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Ms. Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

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

Commission File No. S7-27-08

McGladrey & Pullen, LLP appreciates the opportunity to offer our comments on the *Proposed Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* (Proposed Roadmap). McGladrey & Pullen is a registered public accounting firm serving middle market issuers.

We support the Commission's issuance of this Proposed Roadmap and the related proposed rule providing certain issuers with the option to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) beginning with the issuers' filings with the Commission in 2010.

In today's increasingly global economy, there is a need for a single set of high quality global accounting standards. We believe that the existing body of IFRS is of high quality and is developed through an acceptable standard-setting process. IFRS is already being used for reporting by foreign private issuers in the United States without reconciliation to accounting principles generally accepted in the United States of America (U.S. GAAP). With more than 110 countries permitting or requiring IFRS (or basing their local standards on IFRS), it seems apparent that if we are to achieve the objective of a single set of high quality global standards, it will be using IFRS. Recognizing the importance of the U.S. capital markets however, it is clear that the Commission must require IFRS in order for IFRS to be a truly globally accepted framework.

We also strongly support the efforts of both the U.S. Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) to converge U.S. GAAP and IFRS, and we support the continuation of these convergence efforts into the future.

Timing of the SEC's Decision to Require Adoption of IFRS

We believe appropriate progress is currently being made toward achieving the milestones set out in the Proposed Roadmap and the Commission should be in a position to make a firm decision during 2011 to move forward with the rulemaking necessary for mandatory adoption. The experience of companies adopting IFRS in the European Union and the preparation underway by Canadian companies for adoption in 2011 with a 2010 transition date indicates that entities are unlikely to commit significant resources before a firm date is set and agreed to. Thus, we recommend the Commission make its decision in 2011 as contemplated in the Proposed Roadmap. However, we also recommend the Commission carefully monitor and evaluate the progress made after 2011 by issuers as they progress through the IFRS conversion process and consider deferring the mandatory reporting dates beyond 2014, if warranted.

We also note non-accelerated filers face full compliance with the requirements of Section 404 of the Sarbanes-Oxley Act (SOX 404) in 2009 and 2010. As such, we expect most of these non-accelerated filers, who may already be struggling financially because of the current economic crisis, will be facing additional costs of compliance with SOX 404 in 2009 and 2010 and should not be further burdened with costs of a conversion to IFRS until after 2011.

Milestones

As indicated above and more fully explained below, we believe that significant progress has been made on the important milestones, which should allow a decision to be made about whether to mandate the use of IFRS by U.S. issuers. If the milestones are retained as a prerequisite to setting a mandatory date of adoption, we believe the Commission should establish objective criteria against which to measure progress and periodic assessments of progress should be reported by the Commission.

Improvement in Accounting Standards

To date, the improvements to accounting standards because of the convergence efforts of the IASB and the FASB have brought us closer to achieving the ultimate goal of a single set of high quality global accounting standards. We recommend the Commission continue to monitor the efforts of the FASB and IASB to improve existing financial reporting frameworks. We also believe that continued convergence effort between the two Boards will make the transition from U.S. GAAP to IFRS easier for U.S. companies. We therefore strongly support the Boards' efforts and believe that both Boards should continue to arrive at the highest quality standards as they pursue convergence.

However, as convergence progresses, the IASB and FASB should work toward issuance of accounting standards that are not only converged but, to the greatest extent possible, are the same. If the IASB and FASB are able to achieve this shorter-term convergence goal, U.S. companies will be better prepared to convert to IFRS as fewer changes by U.S. issuers will be needed to make to their accounting systems and systems of internal control IFRS compliant at conversion.

Accountability and Funding of the IASC Foundation

The independence of the IASB is a well-accepted prerequisite for global acceptance of its standard setting process. We believe that no standard-setting body is immune from political pressure to shape its policies as evidenced recently both domestically and abroad. The key factor in assessing the independence of a standard-setting body is its ability to withstand political pressure. We believe the IASB is making good progress in this area.

The objective of a single set of high quality global accounting standards can only be achieved if the Commission and other relevant authorities throughout the world provide input on, and then accept, the standard-setting process followed by the IASB. Jurisdictional endorsements (and potential carve-outs) are not acceptable (either by country or by industry) and must give way to globally accepted standards. Due process is key to effective standard setting and affords the opportunity for participation from all stakeholders in the financial reporting process. We believe participation by the U.S. in the IASB standard-setting process is required for establishing the quality, consistency, and legitimacy of global accounting standards.

Likewise, an appropriate funding model is paramount to the independence of the IASB. According to the Foundation, for the IASB funding model to be effective, it needs to be broad-based, sustainable, and long-term in nature, and the financing must be shared by the major economies of the world on a proportionate basis. We believe it is important that the U.S. participate in this funding, and in fact, when the U.S. converts to IFRS and, presumably, significant funding would be directed from the U.S. public company assessment to the IASB, a significant funding milestone will have been reached. In assessing progress against the milestones, care should be exercised to consider that the achievement of the Foundation's global funding goals is likely to take some time and that measurable progress toward, rather than absolute achievement of the funding goals, should be the important consideration in assessing achievement of the milestone.

Improvement in the Ability to Use Interactive Data for IFRS Reporting

We agree with the Commission's expectation that, if the use of interactive data becomes widespread, U.S. issuers should be capable of providing IFRS financial statements to the Commission in an interactive data format at a greater level of detail than is currently available. To date, the Foundation has published a complete list of tags and annual updates to reflect new pronouncements, changes in XBRL technical standards and other improvements and has exposed for comment, an IFRS taxonomy that would be current through any new standards issued through December 31, 2008. We understand the SEC staff is actively involved in the improvement and monitoring of the IFRS list of tags for interactive data reporting.

