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

Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to U.S. GAAP
Commission File No. S7-13-07

Dear Ms. Morris:

Ernst & Young LLP is pleased to comment on the Securities and Exchange Commission's (the "Commission" or the "SEC") request for comment regarding the proposal (the "Proposal") to accept foreign private issuers' financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") without reconciliation to accounting principles generally accepted in the United States ("U.S. GAAP"). Our comments also reflect the views of Ernst & Young Global, which is the global organization of Ernst & Young member firms. The following are general comments with regard to the Proposal. Our responses to individual questions are included in the Attachment.

General

We strongly support the Proposal to accept financial statements of foreign private issuers that are prepared on the basis of the English language version of IFRS as published by the IASB ("IFRS financial statements") without reconciliation to U.S. GAAP. IFRS have come a long way since the SEC's 2000 Concept Release on International Accounting Standards. Since that time, the previous International Accounting Standards Committee has responded positively to issues identified by the user constituents, especially the International Organization of Securities Commissions ("IOSCO"), and made significant improvements to complete a set of core standards. Furthermore, a new IASB was constituted with a commitment to "develop, in the public interest, a single set of high quality, understandable, and enforceable global accounting standards that require high quality, transparent, and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions." Given the composition of the IASB, IFRS are issued through a robust *process* that is transparent to the public and reflect the collective input of technicians and practitioners from around the world. Finally, a committee—subsequently

renamed the International Financial Reporting Interpretations Committee ("IFRIC")—was established to promote the effective use and consistent application of IFRS. For these reasons, among others, IFRS as published by the IASB have gained broad acceptance by many securities exchanges in countries outside the United States.

In summary, we agree that the reconciliation requirement should be removed for a foreign private issuer that prepares its financial statements in accordance with IFRS as published by the IASB.

Timing of Acceptance

The acceptance of IFRS financial statements without reconciliation should not be conditional on the adequacy or continuation of the convergence process between the IASB and the Financial Accounting Standards Board ("FASB"), but on the recognition of IFRS as a set of high quality standards, that are based on a consistently applied conceptual framework and issued by a well established standalone standard setter. While the SEC and other regulators' call for convergence was a necessary impetus, we believe that market forces will now be the ultimate driver for convergence. In our view, the ultimate goal should be the development of a single set of high quality global accounting principles. In the interim, we believe the SEC's investor protection goals can be satisfied even where different systems of financial reporting produce somewhat different results as long as those systems are transparent and the information produced by them is reliable and relevant. Moreover, the SEC should recognize that differences exist in the application of any set of standards, including U.S. GAAP, but that the full and transparent disclosure of accounting policy decisions by issuers can enable users to understand and evaluate the effects of the differences on the financial statements.

Implementation Issues

We support the SEC's taking the appropriate actions to achieve a successful implementation of the proposal to accept IFRS financial statements from foreign private issuers without reconciliation to U.S. GAAP. Over the years, many of the SEC's initiatives related to foreign private issuers have had the goal of reducing barriers to cross-border offerings and listings in the United States, while preserving or enhancing existing investor protections. For example, in 1999, the SEC adopted revised disclosure requirements for foreign private issuers to conform to the international disclosure standards endorsed by IOSCO. In light of the significant change that this Proposal would introduce, we believe the SEC should revise and update the disclosure requirements of the Form 20-F to facilitate use by IFRS presenters. As proposed, several non-financial disclosure items of Form 20-F would continue to make reference to specific U.S. GAAP pronouncements without references to the corresponding IFRS pronouncements. As a result, the decision as to which IFRS pronouncement is the appropriate one would be left up to each individual issuer, which could lead to investors being provided with non-comparable information. To promote

consistent and faithful application, our suggestion is to include only generic descriptions of the subject disclosure in the text of foreign private issuer forms and referenced integrated disclosure requirements. To aid in issuers' compliance, those instructions could direct preparers to an exhibit to be made available on the Commission's website that includes supplemental cross references to the corresponding IFRS and U.S. GAAP pronouncements dealing with the subject of the disclosure. The exhibit would be updated periodically for changes to the disclosure requirements and/or the referenced standards. In an appendix to this letter, we have included as Exhibit 1 an example for the Commission's consideration.

Jurisdictional IFRS

As proposed, the existing reconciliation requirements will continue to apply to foreign private issuers that file their financial statements using a comprehensive basis of accounting other than U.S. GAAP or IFRS as published by the IASB. However, many foreign private issuers present primary financial statements that assert compliance with jurisdictional IFRS as required by their home country regulators. While it has been said that certain jurisdictional IFRS are similar to IFRS as published by the IASB, differences may exist today and those differences potentially could be more significant in the future. Timing differences also could arise due to the existence of jurisdictional endorsement processes. While local regulatory practices and laws need to be respected, in our view, the acceptance by all jurisdictions of the *process* followed by the IASB to develop IFRS and its governance should be the ultimate goal as that will promote the integration of capital markets globally. We recognize that this would involve fundamental changes in the political and legislative processes in many countries, but will be necessary if IFRS is to succeed in becoming a truly global set of accounting standards. Accordingly, we encourage the SEC to take the lead with other capital markets' regulators around the world in promoting the acceptance of the IASB *process*, in place of the current jurisdictional endorsements whereby individual standards are explicitly approved. Of course, to fulfill that leadership role would require the SEC to avoid a similar endorsement process, including issuing its own special rules and interpretations of IFRS.

