MAZARS

Paris La Défense, May 12, 2008

SEC
Mrs. Nancy M. Morris, Secretary SEC
100 F Street, NE,
Washington, D.C. 20549-1090

Re: File Number S705-08 - Request for Public Consideration and Comment on Proposed Amendments to Forms and Rules pertaining to Foreign Issuer Reporting

Madame, Sirs,

Mazars is an international organization of European origin, specialized in audit, accounting, tax and advisory services. Its integrated partnership assembles more than 8,000 professionals operating in 46 countries. Moreover, via the International Praxity Alliance of which Mazars is a founding member, the group can access the skills and expertise of a further 15,000 professionals in another 23 countries, all of whom possess a common desire to adhere to strong quality guidelines and a collective determination to exceed technical and ethical standards.

Mazars thus asserts itself as a strong challenger to the international market; thanks to its multicultural structure and complete range of services, the group is able to offer flexible, tailored solutions to large multinational firms and to those SMEs it assists in their development, as well as to high net worth individuals.

As of the 31st of August 2007, its turnover was 657 million euros. However, as of the 1st of January 2008, its pro forma turnover, taking into account those entities which have joined the group since the 1st September 2007, was approximately 675 million euros.

We are pleased to submit this letter in response to the request for the request for public consideration and comment from the PCAOB on its Proposed Auditing Standard – Engagement Quality Review and Conforming Amendment to the Board's Interim Quality Control Standards.

We will proceed with our comments in three steps:

(1) General Comments on the Proposed Changes,

(2) General Comments on the first four SEC key proposals, and

(3) Specific Comments on Other Matters Submitted for Consideration, with Responses to some of the SEC's Questions.

1 General Comments on the Proposed Changes

In general, Mazars agrees with the SEC overarching goals of enhancing reporting for FPI's which ultimately would: (1) improve the accessibility of the US capital markets to FPI's by eliminating unnecessary barriers and facilitating cross-border capital flow and (2) enhance the information available to investors by promoting investor protection, and (3) bring some commonality in reporting between domestic companies and FPI's.

Mazars shares the views that the prohibitive cost of SEC registration and compliance, the recent elimination by the SEC of the reconciliation to US GAAP requirement, the soon-to-come acceptance by the SEC of the dual US GAAP and IFRS (IASB version) accounting standards, the magnitude of the delisting, the push towards cooperation and harmonization amongst oversight boards the development of new technologies, and market developments have played a role in the SEC's proposed changes to rules and forms governing FPI reporting obligations.

2 General Comments on the first four SEC key proposals

The SEC is making four key proposals:

A. Allowing FPI's to test their qualification to use FPI forms and rules available once a year;

B. Requiring FPI's to issue annual reports (Form 20-F) within 90 days after FYE (down from 180 days) for large accelerated (>$700M Cap) and accelerated filers (>$75M - >$700M Cap) and to within 120 days after FYE for all other issuers (<$75M Cap), after a 2-year transition period;

C. Eliminating the option under which FPI's are allowed to exclude segment data from their US GAAP financial statements;

D. Amending rules related to going private transaction with cross-references to the new rules on termination of reporting and deregistration for FPI's.

Below are Mazars' comments on the SEC's first key proposals.

2 1 A. Annual Test for Foreign Private Issuer Status

Per SEC Rule 3b-4(c), "*an FPI is any foreign issuer other than a foreign government, except for an issuer that (1) has more than 50% of its outstanding voting securities held of record by U.S. residents and (2) any of the following: (i) a majority of its officers and directors are citizens or residents of the United States, (ii) more than 50 percent of its assets are located in the United States, or (iii) its business is principally administered in the United States*". In order to make the determination as to whether it qualifies as an FPI, a company must continuously monitor the criteria described above and assess its status as FPI at the end of each fiscal quarter. This puts a heavy burden on FPI's and investors (uncertainty and confusion). The SEC is proposing to allow FPI's to assess their FPI status once a year on the last business day of their second fiscal quarter.

There are several potential benefits to this proposed rule change: (1) reduction of uncertainty and confusion, (2) possible reduction of accounting, audit, and IT fees due to the elimination of extra work required if accounting and reporting requirements stay unchanged for a year, (3) simplification of compliance with SEC regulations, and (4) consistency of application of SEC regulations.