Education and Training

Generally, U.S. accounting professionals have already started to train in anticipation of the eventual use of IFRS in the U.S. These professionals will likely rely in the future on a combination of on-the-job training, continuing professional education, and periodic updates provided by accounting firms and others, in the same way they currently learn about new U.S. GAAP standards. We believe there are substantial similarities in the basic concepts underlying IFRS and U.S. GAAP, and that continued convergence efforts should help mitigate the demands for additional education and training. We also recognize that currently, many U.S. accounting professionals, whether employed by public accounting firms or by commercial entities, have experience with IFRS due to being associated with globally active companies. Over time and based on demand, we expect U.S. college and university programs to integrate IFRS appropriately. Numerous IFRS training organizations that came into being during the European Union conversion to IFRS are already actively providing IFRS training in the U.S.

However, we believe that until the Commission commits to a specific date for mandatory adoption of IFRS, the investments in training programs, both at the university and professional level, which will be ultimately necessary for successful conversion to IFRS will not be fully made. In other words, a decision to mandate the use of IFRS will lead to the necessary investments in education and training.

Proposal for Early Adoption

We support the Commission's proposal to permit early adoption of IFRS for filings with the Commission. However, we believe it is not likely that eligible U.S. companies will choose this option because of the uncertainty of a future mandate; the potential for required reversion to U.S. GAAP; and the potential additional requirement to continue to reconcile to U.S. GAAP.

We understand the Commission wishes to assess the adequacy and cost of IFRS filings by eligible early adopters and the resulting information would be used to aid in making a decision in 2011 as to mandating the use of IFRS. As such, in order to have more data from which to base assessments, we believe the Commission should expand the eligibility criteria for early use to include, at a minimum, companies with a substantial number of foreign subsidiaries already publishing financial information in accordance with IFRS, or for U.S. subsidiaries with a foreign parent company that published its group financial statements in accordance with IFRS.

If an early adoption program is to be effectively utilized, companies should be given the option of adopting IFRS without the uncertainty surrounding a possible reversion to U.S. GAAP and without the added requirement of reconciling from IFRS to U.S. GAAP on an ongoing basis. As such, we support the IFRS-to-U.S. GAAP reconciliation requirement articulated as Alternative A in the Proposed Roadmap (allowing filers to simply follow the requirements of IFRS 1, *First-time Adoption of International Financial Reporting Standards*). We do not support Alternative B in the Proposed Roadmap that calls for more extensive reconciliation requirements than called for under IFRS 1, as we believe the objective of the reconciliation should be to disclose the effect of the change rather than to continue to disclose the differences between IFRS and U.S. GAAP. We also believe requiring Alternative B would provide a substantial disincentive to early adoption. In that regard, we note that foreign private issuers currently are allowed to file their financial statements prepared in accordance with IFRS without a requirement to reconcile between IFRS and U.S. GAAP.

Further Guidance on Reasonable Judgments

Diligent efforts by preparers and auditors to apply the less prescriptive IFRS financial reporting framework will result in potentially different conclusions being reached on the appropriate accounting for transactions and events based on similar facts and circumstances. While acknowledging this potential for diversity, we believe that the less prescriptive IFRS approach has the potential to result in accounting that presents the most faithful representation of the transaction or event to users of financial statements. We believe preparers and auditors will need to exercise sound judgment, and the respect of regulators and others for these judgments will be another important consideration in making the adoption of IFRS successful in the U.S. We encourage the Commission to act on the recommendations of the Committee on Improvements to Financial Reporting related to a judgment framework.

The recent attention to fair value in the U.S. and some of the challenges faced by preparers and auditors in applying the recognition and measurement principles associated with other-than-temporary impairments (OTTI) of securities highlight the difficulties U.S. preparers and auditors will likely face in applying IFRS. The guidance for recognition and measurement of OTTI has been in U.S. GAAP for many years and is a relatively simple principle. However, in the current economic environment, even the most knowledgeable accountants have struggled with applying these principles. As a result, the FASB and the Commission have made many attempts to provide guidance on how to apply these principles, with limited success. These struggles have resulted in unofficial presumptive bright lines used by many to apply the rules, even though the standards do not contain such bright lines.

Conclusion

In summary, we believe the objective of a single set of high quality global accounting standards is in the interests of the global capital markets and investors. We do not believe the rest of the world will accept U.S. GAAP as a global framework. As such, it is in the best interests of the global economy and investors everywhere for the U.S. to switch to IFRS for filings with the Commission and that the U.S. employs all of its resources and experience toward maintaining the high quality of a globally accepted accounting framework – IFRS. A commitment by the Commission to making the switch as of a specific date would provide all constituents with the incentive to make associated changes to the financial reporting, tax, regulatory, education, and legal systems, and we encourage the Commission to make that commitment as contemplated in the Proposed Roadmap.

Regardless of whether adoption of IFRS in the U.S. is mandated or voluntary, we believe public accounting firms will invest in the necessary training and infrastructure to be able to provide consistently high quality audit services to U.S. issuers that prepare their financial statements in accordance with IFRS. If a mandate is issued for all U.S. issuers to adopt IFRS, we believe more public accounting firms will be able and willing to re-allocate their resources to support IFRS issuers. We also believe this investment will foster the consistent application of IFRS worldwide because public accounting firms will be better positioned to leverage the experience of their international networks in applying IFRS.

We would be pleased to respond to any questions the Commission or its staff may have about these comments. Please direct any questions to either Bruce Webb (515-281-9240) or Bob Dohrer (919-645-6819).

Sincerely,

McGladrey & Pullen, LLP

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