If a foreign private issuer asserts compliance in its financial statements with another comprehensive basis of accounting (including a jurisdictional IFRS) as required by its home country regulators, we believe that the SEC should allow such financial statements to be reconciled to either IFRS as published by the IASB or U.S. GAAP. By providing this option to reconcile to IFRS as published by the IASB, the SEC would be recognizing the mutual acceptability of either IFRS as published by the IASB or U.S. GAAP. We would envision that the form of such a reconciliation would include, for each significant difference, both a description of the difference and a quantification of the effect of such difference, as well as the required disclosures, similar to today's existing reconciliation requirements as described in Items 17 and 18 of Form 20-F. However, in the event that the differences in accounting for a particular transaction (for example, a business combination) are pervasive, the issuer should present a more

robust reconciliation. For example, a condensed balance sheet, income statement and cash flow statement prepared in accordance with IFRS as published by the IASB should be required for as long as the accounting for the business combination in question resulted in materially different amounts between financial statements prepared using jurisdictional IFRS and IFRS as published by the IASB or U.S. GAAP. With this requirement, the SEC would continue to promote the consistent use of IFRS as published by the IASB, as the differences with other variations of IFRS will be transparent to the users.

Safe Harbor and Forward-Looking Information

The Proposal asks whether the Commission should address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). IFRS 7 requires disclosure in the notes to the annual financial statements of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Regarding market risk, IFRS 7 requires financial statement disclosure of, among other things, either a sensitivity analysis for each type of market risk exposure or a value-at-risk measure that reflects interdependencies between various types of market risks. There is no corresponding disclosure requirement in U.S. GAAP, although under Item 11 of Form 20-F, foreign private issuers must disclose similar information outside the financial statements, where it is subject to the statutory safe harbor for forward-looking statements, to the extent it constitutes "forward-looking statements," and also is subject to safe harbor protection under Commission rules.

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide safe harbor protection for forward-looking statements, subject to certain conditions and limitations. However, these statutory safe harbor provisions do not extend to forward-looking statements "included in a financial statement prepared in accordance with generally accepted accounting principles."

As a matter of equitable treatment, we do not believe foreign private issuers that use or reconcile to IFRS should incur a higher exposure in private securities litigation just because IFRS requires more forward-looking disclosures than U.S. GAAP. Accordingly, we encourage the SEC to utilize its exemptive authority to extend the statutory safe harbor protections to the forward looking information required in the notes to financial statements under IFRS 7.

Support for Global Standards

The Proposal is a milestone in the 'Roadmap' announced by the then SEC's Chief Accountant in 2005. We support the Commission's commitment to promote the development of a global, high-quality set of accounting principles. The globalization of business markets and investment opportunities demands that regulators, standard setters, and others develop one set of high

quality international accounting standards that will provide comparable, transparent, relevant, and reliable financial information for making efficient capital allocation decisions. As overseer of the largest, most active and liquid capital market in the world, the SEC has and should continue to play an important role in achieving the goal of developing high quality international standards for the benefit of all capital market participants, including U.S. investors.

We believe the IASB is well positioned to be the international standard setter that could continue to develop a single set of high quality and understandable global accounting standards that the global market demands. IFRS are issued through a robust *process* that is transparent to the public and reflects the collective input of technicians and practitioners from around the world who both serve on the IASB and contribute to the standards development process in other ways. Many of these individuals are technicians and practitioners who have also served on the various local standard setters and represent an important source of candidates for the IASB. The SEC and other capital market regulators should continue to support the work of the local standard setters, such as the FASB, for reasons noted above as well as the continued importance of their contributions to local standards development for non-public companies, contractual obligations, and tax reporting requirements.

In view of the objective of positioning IFRS as a mutually agreeable single set of globally accepted accounting standards, we strongly agree with the SEC that a comprehensive infrastructure must be in place for the development of high-quality international accounting and financial reporting standards to be used, interpreted, and enforced consistently throughout the world. Building such an infrastructure requires the cooperation of many organizations, such as the IASB, IOSCO, major securities regulators, the accounting firms, and others. We are encouraged by the level of commitment already demonstrated by many of these organizations.

In that regard, we recommend the following actions:

- The SEC and other regulatory bodies throughout the world should agree on the framework for acceptance of the *process* underlying the issuance of IFRS standards, rather than approving or rejecting individual IFRS standards (thereby seemingly substituting themselves as the standard setter).

