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Securities and Exchange Commission
100F Street, NE
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USA

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Your ref File number S7-13-07
Our ref

Dear Sirs

Acceptance from Foreign Private Issuers (FPIs) of financial statements prepared in accordance with International Financial Reporting Standards without reconciliations to US GAAP

This letter, and the attached response to the consultation questions, has been prepared by Prudential plc, an FPI which has its main stock market listing in the United Kingdom. Due to the differences between IFRS and US GAAP for life assurers and the particular nature of with-profits business written by Prudential's UK and Asia operations, the reconciliations provided in our 20F filings are amongst the most complex provided by any FPI. Prudential's principal comments are as follows:

Proposed elimination of the requirement to reconcile IFRS results to US GAAP

Prudential supports the SEC's proposals for the elimination of the requirements for FPIs to reconcile their IFRS results to those prepared under US GAAP. This is for two main reasons.

Firstly, it is clear that within the London and European investment markets there is wide acceptance and understanding of IFRS basis results. This position applies to European life assurers irrespective of the fact that IFRS 4 incorporates 'grandfathered' GAAP whereby previous accounting practices for insurance contracts may be continued until a Phase 2 standard is developed.

Secondly, Prudential perceives that US analysts, to the extent that they follow Prudential plc, have regard to the opinions of their counterparts in the London market. It is clear that the London market finds other financial information to be of more use, and that its prime focus is:

- supplementary information prepared on the European Embedded Value (EEV) basis,
- holding company cash flow,
- capital usage,
- IFRS basis results, and
- other performance measures.

In the UK, the EEV basis information is supplied to the London markets and shareholders by the major UK life assurers and for FPIs is furnished, rather than filed, with the SEC. In Europe, EEV basis results are also routinely provided by the major European life assurers.

This position is highly anomalous in that, to summarise, the financial information that the London and European investment markets find to be of most use is not filed in the USA (due to the non-GAAP measures constraints) but the information that is filed with the SEC includes reconciliations to US that appears to be used rarely by investors or the analyst community.

Prudential is, therefore, supportive of the SEC's proposed elimination of the requirement to reconcile to US GAAP. However, Prudential notes that in relation to questions 24 and 25, the SEC staff have questioned the appropriateness of ceasing the requirement for life assurers due to the nature of the

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standard IFRS 4 which permits the continued usage of pre-applied GAAP for insurance contracts (as defined by IFRS 4). The implication of the SEC comments is that, because this can result in inconsistent results being reported under IFRS for the same transactions, it follows that the US GAAP reconciliations should be maintained.

Prudential strongly disagrees that an exception should be made for insurance groups. London and European investment markets already use EEV and IFRS basis results for evaluating performance between the major life assurers without usage of the US GAAP reconciliation. This assertion can be corroborated easily by a review of analyst notes from the major investment houses.

Additionally it should be noted that the IASB:

- has already achieved consistency of accounting for life assurance products that contain insignificant insurance risk ("investment products" accounted for under IAS 39 and IAS 18),
- applies a requirement for helpful disclosure through IFRS 4 and IFRS 7, and
- is making progress on developing a Phase 2 standard for insurance contracts.

In summary, Prudential can see no practical benefits to investors or the analyst community from the continued requirement for the reconciliations to US GAAP and would encourage the SEC to make a clean break from the currently applicable rules.

<u>Filing deadlines</u> (Question 14)

Elimination of the requirement for the IFRS to US GAAP reconciliation would enable earlier filings by FPIs. However, if the SEC is minded to shorten the regulatory deadline Prudential would ask that the SEC take account of the deadlines that currently apply in the London market for provision of Annual Reports. Whilst Prudential can see that some shortening of the 6 month deadline may be appropriate if reconciliation to US GAAP is not required we would request that this factor and some gradual migration to earlier deadlines be applied by use of transitional provisions.

<u>Forward looking information</u> (Question 29)

Prudential requests that the SEC extends the safe harbour provisions to forward looking information that is published under compliance with IFRS 7, IFRS 4, and any future changes to IFRS requirements.

Yours faithfully,

D C Martin

David Martin
Head of Group Financial Reporting and Development

SEC request for comments on US GAAP reconciliation: Detailed response from Prudential plc.

