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September 24, 2007

Via electronic submission

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

Re: Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP – File No. S7-13-07

Dear Ms. Morris:

This letter is in response to Release Nos. 33-8818; 34-55998; International Series Release No. 1302 (the "Proposing Release"), in which the Commission solicits comments on its proposal to accept from foreign private issuers their financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") without reconciliation to generally accepted accounting principles ("GAAP") as used in the United States.

We strongly support the Commission's proposal. As the Commission has acknowledged in the past, requiring companies to comply with multiple reporting standards serves neither issuers nor investors. Issuers are forced to spend more time, money and management resources on meeting their reporting obligations than would otherwise be the case, and investors are left to foot the bill while in many cases gaining very little in the way of meaningful additional disclosure. The elimination of the U.S. GAAP reconciliation requirement would be an important step toward easing the regulatory burden on eligible foreign private issuers and their investors and would help facilitate the achievement of the Commission's long-standing goal of fostering a single set of high-quality, globally accepted accounting principles. By taking such an open and direct stake in the quality of IFRS, the Commission would be demonstrating its

confidence in the development of IFRS to date and its commitment to IFRS going forward.

Moreover, as noted in the Proposing Release, the Commission's U.S. GAAP reconciliation requirement discourages non-U.S. companies from accessing the U.S. capital markets. Our own experience advising non-U.S. companies suggests that, because of the time and cost involved, this requirement is one of the greatest deterrents to their extending a public offering or maintaining a listing in the United States. Therefore, eliminating this requirement would increase the likelihood that non-U.S. companies will choose to include U.S. investors in their capital raising activities, helping the U.S. capital markets remain competitive with markets in Europe and Asia and providing a broader class of U.S. investors with access to investment opportunities they otherwise would not have.

In light of these considerations, we urge the Commission to move quickly to adopt its proposal. Doing so would send a clear and timely message about the Commission's commitment to promoting regulatory convergence and reducing the incremental cost to foreign private issuers of accessing the U.S. capital markets. The remainder of our letter addresses some of the questions posed by the Commission in the Proposing Release.

Is the Time Right? (Questions 1-3, 6-7)

Several of the first questions posed by the Commission in the Proposing Release concern the timing of its proposal, including whether IFRS are widely used and understood by investors, whether the current level of convergence between IFRS and U.S. GAAP is adequate and whether there is sufficient comparability among companies using IFRS as published by the IASB.

In our view, there is little doubt that IFRS as published by the IASB already command the confidence of the global investment community. As the Commission is aware, robust capital markets in Europe and elsewhere, using IFRS exclusively, are attracting a growing number of world-class issuers and sophisticated investors, including many U.S. investors. In addition, as a practical matter, registered foreign private issuers that publish financial statements in their home country in accordance with IFRS typically publish their U.S. GAAP reconciliation only weeks or months later. In light of investors' general comfort level with IFRS, this trend has rendered the publication of U.S. GAAP reconciliations a "non-event" for investors while imposing a substantial time and cost burden on the issuers that have to prepare the reconciliations.

We also believe there is currently a sufficient level of convergence between IFRS and U.S. GAAP, and that adopting the Commission's proposal would accelerate the process of further convergence. As a result in large part of the Staff's work

with and support of the IASB and other standard-setting organizations, as well as the contributions of the U.S. accounting profession, many of the basic principles incorporated in IFRS mirror those of U.S. GAAP. Based on our experience, we believe this influence has been critical to fostering the confidence of investors in IFRS. Having reached this point, we believe further convergence can best be achieved by acknowledging the progress that has already been made and focusing the full attention of issuers, investors and standard-setters on maintaining and enhancing the quality of IFRS.

Finally, we wish to acknowledge the legitimacy of the other issues raised in the Proposing Release concerning the "readiness" of IFRS, including whether there is sufficient consistency and faithfulness in their application to ensure comparability across industries and geographies. Our own view is that, while there remains work to be done in this area, the collective efforts over many years of the IASB, other national and international standard-setters, regulators, accountants and, most significantly, investors, have substantially reduced the opportunities for an issuer to seek to apply IFRS in a manner that jeopardizes comparability with other companies in the same peer group. In light of the progress of IFRS to date, we agree with the Commission's decision to address any remaining "readiness" issues proactively − for example, by requiring that foreign private issuers comply with the version of IFRS published by the IASB − rather than use them as an excuse to delay action that would promote convergence and enhance the competitiveness of the U.S. capital markets.

