INSTITUTE OF MANAGEMENT ACCOUNTANTS
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September 21, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number: S7-13-07 – Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to U.S. GAAP

Dear Ms. Morris:

The Financial Reporting Committee ("the Committee" or "the FRC") of the Institute of Management Accountants (IMA) appreciates the opportunity to provide its view on the Proposed Rule. FRC is the financial reporting technical committee of the Institute of Management Accountants. The Committee is comprised of representatives from the largest accounting firms in the world, valuation experts, preparers of financial statements from some of the largest companies in the world, accounting consultants as well as academics. The Committee reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations.

The purpose of this letter is to provide feedback on the Securities and Exchange Commission's (the "SEC" or the "Commission") proposed rule entitled "*Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to U.S. GAAP*" (the Proposed Rule). Although we have not responded to each question in the proposal, we support the Proposed Rule for the following reasons:

- On balance, we think International Financial Accounting Standards (IFRS) as published by the IASB are sufficiently robust and comprehensive to be understood and used by investors. We agree with the Commission's view that this conclusion applies specifically to IFRS as published by the IASB. Jurisdictional or other

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- variations of IFRS should continue to require reconciliation to U.S. Generally Accepted Accounting Principles (GAAP).

- Although there are some uncertainties and risk involved in accepting financial statements prepared on the basis of IFRS without reconciliation to U.S. GAAP, we believe these are outweighed by the overall benefits to foreign private issuers and that the Commission's proposal represents a good step forward in global capital market reporting.

- We understand (and the Proposed Rule implies) that the reconciliation is not an important tool for U.S. investors and is little used. Further, the move by most jurisdictions outside the U.S. to common IFRS standards has significantly reduced the benefit of the reconciliation compared to the previous situation when foreign private issuers prepared financial statements using diverse standards from different national standard setters.

- We agree that the degree of convergence between IFRS and U.S. GAAP is not the only or even a key factor in determining whether the reconciliation to U.S. GAAP should be retained. We also do not believe convergence is a pre-requisite to eliminating the reconciliation. While we fully support the goal of uniform, high quality accounting standards, we believe it is unlikely that there will ever be complete convergence. Importantly, we believe the SEC's proposal to eliminate the U.S. GAAP reconciliation could improve the convergence effort. It is our intuition that the SEC's proposal could create "competition" between IFRS and U.S. GAAP, and that this competition could lead toward more convergence rather than less as (1) the organizations that issue accounting pronouncements vie to develop the best, most transparent, most useful and most relevant financial reporting model and (2) to the extent permitted, investors and preparers express their preferences by "voting" in the capital markets through their investment selections and accounting policy decisions. Further, once IFRS is allowed in the U.S., we believe more of the IASB's U.S.-based constituents (both preparers and users) who are already active participants in the U.S. GAAP standard setting process will naturally become more involved in the comment and deliberation phases of the IASB's process, thereby providing increased pressure towards convergence.

- Maintaining two (or more) sets of "books" is very costly and we are not aware of any evidence indicating that the benefits exceed those costs.

- Capital markets in the United States need to be internationally aware and sensitive that if the reconciliation is not eliminated in the U.S., other countries/jurisdictions may well impose their own reconciliation requirements for U.S. companies that file in those other jurisdictions.

We do not believe the elimination of the reconciliation will have a significant negative impact on users of the underlying financial statements. We believe investors will be able to adequately understand, interpret and use financial statements prepared using IFRS to make investing decisions. We believe that over time, the increasing number of registrants utilizing IFRS in their SEC filings will contribute to more consistent application of the standards, as well as a better understanding of both the IFRS standards themselves and the differences between IFRS and U.S. GAAP by U.S. market participants.

We do not believe it is sufficient, however, to address only the *accounting standards* that public companies use. We see an important need for the Commission to work with other jurisdictions over time to converge other *reporting requirements* for public companies. In particular, we point to differences in the frequency, timeliness and content of public reporting. We believe the interests of U.S. investors and markets as well as global capital markets are best served by a level playing field in terms of the frequency, timeliness, and content of information provided by public companies, including:

- due dates for annual filings,
- due dates for interim filings,
- the requirements for quarterly vs. semi-annual reporting,
- the content of interim filings,
- due dates for Form 8-K type reporting,
- number of years of information in selected financial data,
- reporting information about auditors,
- auditor involvement with interim reporting, and
- the legal status of filings.

As a good starting point, we would suggest that if the reconciliation is eliminated, the Commission should evaluate the ability of foreign registrants to file financial information on a more timely basis.

We acknowledge that many implementation issues exist that will need resolution if the Commission adopts the Rule as proposed. We believe that companies reporting under IFRS would need to understand the applicability of SEC Staff Accounting Bulletins and other SEC reporting requirements that are not specifically addressed by IFRS but are also not inconsistent with IFRS. By way of example, what is the status and relevance of SEC Staff Accounting Bulletin No. 104, "Revenue Recognition," in preparing financial statements under IFRS?

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We appreciate the opportunity to comment on the Proposed Rule and would be pleased to answer any questions you may have. I can be reached at 212-484-6680.

Sincerely,

Pascal Desroches
Chair, Financial Reporting Committee

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