1.	***Do investors, issuers and other commenters agree that IFRS are widely used and have been issued through a robust process by a stand-alone standard setter, resulting in high-quality accounting standards?***
	Prudential agrees that IFRS have been issued through a robust process by a stand alone standard setter and that the standards are, generally, of high quality. Prudential notes that, compared to US GAAP, a more principles – based approach has been applied by the IASB thus giving rise to less detailed standards and interpretation guidance. In Prudential's view this is a strength of the IASB standards.
2.	***Should convergence between US GAAP and IFRS as published by the IASB be a consideration in our acceptance in foreign private issuer filings of financial statements prepared in accordance with IFRS as published by the IASB without a US GAAP reconciliation? If so, has such convergence been adequate? What are commenters' views on the processes of the IASB and the FASB for convergence? Are investors and other market participants comfortable with the convergence to date, and the ongoing process for convergence? How will this global process, and, particularly, the work of the IASB and FASB, be impacted, if at all, if we accept financial statements with IFRS as published by IASB without a US GAAP reconciliation? Should our amended rules contemplate that the IASB and the FASB may in the future publish substantially different final accounting standards, principles or approaches in certain areas?***
	In Prudential's view, convergence between US GAAP and IFRS is to be encouraged but should not be seen as a pre-requisite for acceptance of foreign private issuer filings without a US GAAP reconciliation. In making its decision Prudential would ask that the SEC take on board the fact that today's sophisticated capital market investors take account of a wide variety of financial information. This is particularly true for foreign private issuers whose main business is life insurance. For European life insurance FPIs the principal external analyst assessment is undertaken in the London and other European capital markets. The main financial information that is used by these analysts, as is evidenced by their reports, is the supplementary European Embedded Value (EEV) basis results (prepared by major European life insurers), IFRS basis results, and information on free cash flow and capital usage. In Prudential's view very little, if any, use is made by European market analysts of the US GAAP results published by European FPIs. In part the analysts' focus is, in Prudential's view, due to cultural reasons with lack of exposure to US GAAP. However, Prudential's perception is that there is no desire on their part to use US GAAP data. It is clearly true that US analysts are more familiar with US GAAP. However, it seems unlikely that the focus of market assessment for European FPIs will shift significantly from London and continental Europe to the United States ahead of the development of the IFRS Phase 2 standard on insurance. Based on these observations Prudential can see no benefit from delaying the proposed change until greater convergence of US GAAP and IFRS has taken place.
3.	***Is there sufficient comparability among companies using IFRS as published by the IASB to allow investors and others to use and understand the financial statements of foreign private issuers prepared in accordance with IFRS as published by the IASB without a US GAAP reconciliation?***
	Prudential notes the concerns expressed in the consultation document that IFRS is less prescriptive than US GAAP with regard to the items to be included on the face of the financial statements and the ability to present non-GAAP measures. Prudential sees the approach as a strength rather than a weakness. Although differences of presentation may apply between like companies, in general terms industry practice has developed in a way so that the format of presentation and use of alternative measures Is sufficiently consistent to be of use to investors. By contrast a rigid uniform approach applied to all industries is not helpful

for communication to investors.

Question 3 implies that the provision of a US GAAP reconciliation would assist understanding the financial statements of FPIs prepared in accordance with IFRS. Although the data may be 'comparable' in a numerical sense Prudential notes that market analysts, in fact, use a wide range of financial alternative information i.e. other than US GAAP. Whilst improvements will always be possible to the bases for this alternative information the provision of US GAAP data is not perceived by Prudential as being helpful to comparability of information that is useful or relevant to users needs.

4. ***Do you agree that the information sharing infrastructure being built in which the Commission participates through both multilateral and bilateral platforms will lead to an improved ability to identify and address inconsistent and inaccurate applications of IFRS? Why or why not?***

Prudential agrees.

5. ***What are commenters' views on the faithful application and consistent application of IFRS by foreign companies that are registered under the Exchange Act and those that are not so registered?***

Prudential concurs with the Commission's view that the processes in place will lead to increasing consistency and faithfulness in the application of IFRS across jurisdictions. Given that it is only recently that IFRS application has been widely applied throughout Europe, it is inevitable that a period of gradual improvement in application will continue to apply. An element of that improvement may involve some element of upgrading by those that are not registered under the Exchange Act but Prudential does not believe that this to be a significant issue.