Should the Option of Allowing a Foreign Private Issuer That Uses IFRS as Published by the IASB to File Financial Statements Without a U.S. GAAP Reconciliation Be Phased in? (Question 13)

We see no benefit, and considerable downside, to adopting a phase-in approach with respect to the Commission's proposal. The Proposing Release does not cite any evidence suggesting that foreign private issuers who do not meet the definition of a well-known seasoned issuer or a large accelerated filer prepare IFRS financial statements of lower quality than other foreign private issuers. In fact, while we would discourage the Commission from adopting any type of phase-in approach, we note that it is the smallest companies that face the greatest relative burden in producing a U.S. GAAP reconciliation in light of the time and cost involved. We believe adopting a phase-in approach would accomplish nothing other than delaying the full benefits to issuers and investors of the Commission's proposal.

Should the Filing Deadline for Annual Reports on Form 20-F Be Shortened for Issuers That File IFRS Financial Statements Without a U.S. GAAP Reconciliation? (Question 14)

In our experience, the U.S. GAAP reconciliation is the principal − albeit by no means the only − incremental burden of preparing a foreign private issuer's Form 20-F annual report. Accordingly, we believe it is fair for the Commission to consider

shortening the filing deadline for Form 20-F for eligible foreign private issuers in exchange for removing this burden.

In considering any such proposal, however, we would urge the Commission not to require issuers to file both reports on the same date. Such a requirement would force all issuers to maintain a dual-track process, placing additional strain on an issuer's resources at the beginning of each financial year and potentially delaying publication of the issuer's annual report in its home country. For example, issuers often need additional time to address certain requirements of Form 20-F that may not be relevant for purposes of their home country annual report, including some of the requirements added as a result of the Sarbanes-Oxley Act. Furthermore, requiring issuers to file their home country annual report and Form 20-F on the same date would place an even greater burden on issuers that prepare their home country annual reports in a language other than English. In light of these considerations, if the Commission determines to tie the filing deadline for Form 20-F to an issuer's home country annual report, we would recommend allowing foreign private issuers no less than 60 days after publishing their home country annual report to prepare and file their annual report on Form 20-F (while retaining the current deadline of six months after the end of the issuer's fiscal year as a "backstop").

Even If the U.S. GAAP Reconciliation Requirement Is Not Eliminated for Annual Financial Statements Prepared in IFRS, Should It Be Eliminated for Interim Financial Information? (Question 15)

We share the Commission's concern about the "black out" period created by the requirement to reconcile interim financial information to U.S. GAAP under Item 8.A.5 of Form 20-F. In our experience, this requirement frequently results in registered foreign private issuers excluding U.S. investors from their public offerings during the last quarter of their financial year. Should the Commission decide against eliminating the U.S. GAAP requirement for annual periods, we believe there would still be a significant benefit for issuers and investors in eliminating this requirement for interim periods. Investors analyzing an issuer's interim results in IFRS would still be able to refer to the issuer's U.S. GAAP reconciliation in respect of its last annual period, and the Commission could further impose the same conditions that currently apply to interim results published prior to the end of the issuer's third quarter under Instruction 3 to Item 8.A.5.

On a related point, if, as we hope, the Commission eliminates the U.S. GAAP reconciliation altogether for eligible foreign private issuers, we urge the Commission to make clear in its final rules that this relief will apply in respect of any interim period within the first full financial year for which no reconciliation will be required. For example, if, under the final rules, eligible foreign private issuers are not required to prepare a U.S. GAAP reconciliation in respect of the 2008 financial year,

neither should they be required to do so for the first six months of 2008 in order to avoid a black-out in the fourth quarter of the year as a result of Item 8.A.5 of Form 20-F.