Mazars supports this proposed SEC rule change.

2 2 B. Accelerating the Reporting Deadline for Form 20-F Annual Reports

The SEC adopted Form 20-F more than 29 years ago. Today's FPI's continue to be required to file these annual reports up to 6 months after the end of their fiscal years despite all of the IT advances. It has been commonly said that by the time, a Form 20-F is filed, it's financial content is stale and useless to investors. That's why the SEC is proposing to accelerate the filing due date for annual reports filed on Form 20-F to within 90 days after the FPI's fiscal year-end for large accelerated and accelerated filers, and to within 120 days after the FPI's fiscal year-end for all other issuers, after a two-year transition period.

The benefits to the investors are threefold: (1) speed the flow of reliable financial information, (2) improve capital market efficiency, and (3) possibly quicken their investment decisions. In general, Mazars agrees with this overarching goal.

However, Mazars strongly disagrees with these currently proposed 90 days (large accelerated and accelerated FPI's) and 120 days (all other FPI's) Form 20-F deadline reporting requirements and urges the SEC to reconsider a reasonable reporting deadline accommodation that would really take into account the different disclosure requirements in the FPI home jurisdictions. Accelerating Form 20-F reporting deadlines to 90 and 120 days from 180 days could add extra pressure on Financial Reporting Departments that could cause inaccurate or misleading disclosures in their reporting given the fact that many FPI'sd must translate their reports and disclosures made in their home jurisdictions to English.. This situation can also lead to delisting or deregistration of FPI's from US securities markets. Mazars does not believe that the elimination of the US GAAP reconciliation requirement itself will substantially alter the magnitude or volume of audit and accounting work that goes into the preparation and submission of Form 20-F. Consequently, Mazars proposes that a cushion of at least 30 to 45 days be added to the currently proposed SEC amendment so as to take into account the disclosure requirements in home jurisdictions.

2 3 C. Segment Data Disclosure

Per item 17 of Form 20-F and in conformity with US GAAP, FPI's are allowed to omit segment data from their financial statements, and also are permitted to have a qualified U.S. GAAP audit report as a result of this omission. The SEC estimated that fewer than 10 FPI's use this exemption today. However, segment reporting has become an important part of the financial statement presentation that investors rely upon to get more facts about FPI's performance.

As such, Mazars is in favor of eliminating this carve-out.

As described in SFAS 131, paragraph 1-3, segment data disclosure provides more transparency to the financial statement presentation process and such, it must be encouraged.

2 4 D. Exchange Act Rule 13e-3

The SEC Rule 13e-3 transaction is defined as (i) a purchase of any equity security by the issuer of such security or by an affiliate, (ii) a tender offer, (iii) a proxy solicitation or information statement distribution in connection with a merger or similar transaction, (iv) the sale of substantially all the assets of an issuer to its affiliate, or (v) a reverse stock split.

This rule is triggered when any of the transaction referenced above causes the class of securities to be held by less than 300 persons and thus, causing the termination of the reporting obligation. FPI that engages in such a transaction must disclose its plan to take the company private. Concurrently, the SEC is now allowing FPI's, regardless of size, to terminate their Exchange Act registration and reporting obligations regarding a class of equity securities if the U.S. average daily trading volume ("ADTV") for that security has been greater than 5 percent of the security's average daily trading volume on a worldwide basis during a recent 12 month period. The SEC is therefore proposing to link both the abilities of FPI's to take companies private and which also allows FPIs to deregister if they do not meet certain quantitative benchmark (ADTV).

Mazars strongly supports this proposal as we believe it will give investors additional information and put FPIs and domestic firms on the same footing. It will also help to reduce FPI's reluctance to enter the US capital markets as it will provide them the ability to exit the capital markets at their conveniences.

3 Specific Comments on Other Matters Submitted for Consideration, with Responses to some of the SEC's Questions

Additionally, the SEC is also soliciting comments on other proposals as follows:

A. Requiring Item 18 Reconciliation in Annual Reports and Registration Statements Filed on Form 20-F;

B. Disclosure About Changes in a Registrant's Certifying Accountant;

C. Annual Disclosure About ADR Fees and Payments;

D. Disclosure About Differences in Corporate Governance Practices;

E. Financial Information for Significant, Completed Acquisitions.

Below are Mazars' comments regarding these other SEC matters under consideration.