6. ***Should the timing of our acceptance of IFRS as published by the IASB without a US GAAP reconciliation depend upon foreign issuers, audit firms and other constituencies having more experience with preparing IFRS financial statements?***

No. Prudential questions the implied assumption in the question that even if there was some element of inexperience that was unacceptable that a continued requirement for a US GAAP reconciliation is an appropriate response. In addition, notwithstanding this view, in Prudential's opinion sufficient experience already exists. In Prudential's opinion since the implementation of IFRS under the EU 2005 deadline, FPIs, audit firms and other constituencies have had sufficient time to gain appropriate experience.

7. ***Should the timing of any adoption of these proposed rules be affected by the number of foreign companies registered under the Exchange Act that use IFRS?***

No. The number of foreign companies registered under the Exchange Act that use IFRS is not relevant. For the European Life Insurance sector a significant proportion by market capitalisation are registered FPIs. There is no reason why an increase in the number should be seen as necessary.

8. ***The IASB Framework establishes channels for the communication of regulators' and others' views in the IFRS standard-setting and interpretive processes. How should the Commission and its staff further support the IFRS standard-setting and interpretive processes?***

Prudential believes that the current arrangements are sufficiently satisfactory to not warrant further change from the Commission's perspective. Any proposal for change should be undertaken and agreed through IOSCO.

9. ***How should the Commission consider the implication of its role with regard to the IASB, which is different and less direct than our oversight role with the FASB?***

Prudential believes that a less direct role than currently applies with the FASB is appropriate. Given the global nature of the IASB's remit it is inevitable that the overall role of the Commission, its non-

US equivalent bodies around the world, and those of other regulatory or potential nature will need to fit into a broader framework for oversight.

10. ***The Commission has gathered, certain information from representatives of issuers, investors, underwriters, exchanges and other market participants at its public roundtable on IFRS. We are interested in receiving information from a broader audience. Is the development of a single set of high-quality globally accepted standards important to investors? To what degree are investors and other market participants able to understand and use financial statements prepared in accordance with IFRS as published by the IASB without a US GAAP reconciliation? We also encourage commenters to discuss ways in which the Commission may be able to assist investors and other market participants in improving their ability to understand and use financial statements prepared in accordance with IFRS. How familiar are investors with financial statements prepared in accordance with IFRS as published by the IASB? Will the ability of an investor to understand and use financial statements that comply with IFRS as published by the IASB vary with the size and nature of the investor, the value of the investment, the market capitalization of the issuer, the industry to which the issuer in question belongs, the trading volume of its securities, the foreign markets on which those securities are traded and the regulation to which they may be subjected, or any other factors? If so, should any removal of the reconciliation requirement be sensitive to one or more of these matters, and, if so, how?***

Prudential agrees that the development of a single set of high-quality globally accepted standards is important to investors.

Prudential believes that investors and other market participants are able to understand and use financial statements prepared in accordance with IFRS. Prudential notes also that investors and other market participants place routine and significant reliance on other financial information published by European Insurers (for example European Embedded Value basis supplementary information) but that little use appears to be made of the reconciliation from IFRS to US GAAP.

As regards the other questions raise in this section Prudential questions the rationale for delineating between different types of company in the SEC's assessment of the usefulness of the US GAAP reconciliation.

11. ***Without a reconciliation, will investors be able to understand and use financial statements prepared using IFRS as published by the IASB in their evaluation of the financial condition and performance of a foreign private issuer? How useful is the reconciliation to US GAAP from IFRS as published by the IASB as a basis of comparison between companies using different bases of accounting? Is there an alternative way to elicit important information without a reconciliation?***

In general terms, the London investment market uses European Embedded Value basis supplementary reporting together with holding company cash flow information and delivery of Key performance indicators as the main benchmark for judging performance of life assurers. This includes IFRS as an element of overall measurement of performance. In Prudential's experience the provision of the reconciliation to US GAAP is generally of very little, if any, relevance to the London market. The US market tends to defer to the London market in assessing performance of Prudential despite the provision of the US GAAP reconciliation. Irrespective of the development of the IFRS Phase 2 standard it seems unlikely that this position will change.

12. ***In addition to reconciling certain specific financial statement line items, issuers presenting an Item 18 reconciliation provide additional information in accordance with US GAAP. What uses do investors and other market participants make of these additional disclosures?***

In Prudential's experience very little use, if any, is made by investors and other market participants of these additional disclosures.