Should the U.S. GAAP Reconciliation Requirement Be Retained for Some Filings, Such as an Issuer's First Filing Containing Audited Annual Financial Statements? (Question 17)

We urge the Commission against adopting such an approach. Because it would retain the current unfavorable *status quo* for prospective foreign private issuers deciding whether to access the U.S. capital markets, it would dramatically reduce the benefit of the Commission's proposal for investors. In addition, requiring foreign private issuers that report in IFRS as published by the IASB to make an initial reconciliation to U.S. GAAP would dilute the message embodied in the Proposing Release about the Commission's confidence in IFRS and commitment to convergence.[1]

Should Issuers Be Required to Comply with Article 10 of Regulation S-X If Their Interim Period Financial Statements Comply with IAS 34? (Question 23)

We do not believe any of the differences between Article 10 of Regulation S-X and IAS 34 highlighted in the Proposing Release are so significant as to justify overlaying Article 10 on the requirements already imposed by IAS 34 in respect of interim financial information. The most relevant of these differences concerns the ability of companies to present more condensed balance sheet, income statement and cash flow information detail under IAS 34 than under Article 10. In our experience, the level of detail provided by issuers in their interim financial results is determined primarily by the expectation of their investors, who typically insist on a high degree of comparability in the information published by companies in the same peer group. We also note that the Proposing Release does not cite any evidence suggesting that the absence of an explicit statement that interim disclosures must be sufficient to make interim period information not misleading − another difference between Article 10 and IAS 34 referred to in the Proposing Release − results in issuers providing less, or lower quality, disclosure in their interim results.

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[1] On a related point, we support the Commission's decision to implement the elimination of the U.S GAAP reconciliation requirement across the board for eligible foreign private issuers rather than seeking to retain it in specific forms or rules. Otherwise, the benefit of the Commission's initiative would be significantly reduced or eliminated for many foreign private issuers. In particular, we agree with proposed amendments to Forms F-4 and S-4 and Rule 701 set forth in the Proposing Release.

Should We Amend the References to U.S. GAAP Pronouncements That Are Made in Form 20-F to Also Reference Appropriate IFRS Guidance? (Question 27)

We encourage the Commission to supplement the references to U.S. GAAP pronouncements in Form 20-F to corresponding pronouncements, interpretations and other guidance issued by the IASB and other appropriate bodies, such as the International Financial Reporting Interpretations Committee. By doing so, the Commission would be providing foreign private issuers that report in IFRS with a clear statement of its views as to the appropriateness of following such guidance in preparing IFRS financial statements filed with the Commission. Otherwise, foreign private issuers would be left in the unfair position of taking a chance as to whether particular pronouncements or interpretations under IFRS will be considered as "equivalent" to the corresponding U.S. GAAP guidance by the Staff.

Should the Commission Address the Implications of Forward-Looking Disclosure Contained in a Footnote to IFRS Financial Statements in Accordance with IFRS 7? (Question 29)

We share the Commission's concern that registered foreign private issuers required to comply with IFRS 7 beginning with the 2007 financial year will be placed in an unfair position in light of the exclusion of information included in financial statements from the safe harbor for forward-looking information provided under Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. As noted in the Proposing Release, companies reporting in IFRS will be required by IFRS 7 to include market risk disclosure in the notes to their IFRS financial statements, and the Commission will not accept a registrant's IFRS financial statements that do not comply fully with IFRS, including IFRS 7. We urge the Commission to address this veritable "Catch 22" by adopting a safe harbor that would place all foreign private issuers that report in IFRS, including those that continue to be required to reconcile their results to U.S. GAAP, in the same position as domestic registrants, which are able to provide the market risk disclosure required by Item 305 of Regulation S-K in the body of their annual reports on Form 10-K and thus benefit directly from the statutory safe harbors for forward-looking statements.

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We appreciate this opportunity to comment on the Proposing Release. You may direct any questions with respect to this letter to George H. White (+44 20 7959 8570), David B. Rockwell (+44 20 7959 8575) or Angel L. Saad (+44 20 7959 8444) in our London office.

Very truly yours,

SULLIVAN & CROMWELL LLP