



SEC IFRS Proposal

EABC Policy Paper

September 21 2007

The European-American Business Council (EABC) is a leading business association active in representing European and American companies on Trans-Atlantic trade and investment policies. EABC works to foster the continued integration and growth of the European and American economies, as well as the reduction of trade and investment barriers by speaking out on issues that fortify or threaten the Trans-Atlantic commercial relationship.

We appreciate the opportunity to provide our comments on the SEC proposed rule “Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to U.S. GAAP”. Our members believe that the move toward cross-border acceptance of International Financial Reporting Standards (IFRS) and US GAAP in both the US and EU capital markets without limitation will greatly contribute to promoting investment and the efficient allocation of capital. In addition, the removal of the reconciliation will eliminate the significant cost of complying with two sets of accounting principles and as a result, add value to shareholders. Therefore, we commend the SEC for putting forward this long-awaited proposal and strongly encourage the SEC to eliminate the IFRS reconciliation requirement as soon as possible.

EABC member companies agree with the SEC’s approach on the use of the English version of IFRS as published by the International Accounting Standards Board. We believe the true benefits of a consistent, world-wide set of accounting standards will only be achieved through the required use of the same set of standards. We note concerns raised by some in Europe over this limitation. While we acknowledge these concerns, we support the SEC’s position due to the active cooperation between the SEC and CESR as agreed on by the August 2006 Work Plan, the additional bilateral agreements between the SEC and certain national regulators in Europe (like the UK FSA and the German BaFin), and the IASB’s willingness for an open dialogue with the European Commission. If a reconciliation requirement remains, we believe that foreign

private issuers should be allowed to reconcile their financial statements to either IFRS as published by the IASB or US GAAP.

Our members do share concern over the potential impact on future timing and filing requirements (e.g., accelerated filing deadlines) and suggest that before any decision is made in this regard, careful study should be undertaken. This study should seek to understand various issues unique to foreign private issuers, such as the additional time it takes to translate financial statements into English and additional reporting requirements under local law that foreign private issuers may have to meet during the same time frame during which the regular SEC filings are to be prepared.

EABC member companies call for the development of a single set of globally accepted accounting standards that will enhance the efficiency of the capital markets around the world, increase the quality of information reported by entities in many jurisdictions, and reduce the cost of compliance with multiple reporting frameworks. We believe that regulators worldwide can contribute to the global nature of such standards by cooperating very closely and by refraining from issuing on their national level interpretations that provide guidance on the application of these standards.

EABC will continue to be a strong supporter of this well-working transatlantic dialogue for the strength of the transatlantic economy and the benefit of European and American companies. Please do not hesitate to call on us if we can be of any assistance.



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