13. ***Should we put any limitations on the eligibility of a foreign private issuer that uses IFRS as published by the IASB to file financial statements without a US GAAP reconciliation? If so, what type of limitations? For example, should the option of allowing IFRS financial statements without reconciliation be phased in? If so, what should be the criteria for the***

phase-in? Should only foreign private issuers that are well known seasoned issuers, or large accelerated filers, or accelerated filers, 74 and that file IFRS financial statements be permitted to omit the US GAAP reconciliation?

Prudential believes that there should be no limitations of the eligibility of a FPI that uses IFRS to file financial statements without a US GAAP reconciliation. Prudential has difficulty understanding why it is assumed in the question that the provision of a US GAAP reconciliation is seen as of value. To reiterate the comments made above, there is a comprehensive amount of financial information provided to European life assurers to their host markets. A great deal of that information is value based and is clearly the main focus of the European investor community. The fact that US analysts have a history of interpreting US GAAP basis results is not seen as relevant to the assessment of the performance of FPIs by the European investor community to which US analysts defer.

14. At the March 2007 Roundtable on IFRS, some investor representatives commented that IFRS financial statements would be more useful if issuers filed their Form 20-F annual reports earlier than the existing six month deadline. We are considering shortening the deadline for annual reports on Form 2o-F. Should the filing deadline for annual reports on Form 20F be accelerated to five, four or three months, or another date, after the end of the financial year? Should the deadline for Form 20-F be the same as the deadline for an issuer's annual report in its home market? Should we adopt the same deadlines as for annual reports on Form 10-K? Why or why not? Would the appropriateness of a shorter deadline for a Form 20-F annual report depend on whether US GAAP information is included? If a shorter deadline is appropriate for foreign private issuers that would not provide a US GAAP reconciliation under the proposed amendments, should other foreign private issuers also have a shorter deadline? Should it depend on the public float of the issuer?

Prudential agrees that earlier filings would be useful to investors. However, any proposal to shorten the deadline should be accompanied by the discontinuation of the US GAAP reconciliation. In addition, any shortening of the deadline for FPIs should be brought in over a transitional period with the deadline being no later than that applied for Annual Reports in the London market.

15. Although reconciliation to US GAAP of interim periods is not ordinarily required under the Exchange Act, foreign private issuers that conduct continuous offerings on a shelf registration statement under the Securities Act may face black-out periods that prevent them from accessing the US public capital market at various times during the year if their interim financial information is not reconciled. Even if commenters believe we should continue the US GAAP reconciliation requirement for annual reports that include IFRS financial statements, to address this issue should we at least eliminate the need for the US GAAP reconciliation requirement with respect to required interim period financial statements prepared using IFRS as published by the IASB for use in continuous offerings? Should we extend this approach to all required interim financial statements?

This approach would be preferable to there being no accommodation provided to FPIs. However, Prudential does not see any value in a half way house solution that maintains the reconciliation requirements in a limited form. In Prudential's opinion the US GAAP reconciliation is of insufficient use to warrant a continuation of the requirement.

16. Is there any reason why an issuer should not be able to unreservedly and explicitly state its compliance with IFRS as published by the IASB? Is there any reason why an audit firm should not be able to unreservedly and explicitly opine that the financial statements comply with IFRS as published by the IASB? What factors may have resulted in issuers and, in particular, auditors refraining from expressing compliance with IFRS as published by the IASB?

Prudential believes that this issue requires careful consideration by the Commission. There are currently only a limited number of FPIs who have the complication of preparing IFRS financial statements that are prepared using EU endorsed standards rather than those of the IASB in a way that is substantially different. However, it is a requirement not a choice for European Companies to prepare accounts in accordance with EU endorsed standards. In future there may be differences between EU endorsed and IASB standard that are substantial which would make it difficult for FPIs to prepare IFRS statements in accordance with IASB standards for US filing.