3 1 A. Requiring FPI's that are required to provide a U.S. GAAP reconciliation to do so pursuant to Item 18 of Form 20-F

Currently, according to item 17 of Form 20-F, an FPI must prepare its financial statements and schedules in accordance with U.S. GAAP, or IFRS as issued by the IASB. If its financial statements and schedules are prepared in accordance with another basis of accounting, the issuer must include a reconciliation to U.S. GAAP (a narrative discussion of reconciling differences, a reconciliation of net income, major balance sheet captions, and cash flows for each year and any interim periods). In the meantime, if an FPI that presents its financial statements on a basis other than U.S. GAAP, or IFRS as issued by the IASB provides financial statements under Item 18 of Form 20-F, it must provide all the information required by U.S. GAAP and Regulation S-X, in addition to the reconciling information for the line items specified in Item 17 as referenced above. The SEC is proposing to eliminate this distinction between item 17 and item 18 by requiring that item 18 be geared towards FPI's that are listing a clas of securities on an exchange, only registering a class of securities without conducting a public offering or filing annual reports on Form 20-F, or making certain non-capital raising offerings (reinvestments plans, etc).

Mazars supports this proposal of requiring item 18 in annual reports and Regulation S-X as well as the establishment of a compliance date for transition purpose (FYE December 15, 2009).

3 2 B. Requiring FPI's to disclose information about changes in theirs certifying accountants

Domestic companies are required to report changes in and disagreements with their certifying accountants in Form 8-K, Form 10, Forms S-1, and S-4. Up to now, FPI's have not been required to report any changes in and disagreements with their certifying accountants in their Forms 20-F. However, FPI's that are listed on the NYSE are required by that Exchange to notify the market about a change in their auditors. This same information is also required under Form 6-K. This SEC proposal would require FPI's to disclose same substantive information about changes in and disagreements with their certifying accountants as domestic companies.

Mazars supports this proposal because it would bring uniformity of disclosure between FPI's and domestic companies and bring clarity to readers of financial statements.

3 3 C. Requiring FPI's to annually disclose information about their ADR fees and charges

Up to now, in their annual reports, FPI's were not required to provide investors with information about the fees and other charges paid in connection with ADR facilities. The SEC would require FPI's to disclose ADR fees on an annual basis as well as payments made by certain depositaries to the FPI's whose securities underlie the ADR's.

Mazars supports this proposal because it would bring transparency in fee disclosure that would benefit investors.

3 4 D. Requiring FPI's to disclose information about the differences in theirs corporate governance practices and those applicable to domestic companies under the relevant exchange's listing rules

Up to now FPI's were required by their US securities exchanges to provide distinctive information on their corporate governance either in their annual reports and / or on their websites. The SEC is now requiring corporate governance practices in the Form 20-F annual reports.

Mazars supports this proposal because it would give more transparency about FPI's corporate governance issues to US investors.

3 5 E. Requiring FPI's to provide certain financial information about a significant, completed acquisition that is significant at the 50% or greater level.

Domestic companies must present the financial statements of significant acquired businesses and pro forma financial information in their registration statements under both the Securities Act and the Exchange Act, as well in a Form 8-K whereas FPI's should only provide this information in the registration statements that they file under the Securities Act and the Exchange Act.

The SEC would require FPI's to provide the financial information solicited by Rule 3-05 and Article 11 of Regulation S-X in their Exchange Act annual reports provided that a single business acquisition is significant at the 50% or greater level. Again, this disclosure requirement would be triggered only at the 50% or greater level and would require the provision of financial statements for three fiscal years as prescribed by Rule 3-05(b)(2)(iv) of Regulation S-X.

Mazars will support such proposal because it would provide meaningful information to investors.

We hope the above comments will be helpful and remain available for further observations.
If you would like to discuss our submission further, please do not hesitate to contact us.

Yours sincerely,

Jean-Luc Barlet
Risk Management & Audit Quality