April 9, 2009

Ms. Florence Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File Number S7-27-08

Dear Ms. Harmon:

The American Institute of Certified Public Accountants (AICPA) is pleased to offer its comments on the Securities and Exchange Commission's proposed *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* (Roadmap).

The AICPA supports the goal of a single set of high-quality, comprehensive accounting standards to be used by public companies in the preparation of transparent and comparable financial reports throughout the world. We believe one common accounting language would benefit investors, as well as issuers and the capital markets, because it would facilitate the comparison of reporting entities domiciled in different countries. We believe the standards issued by the International Accounting Standards Board (IASB), which are required or permitted for use by public companies in more than 100 countries, are best positioned to become those global standards.

SUMMARY

Following is a summary of our main comments on the proposed Roadmap.

- The U.S. financial reporting system will take substantive, definitive steps to ready itself for IFRS only when the SEC sets a date certain on requiring companies to adopt IFRS.

- Certain of the "milestones" in the Roadmap are critical for an SEC decision on IFRS, while certain other ones are not.

- An improved funding mechanism for the IASB that would allow it to remain independent and objective is a critical milestone before moving to IFRS. We encourage the SEC to use part of the current levy on U.S. public companies for accounting standard-setting activities as a permanent funding source for the IASB.

- The SEC has appropriately encouraged debate and feedback on whether, when and how

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the U.S. financial reporting system should move to IFRS. However, IFRS cannot be viewed in a vacuum - the auditing, regulatory, and litigation environment in the U.S. must adapt to allow for adoption of IFRS.

- The proposed Roadmap has too many disincentives that will block useful early adoption "test" cases.

- Mandating the use of IFRS in a staged transition beginning in 2014 is unreasonable if the SEC makes a determination to require use of IFRS by U.S. issuers in 2011. Our research supports that companies need a full 3-5 years (depending on how many years of financial statements must be presented at the transition date) implementation period from the SEC's decision date.

- Companies reporting under IFRS should have access to a more complete list of tags than is currently available under existing IFRS XBRL taxonomies.

- Creating an environment where our members and the U.S. financial reporting system can make an orderly transition to IFRS is a strategic initiative of the AICPA. We are taking concrete actions to create awareness and educate the market place on IFRS, and to incorporate IFRS in the Uniform CPA Exam, among other actions.

DATE CERTAIN AND MILESTONES

We agree that the "milestones" proposed by the SEC are relevant goals that should be accomplished along the way to adoption of IFRS, as issued by the IASB. We believe, however, that (1) accountability and funding of the IASC Foundation, (2) changes in the regulatory environment, and (3) improvements in accounting standards are the critical milestones to be considered in making its decision whether to require U.S. issuers to use IFRS. We believe that rapid progress on some of the remaining milestones will be accomplished only after the SEC makes a decision to require IFRS and announces a date certain for adoption of IFRS. Once a date certain is set, it will be in the public interest and self interest of all participants in the financial reporting system to do what is necessary to adopt IFRS.

Regarding the proposed milestones, we are concerned that, while the term *milestone* implies a specific point that needs to be reached, what the proposal requires to be accomplished is somewhat vague. Although we would not advocate the SEC's decision being contingent on, say, completion of a particular accounting standard by a particular date, we believe that more specificity as to what needs to be accomplished would focus the efforts of those who are expected to accomplish it.

ACCOUNTABILITY AND FUNDING OF IASB

Accountability. As noted in our comment letter on the International Accounting Standards Committee Foundation's (IASCF) July 2008 discussion document *Public Accountability and the*

Composition of the IASB: Proposals for change,[1] the AICPA supports the creation of a Monitoring Board (MB), as recently adopted by the IASCF, to formalize the link to public authorities. From a U.S. perspective, the AICPA is pleased to see that the SEC has a seat on the MB to help it continue to meet its vital investor protection mandate. We believe that an appropriate interaction between IASCF/IASB and the MB is critical to achieving success for global accounting standards.

Funding. We believe that continued improvement of IFRS requires an improved funding mechanism for the IASB that would allow it to remain independent and objective. In fact, the AICPA's Governing Council, via a change to Rule 203 of the Code of Professional Conduct, gave recognition to the IASB as an accounting standard setter, subject to a time constrained condition that IASB obtain a permanent, independent funding solution.