17.	***If the proposed amendments are adopted, should eligible issuers be able to file financial statements prepared using IFRS as published by the IASB without a US GAAP reconciliation for their first filing containing audited annual financial statements? If the amendments are adopted, what factors should we consider in deciding when issuers can use them? For example, should we consider factors such as "the issuer's public float (either in the United States or worldwide), whether the issuer has issued only public debt, or the nature of the filing to which the amendments would be applied? Will investors be prepared to analyze and interpret IFRS financial statements without the reconciliation by 2009? If not, what further steps, including investor education, may be necessary?***
	Prudential believes that there should be no requirement for a US GAAP reconciliation for first filings.
18.	***Do we need to make any other changes to Items 17 or 18 or elsewhere to implement fully the proposed elimination of the reconciliation requirement for issuers using IFRS as published by the IASB?***
	Prudential notes that the overriding purpose of the proposals is to assist the US capital market and to further harmonise the information provided to investors in a timely fashion. To that end Prudential respectfully requests that the Commission re-examine its objections to the use of non-GAAP information. Specifically Prudential notes the ability of the European FPIs to provide European Embedded Value basis results to its host markets but not within the US. This information is clearly useful to European investors and should be able to be filed in the US without the unhelpful and unnecessary encumbrances of reconciliations to GAAP or Sarbanes-Oxley requirements. The situation at present is highly anomalous.
19.	***Is any revision necessary to clarify that the provisions relating to issuers that use proportionate consolidation contained in Item 17(c)(2)(vii) would not apply to IFRS financial statements that are not reconciled to US GAAP under the proposed amendments? If so, what changes would be appropriate?***
	No comment.
20.	***Is the IAS 21 accommodation still useful for non-IFRS issuers? Is it clear that an issuer using IFRS would not need to provide disclosure under Item 17(c)(2)(iv)? If not, what changes would be necessary to make it clear?***
	No comment.
21.	***Would issuers have any difficulty in preparing interim period financial statements that are in accordance with IFRS as published by the IASB?***
	Prudential notes the response to question 16.
22.	***Do foreign private issuers that have changed to IFRS generally prepare interim financial statements that are in accordance with IFRS, and do they make express statements to that effect?***
	No comment.
23.	***How significant are the differences between IAS 34 and Article 10? Is the information required by IAS 34 adequate for investors? If not, what would be the best approach to bridge any discrepancy between IAS 34 and Article 10? Should issuers be required to comply with Article 10 if their interim period financial statements comply with IAS 34? Should we consider any revision to existing rules as they apply to an issuer that would not be required to provide a US GAAP reconciliation under the proposed rules?***
	Prudential believes that the Commission should not impose requirements that go beyond those of IAS 34. If the Commission is of the opinion that additional information may be useful it is suggested that the appropriate route would be for the Commission to enter into a dialogue with the IASB on proposed changes to IAS 34.

24.	***Are there accounting subject matter areas that should be addressed by the IASB before we should accept IFRS financial statements without a US GAAP reconciliation?***
	No. Prudential understands the fact that there is considerable difference between the requirements of FAS 60, FAS 97 and FAS 120 and those of IFRS 4. However, given the lack of use of the US GAAP reconciliation by market participants it does not see that this should be an obstacle to the elimination of the US GAAP reconciliation. Also, in practice, the market has taken on board the differences in application of IFRS 4 throughout the use of 'grandfathered' GAAP.
25.	***Can investors understand and use financial statements prepared using IFRS as published by the IASB in those specific areas or other areas that IFRS does not address? If IFRS do not require comparability between companies in these areas, how should we address those areas, if at all? Would it be appropriate for the Commission to require other disclosures in these areas not inconsistent with IFRS published by the IASB?***
	Prudential understands the worry, as far as life assurers are concerned, that the results of European FPI's may not be consistent for their application of IFRS 4 for insurance contracts. However, as noted previously, Prudential believes that the market as a whole has absorbed the particular features of results prepared using IFRS 4 and that with other financial information provided to London and European markets a balanced assessment of performance is being made. Prudential does not believe the SEC should address the concern other than, as previously noted, by the ability to file European Embedded Value basis results without the encumbrance of the non-GAAP rules or Sarbanes-Oxley implications. Such an approach would align the US market with its European peers.
26.	***Should issuers that are permitted to omit a US GAAP reconciliation for their current financial year or current interim period be required to disclose in their selected financial data previously published information based on the US GAAP reconciliation with respect to previous financial years or interim periods?***
	The disclosure of this information does not seem to serve any useful purpose.
27.	***With regard to references to US GAAP in non-financial statement disclosure requirements, should we amend the references to US GAAP pronouncements that are made in Form 20-F 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 US GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the US GAAP references for definitional purposes?***
	No comment.
28.	***Should foreign private issuers that prepare financial statements in accordance with IFRS as published by the IASB be required to continue to comply with the disclosure requirements of FAS 69? What alternatives may be available to elicit the same or substantially the same disclosure?***
	No comment.
29.	***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 harbour provision or other relief or statement be appropriate?***
	Prudential is of the opinion that there should be a safe harbour provision for IFRS 7 or any other forward-looking disclosure that is required currently, or may be required in future, under IFRS. This will ensure parity with US GAAP preparers where the equivalent information is disclosed outside the audited financial statements.
30.	***Are there issues on which further guidance for IFRS users that do not reconcile to US GAAP would be necessary and appropriate? Should issuers and auditors consider guidance related to materiality and quantification of financial misstatements?***

