exemption for foreign private issuers that are currently preparing financial statements pursuant to Item 17?*

No. We believe that "grandfathering" certain FPIs would result in investor confusion and could produce inconsistencies in the level of disclosure by similarly situated companies.

### ***Disclosure about Changes in a Registrant's Certifying Accountant***

27. *Should foreign private issuers be required to provide information about changes in and disagreements with their certifying accountant? Would this disclosure be useful to investors?*

Yes. We believe that FPIs should be required to provide information about changes in, and disagreements with, certifying accountants, since this information can provide investors with important information about the management environment of FPIs.

*If so, should foreign private issuers be subject to the same disclosure requirements that apply to domestic issuers?*

Yes. The disclosure requirements should be consistent with those of domestic issuers. We have concerns, though, that the requirement to provide this disclosure in Form 20-F could result in long delays between when the change or disagreement occurs and when the occurrence is reported to investors. We believe such long delays will greatly devalue the information that proposed Item 16F would provide; therefore, we do not support this amendment as proposed. We believe that the staff should consider other ways to require more current delivery of this information.

28. *Should foreign private issuers be permitted to provide the letter from the former accountant in their annual reports on a delayed basis for a change of accountants that occurs less than 30 days before the annual report is filed, as proposed?*

Yes. Additional research, though, should be performed to determine if a foreign auditor can comply with the requirements.

30. *Should the proposed change of accountant disclosure requirements contained in Item 16F be extended to registration statements filed by all foreign private issuers under the Securities Act, not just first-time registrants?*

Yes. If the amendment is adopted as proposed, we believe that this requirement would make this reporting more timely and would provide important information for investors considering any offering.

#### ***Financial Information for Significant Completed Acquisitions***

38. *If the information about significant, completed acquisitions is disclosed on an annual, as opposed to current, basis, would the information still be useful to investors?*

While financial information about acquisitions at a 50 percent or greater significance level may be useful to investors, its value would be limited if the rules do not require FPIs to provide the information in a timely manner. We suggest that if the proposed rules require disclosures for highly significant acquisitions under Rule 3-05 and Article 11 of Regulation S-X, the rules should also require FPIs to file these disclosures within a specified number of days, regardless of when the acquisition takes place in the fiscal year. The staff should determine whether such disclosures would be best filed as amendments to Form 20-F or by using Form 6-K or some other form.

40. *Should foreign private issuers be provided additional time to disclose information about a highly significant completed acquisition on an amended annual report? If so, should the due date for the filing of this information be based upon the time that the acquisition was consummated?*

Please see our response to question 38, above.



41. *Should foreign private issuers be required to provide financial information for business acquisitions that are significant at the 50 percent or greater level, or should the test of significance be at a 20 percent or greater level, as for domestic issuers?*

We believe that providing financial information for business acquisitions that are significant at a less than 50 percent level would have limited value to investors and that preparing such information could be a significant burden on FPIs.

42. *Would it be useful to investors to require annual reports filed on Form 20-F to disclose the information required by Rule 3-05 and Article 11 of Regulation S-K even if the information has been provided previously in a registration statement?*

No. We do not believe that including previously provided information would be useful to investors.