We encourage the SEC to use part of the current levy on U.S. public companies for accounting standard-setting activities as a permanent funding source for the IASB. Given that U.S. public companies converting to IFRS would need to present multiple years of financial statements for comparative purposes, along with the possibility of early adoption of IFRS for certain companies, we believe that timely action is needed to secure a permanent, independent funding solution for the IASB.

COMPREHENSIVE APPROACH – NOT JUST IFRS

We believe that any transition to IFRS in the U.S. needs to be a comprehensive undertaking. As described more fully in our November 12, 2007 comment letter on the SEC's *Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards*, if IFRS are to serve as a basis for U.S. issuers' financial reporting, there also must be changes in the auditing, regulatory, and litigation environments. Furthermore, because many taxpayers conform tax accounting methods to book methods, issues also need to be resolved concerning how the enforcement of U.S. tax laws would be maintained during the transition to IFRS.

We believe that changes to the financial reporting regulatory environment in the U.S. should be a milestone before moving to IFRS. IFRS are less detailed than U.S. generally accepted accounting principles (GAAP) and they require the need for more judgment in the application of accounting principles. Therefore, second-guessing of reasonable professional judgments of preparers and auditors would need to be minimized in order for IFRS to be embraced in the U.S. We encourage to Commission to implement the recommendations of the SEC's Advisory Committee on Improving Financial Reporting relating to the use of professional judgment. While our recommendation would not address all of the "system" challenges in moving to IFRS, it would help set a tone that would allow the U.S. financial reporting system to embrace IFRS.

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[1] The AICPA's comment letter can be viewed at http://www.aicpa.org/download/members/div/acctstd/comltrs/IASB_Constitution%20_Review_Comment_Letter_Final_4.pdf.

Further, we continue to encourage the Public Company Accounting Oversight Board to pursue a strategy that will achieve greater harmonization of its auditing standards with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

IMPROVEMENTS IN ACCOUNTING STANDARDS

The AICPA supports continued convergence efforts of the Financial Accounting Standards Board (FASB) and the IASB. We believe the convergence efforts provide a strong incentive for improvement of both U.S. GAAP and IFRS and that the FASB's contribution to the process can only improve the quality of IFRS.

DISINCENTIVES TO LIMITED EARLY USE OF IFRS

We support permitting limited early use of IFRS. We believe, however, that the proposed criteria companies would have to meet to qualify for this option are too restrictive. We are concerned that, given a number of disincentives to early adoption, the SEC might not get an adequate number of early adopters to be able to learn from U.S. public capital market participants about their consideration of IFRS financial information from domestic issuers. Among those disincentives to early adoption are the need to incur significant expense in the current economic environment and uncertainty as to whether early adopters would be permitted to continue to use IFRS. Furthermore, even if a significant number of companies elected to early-adopt IFRS under the proposed criteria, we believe the sample would not be representative because it would not include smaller companies. We, therefore, recommend that the option to early-adopt IFRS be expanded to other companies, in particular smaller companies. Furthermore, we believe that if the SEC decides to proceed with rules requiring U.S. public companies to file financial statements prepared in accordance with IFRS, all public companies should be permitted to early-adopt IFRS.

The proposed Roadmap presents two alternatives with respect to the disclosure of U.S. GAAP information by U.S. issuers that elect to early-adopt IFRS. Alternative A would require those issuers to simply follow the requirements of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which requires the inclusion of certain reconciling information related to equity, total comprehensive income, and cash flows in a note to the audited financial statements. Alternative B would require these issuers to provide the IFRS 1 note plus unaudited, supplemental U.S. GAAP information for each of the three years of IFRS financial statements in the company's Form 10-K. The Alternative B reconciliation would cover all of the financial statements required to be presented under IFRS and would be an annual requirement. We support Alternative A and believe Alternative B would be a substantial disincentive to early adoption.

DECISION AND IMPLEMENTATION DATES

We believe that mandating use of IFRS in a staged transition beginning in 2014 is unreasonable if the SEC makes a determination to require use of IFRS by U.S. issuers in 2011. Our research supports that companies need a full 3-5 years (depending on how many years of financial statements must be presented at the transition date) implementation period from the SEC's decision date.

We understand that many companies would need up to two years to make necessary information systems upgrades, which suggests that up to five years would be needed for some companies to make the transition. In fact, our initial IFRS survey of AICPA members working in business and industry indicates that many believe 3, 4, or 5 years is a reasonable amount of time for them to convert to IFRS. In addition, our survey indicates that a majority of our members working in public companies currently are not planning to switch to or are still evaluating the move to IFRS.