	No comment.
31.	***If a first-time IFRS adopter provides, in a registration statement filed during the year in which it changes to IFRS, three years of annual financial statements under a Previous GAAP and two years of interim financial statements prepared under IFRS as published by the IASB, should we continue to require that the interim financial statements be reconciled to US GAAP?***
	No. Prudential see no purpose in maintaining a requirement for the US GAAP reconciliation in certain circumstances.
32.	***Would a US GAAP reconciliation be a useful bridge from previous GAAP financial statements to annual financial statements prepared under IFRS as~ published by the IASB that are not reconciled to US GAAP?***
	No. Prudential reiterates that in its experience the US GAAP reconciliation has not been seen to be useful to the European or US markets in assessing Prudential's performance.
33.	***Should the Commission extend the duration of the accommodation' contained in General Instruction G for a period longer or shorter than the proposed five years? Would seven years, ten years or an indefinite period be appropriate? If so, why?***
	No comment.
34.	***Should any extension of the accommodation to first-time adopters be tied in any way to US GAAP reconciliation? If so, how?***
	No comment.
35.	***Are the proposed changes to Rules 3-10 and 4-01 sufficient to avoid any ambiguity about our acceptance of IFRS financial statements without reconciliation? If not, what other revisions would be necessary?***
	No comment.
36.	***Are there other rules in Regulation S-X that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to US GAAP? If so, how would the application of those rules be unclear if there were no changes to those rules, and what changes would be suggested in order to make them clear?***
	No comment.
37.	***Is the application of the proposed rules to the preparation of financial statements provided under Rules 3-05, 3-09, 3-10 and 3-16 sufficiently clear? If not, what areas need to be clarified? Are any further changes needed for issuers that prepare their financial statements using IFRS as published by the IASB?***
	No comment.
38.	***Are the proposed changes in Forms F-4 and S-4, and in Rule 701, sufficient to avoid any ambiguity about our acceptance of IFRS financial statements without reconciliation? If not, how should we revise those forms or rule?***
	No comment.

39.	***Under part F/S of Form 1-A relating to offerings conducted under Regulation A, Canadian issuers may use unaudited financial statements that are reconciled to US GAAP. Should we amend Form l-A to permit the use by Canadian companies of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation? Does the fact that financial statements under Form l-A are not required to be audited militate in favour of retaining a US GAAP reconciliation whenever a Canadian issuer uses a GAAP other than US GAAP?***
	No comment.
40.	***Are there other rules or forms under the Securities Act that should be specifically amended to permit-the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to US GAAP? If so, how would the rules or forms be unclear if there were no changes to those forms, and what changes would be suggested in order to make them clear?***
	Prudential requests that the SEC clarifies that financial statements prepared in accordance with IFRS may be filed under Item 17 or Item 18 of Form 20-F, i.e. that no additional disclosures will be required to execute a filing under Item 18.
41.	***Should Schedule TO and Schedule 13E-3 be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to US GAAP? If so, how would the rules or forms be unclear if there were no changes to those Schedules, and what changes would be suggested in order to make them clear?***
	No comment.
42.	***Without the reconciliation to US GAAP, should we be concerned about member firm requirements to have persons knowledgeable in accounting, auditing and independence standards generally accepted in the United States review IFRS financial statements filed with the Commission? Are there alternative ways in which concerns may be addressed?***
	Prudential understands the potential concern. However, in its opinion, it notes that there was, until relatively recently, a lack of familiarity within EU listed companies and audit firms whilst now there is a high degree of familiarity. This is irrespective of any formal requirement for reconciliations of local GAAP to IFRS. It seems reasonable to assume that given the political will an equivalent level of increase in knowledge could take place in the United States.
43.	***Should Form 40-F or F-I0 be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to US GAAP? If so, how would the forms be unclear if there were no changes to those forms, and what changes would be suggested in order to make them clear?***
	No comment.
	IV. General Request for Comments ***We request and encourage any interested persons to submit comments regarding:*** • ***The proposed changes that are the subject of this release,*** • ***Additional or different changes, or*** • ***Other matters that may have an effect on the proposals contained in this release.*** ***In addition to providing comments on these matters, we encourage interested parties to provide comment on broader matters related to the development of a single set of globally accepted accounting standards, for example:***
	Throughout this response a recurring theme, which has been repeated for emphasis, is Prudential's assertion that investors in practice look to financial information other than IFRS and US GAAP to attain a rounded assessment of performance. For European life assurers the core of that additional information is results prepared on the European Embedded Value basis. This is an industry standard developed by the major European life assurers, which despite the lack of oversight by any

