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Nancy Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
By E-mail: rule-comments@sec.gov

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; Release No. 33-8818.

Dear Ms. Morris:

This letter comments on Release No. 33-8818 dated July 2, 2007 (the "Release") of the Securities and Exchange Commission (the "Commission" or "SEC"). The Release proposes changes to regulations that require financial statements of foreign private issuers to be reconciled to U.S. generally accepted accounting principles ("U.S. GAAP"), promulgated chiefly by the Financial Accounting Standards Board ("FASB"). It proposes to eliminate the reconciliation requirement for financial statements prepared using the English version of International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB").

We strongly support the IASB and FASB convergence project and agree with the Commission that a single set of high-quality, globally accepted accounting standards are critical to the protection of investors and the efficiency of global capital markets. However, we would like to discourage the Commission from eliminating the reconciliation requirement for financial statements prepared using IFRS, as published by the IASB. We believe that at this stage such elimination may delay convergence and have the following adverse impacts on U.S. SEC filers, investors, and capital markets:

(1) Reduce comparability and transparency of financial statements across SEC filers;
(2) Reduce reliability and quality of financial information provided by foreign private issuers;
(3) Give preferential treatment to foreign private issuers and make U.S. issuers less competitive;
(4) Establish the IASB as the IFRS standard-setter without the proper independence as required by the Sarbanes-Oxley Act (SOX).

(1) Reduce comparability & transparency of financial statements across SEC filers.

Although differences between U.S. GAAP and IFRS have been addressed during the FASB - IASB convergence project, there are still many discrepancies that could impair an investor's decision-making process. While differences might be well known by large institutional investors and analysts, other investors should not be expected to understand both U.S. GAAP and IFRS in order to make informed investment decisions.

Without such reconciliation, differences between the two systems could make it difficult for investors to compare and understand financial statements of companies even within the same industry and could alter an investor's opinion in favor of a foreign private issuer, which would have the choice of using IFRS or U.S. GAAP, whichever is preferable in a given situation.

We support the continuation of the reconciliation to U.S. GAAP as it facilitates transparency by providing investors with an awareness of international standards as well as identifying and quantifying material differences that may not otherwise be reasonably discerned by financial statement users.

(2) Reduce reliability and quality of financial information provided by foreign private issuers.

We do not believe that there is enough experience and data available on financial statements prepared using IFRS as prescribed by the IASB to support placing the same level of reliability as that of U.S. GAAP financial statements.

In addition to existing differences with U.S. GAAP, sufficient comparability does not yet exist among companies using IFRS as published by the IASB. There are several areas where the IASB has yet to develop standards or in which IFRS allows disparate application.

As noted by the Commission, the consistent and faithful application of IFRS as published by the IASB is an important consideration to accepting IFRS financial statements. However, as noted in the July 2, 2007 Staff Observations on its Review of IFRS Financial Statements, the Commission found a wide range of accounting treatment for various transactions and indicated that it has not yet reached a comprehensive conclusion about the overall compliance or consistency regarding the application of IFRS.

Given the early stages of IFRS, companies, investors, auditors and the Commission should have more experience with IFRS, as published by the IASB, before it is to be relied upon and established as a globally accepted accounting system. We suggest the Commission monitor and evaluate the compliance of financial statements prepared in accordance with IFRS, as published by the IASB, to ensure consistent application prior to eliminating the reconciliation.

(3) Give preferential treatment to foreign private issuers and make U.S. issuers less competitive

U.S. companies would be at a competitive disadvantage if foreign companies were allowed to access U.S. capital resources without being held to the same rigorous reporting standard as U.S. companies. In addition to the accounting differences, key differences in reporting deadlines and disclosure requirements between U.S. GAAP and IFRS filers have not been addressed in the proposed standard, which would result in separate reporting environments and provide for preferential treatment to IFRS filers.

Furthermore, absent equal treatment, the U.S. economy and tax base, which already has the highest tax rate in the developed world, will be slowly but increasingly damaged due to incentives for companies to register offshore and still receive the benefit of access to U.S. capital markets.

(4) Establish the IASB as the IFRS standard-setter without the proper independence as required by SOX

While we support the IASB efforts, we are concerned about putting the IASB on the same level as the FASB by accepting IFRS financial statements without reconciliation. The Commission currently recognizes the FASB as a U.S. GAAP standard-setter for purposes of federal securities law and oversees the activities of the FASB as part of its responsibilities under the securities laws. Currently, the Commission is only an independent observer of the IASB.

In addition, unlike the FASB, which receives public funding, the IASB is a stand-alone privately funded accounting standard-setting body. The funding mechanism for the IASB could have a negative influence on the quality and timeliness of the standards it produces and may jeopardize its independence. We do not think it is appropriate for the Commission to recognize the IASB as the IFRS standard-setter without it adhering to the same independence standards as the FASB.

Conclusion

We strongly support convergence of the IASB and FASB standards; however, we believe that acceptance of financial statements based on IASB standards without reconciliation to U.S. GAAP is premature and could adversely impact U.S. SEC filers, investors, and capital markets.

Also, we do not believe that this Release or the Commission's recently issued Staff Concept Release regarding whether U.S. issuers should be permitted to use IFRS for purposes of complying with the SEC rules and regulations is consistent with the Commission's goal to promote the development of a single set of high-quality, globally accepted accounting standards. The U.S. GAAP reconciliation requirement serves not only as an incentive for the FASB and IASB to continue its convergence efforts but also highlights the differences between the two and serves as a reminder that convergence has not yet been achieved. It appears that efforts should first be focused on further convergence prior to the removal of the reconciliation requirement.

Yours Sincerely,

Dennis J. Hickey
Vice President and Corporate Controller