The implementation period can be shortened if, instead of requiring three years of IFRS financial information in the year a company first adopts IFRS, the SEC allowed U.S. issuers the ability to follow IFRS 1 and provide only two years of information in the year of adoption. For that reason, and because we believe the period of dual recordkeeping should be kept to a minimum, we believe the SEC should allow U.S. issuers the ability to follow IFRS 1, regardless of when the SEC makes a determination to require the use of IFRS by U.S. issuers. We believe this would be a practical, one-time transition approach.

XBRL

We support the use of XBRL (interactive data) in financial reporting, and believe that tagged data will provide investors and other users of financial information easier access to more transparent data in company reports. We also believe that companies reporting under IFRS should have access to a more complete list of tags than is currently available under existing IFRS XBRL taxonomies. Accordingly, we support the SEC's assertion that "In order to realize the improvements in the usefulness and comparability of financial information anticipated upon the widespread use of interactive data, U.S. issuers would have to be capable of providing IFRS financial statements to the SEC in interactive data format at a greater level of detail than is currently available." We would expect that the US GAAP and IFRS XBRL taxonomies would be converged, and that the converged taxonomy would contain the appropriate level of detail to minimize the use of extensions while providing more comparable and transparent reported information to investors. A maintenance plan would also need to be formulated and implemented to ensure that the converged taxonomy would be updated with each new standard, and that if certain extensions become common, new standard elements can be added to eliminate the need to use these extensions.

AWARENESS, EDUCATION, AND TRAINING

As the national, professional association for certified public accountants (with approximately 6,000 members working in 116 countries), and given our public-interest mission, the AICPA understands that it will need to fulfill a number of responsibilities to make the use of IFRS by public companies a success.

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Awareness

- The AICPA launched the website IFRS.com in May 2008 to provide a comprehensive set of resources related to IFRS for accounting professionals, financial managers, audit committees, boards, investors, and other users of financial statements.

    - Over 200,000 unique visitors have visited the sight with the average length of stay approximately 7 minutes. The most visited areas of the site include the comprehensive AICPA IFRS Backgrounder, IFRS FAQs, and the Training area of the site.
    - IFRS.com attracts a growing set of members and nonmembers alike as 50% of its site traffic comes from unrelated search engines each month.

- The AICPA is tracking our members' preparedness for the conversion to IFRS.

    - According to our most survey released in December 2008, a 55 percent majority of CPAs at firms and companies nationwide now say they are preparing in a variety of ways for adoption of IFRS, an increase of 14 percentage points from 41 percent who were preparing for change according to an AICPA survey in April 2008.

Education of Practicing CPAs

- Over the last year, practicing CPAs (preparers and auditors) have started or continued their IFRS training via our

    - Self-study courses
    - Local seminars
    - National conferences
    - Webinars

Practice Tools for Practicing CPAs

There are a core set of tools that the CPA uses to discharge his or her professional responsibilities. The AICPA prepares and distributes the Audit and Accounting Guide Series, Accounting Trends and Techniques, and the Audit Risk Alert series. These tools are widely used by both preparers and auditors. We are retooling these materials and expect to begin releasing these materials in 2011.

Students

- The AICPA develops and grades the Uniform CPA Examination. The AICPA's Board of Examiners has issued new Content and Skill Specification Outlines (CSOs/SSOs) for the Exam that includes IFRS on the list of study materials for the Financial Accounting and

Reporting FAR section. We expect that IFRS questions will be on the Uniform CPA Examination on or before 2012.

Other organizations will also need to play a role in the education and training of the various constituents to public-company financial reporting. The AICPA stands ready to work with other organizations to improve the awareness, education, training, and readiness of all constituents to financial reporting.

OTHER COMMENTS

We agree with the exclusion of investment companies from the scope of the proposed Roadmap.

We believe that, for any U.S. move to IFRS to be successful and to be accomplished as smoothly as possible, it must be planned, organized, and managed. For its part, the AICPA has taken a leadership role and we intend to continue to do so as the SEC decides on an official direction for the IFRS initiative.

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The AICPA appreciates the opportunity to submit its comments and would be pleased to discuss them with Commissioners or the SEC staff.

Sincerely,

AICPA

Ernest A. Almonte, CPA
Chairman of the Board

Barry C. Melancon, CPA
President and CEO