accounting standard setter is seen as essential for communication to the European market. However, information prepared on this basis is not permitted to be filed in the United States through the constraints over the provision of non-GAAP information.

This position is highly anomalous in that, to summarise, information that the London and European investment markets find of considerable use is not filed in the US but financial information that is filed with the SEC includes the required reconciliation to US GAAP, that is, regardless of one's view of the technical merits of the information in fact used rarely by investors and analysts.

Prudential supports the SEC proposed elimination of the requirement to reconcile US GAAP. In addition, Prudential requests that the SEC reconsider its approach with regard to the ability to file non-GAAP information.

44. If progress does not continue towards implementing a single set of high-quality globally accepted accounting standards, will investors and issuers be served by the absence of a US GAAP reconciliation for financial statements prepared using IFRS as published by the IASB?

Prudential refers to its responses to previous questions which demonstrate its view that the reconciliations to US GAAP are little used. Irrespective of the degree or speed of convergence Prudential can see no benefit in the continuation of the requirement for reconciliation.

45. Where will the incentives for continued convergence lie for standard setters, issuers, investors and other users of financial statements if the reconciliation to US GAAP is eliminated for issuers whose financial statements are prepared using IFRS as published by the IASB?

In the UK listed companies are required to prepare their consolidated accounts in accordance with IFRS but have the option to prepare the statutory accounts for individual subsidiaries and the parent company stand alone accounts in accordance with UK GAAP. This option is commonly adopted. Despite the fact that no reconciliation is required there is a continued determination by the UK Accounting Standards Board to align UK GAAP and IFRS over time, to the extent practical and desirable.

It would seem likely that over time, irrespective of whether a reconciliation requirement is required, US investors will gradually become more familiar with IFRS and that there will be a natural market pressure to gradually align standards. Indeed, it is possible that without a reconciliation there will be more pressure to align.

46. Are there additional interim measures, beyond the proposed elimination of the US GAAP reconciliation from IFRS financial statements, that would advance the adoption of a single set of high-quality globally accepted accounting standards? If so, what are they? Who should undertake them?

Prudential notes its response to section IV of this consultation paper.

We request comment from the point of view of registrants, investors, accountants, accounting standard setters, users of financial statements and other market participants. With regard to any comments, we note that such comments are of greatest assistance to our rulemaking initiative if accompanied by supporting data and analysis of the issues addressed in those comments.

47. Do you agree with our assessment of the costs and benefits as discussed in this section? Are there costs or benefits that we have not considered? Are you aware of data and/or estimation techniques for attempting to quantify these costs and/or benefits? If so, what are they and how might the information be obtained?

No comment.

48.	***Which foreign private issuers would have the incentive to avail themselves of the proposed amendments, if adopted? Are there any reasons for which an issuer that is eligible to file IFRS financial statements without reconciliation under the proposed amendments would elect to file a reconciliation? If so, what are they?***
	No comment.
49.	***Are there particular industry sectors for which a critical mass of the issuers who raise capital globally already report in IFRS? If so, which industries are they and why?***
	No comment.