- The SEC and other regulatory bodies throughout the world should agree on a framework by which inconsistent applications and other issues suggesting the need for interpretative review of the underlying standard would be identified and referred to the IFRIC for timely resolution. The objective of the framework would be the consistent application and interpretation of IFRS worldwide. We do not believe the SEC, or any other national capital market regulator, should unilaterally interpret IFRS. However, we recognize the important role that the SEC and other regulators have as the ultimate arbiters in determining that issuers within their respective markets have properly applied accounting principles in the protection of the investing public.

- A global funding mechanism for the IASB, other than private contributions, should be developed that is commensurate and consistent with the role of the IASB as the independent global standard setter. We understand that the IASC Foundation Trustees are currently developing a mechanism for public funding of the IASB's work via an assessment process through the global exchanges. With appropriate funding, the IASB can continue to have the resources to have a full-time Board as well as a full complement of staff required in recognition of its increased workload. In addition, it could function in the role of the principal global standard setter able to develop standards of the highest quality without relying too heavily on the support of local standard setters around the world.

We would not envision that the timing of accomplishing these actions would delay the adoption of the changes proposed in this Proposal.

From our perspective, with operations in over 140 countries, we believe the SEC and other regulatory bodies throughout the world should continue to participate actively in the development of the global capital market structure, particularly as it relates to establishing an appropriate and effective worldwide regulatory environment. The reality today is that U.S. investors participate in securities markets all over the world, and this trend is increasing. In our view, by dedicating resources to such efforts, the SEC and other national regulators are better able to protect investors from within their jurisdictions as they invest capital around the world. An important part of such an effort is the development of a common global regulatory structure that produces financial statements and supplemental disclosures that are consistent in appearance and content no matter the country of domicile or principal exchange on which an issuer is listed.

We would be pleased to discuss our comments with the Commission or its staff at your convenience.

Very truly yours,

Ernst & Young LLP

Specific Issues on which the Commission Seeks Comment

We have organized our comments to respond to the specific issues on which the Commission seeks public comment. Our responses have been grouped to address together those questions that we believe have underlying similarities.

Q. 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?

We agree that IFRS are widely used and have been issued through a robust *process* by a standalone standard setter, resulting in high quality accounting standards.

Q. 2 Should convergence between U.S. 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 U.S. 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 prepared in accordance with IFRS as published by the IASB without a U.S. 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?

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

(Following is a combined response to questions 2 and 45.)

The acceptance of IFRS financial statements without reconciliation should not be conditional on the adequacy or continuation of the convergence process between the IASB and the FASB, but on the recognition of IFRS as a set of high quality standards, based on a consistently applied conceptual framework, and issued by an established standalone standard setter. While the SEC and other regulators' call for convergence was a necessary impetus, we believe that market forces will now be the ultimate driver for convergence. In our view, the ultimate goal should be the development of a single set of high quality global accounting principles. In the interim, we believe the SEC's investor protection goals can be satisfied even where different systems of financial reporting

produce somewhat different results as long as those systems are transparent and the information produced by them is reliable and relevant.

Q. 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 U.S. GAAP reconciliation?

Q. 24 Are there accounting subject matter areas that should be addressed by the IASB before we should accept IFRS financial statements without a U.S. GAAP reconciliation?

Q. 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?

(Following is a combined response to questions 3, 24 and 25.)

Because differences exist in the application of any set of accounting standards, including U.S. GAAP, the full and transparent disclosure of issuers' accounting policy decisions can enable users to understand and evaluate the effects of the differences on the financial statements. Therefore, detailed and transparent disclosures are an integral component of financial reporting. When reporting in accordance with a principles-based framework such as IFRS, appropriate accounting policy disclosures are critical to the ability of investors to understand and use the financial statements. The accounting policy disclosures should include a discussion of how the accounting policies were applied rather than just a mere recitation of the applicable standards. Where alternatives are allowed, the reasoning behind the company's selected alternative should be discussed.

In our view, there is no need for the SEC to address any specific accounting subject matter areas before adopting the Proposal. Under IAS 8, in the absence of an IFRS standard or interpretation that specifically applies to a transaction/event, management should use its judgment in developing and applying a relevant and reliable accounting policy and look to other standard setters' pronouncements with similar conceptual frameworks in applying that judgment. Accounting policy disclosures should be clear as to why the issuer looked outside of IFRS for guidance, which standard setter guidance was followed, and why.

Recent improvements to IAS 1 require disclosure of critical accounting policy judgments and estimates. We would expect that the SEC and other regulators will continue to look closely at these and other disclosures to determine that investors and analysts are provided with the information about the choices made by issuers' management in the application of IFRS.

Q. 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?

Q. 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?

Q. 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?

Q. 46 Are there additional interim measures, beyond the proposed elimination of the U.S. 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?

(Following is a combined response to questions 4, 8, 9 and 46.)

In view of the objective of positioning IFRS as a mutually agreeable single set of globally accepted accounting standards, we strongly agree with the SEC that a comprehensive infrastructure must be in place for the development of high-quality international accounting and financial reporting standards to be used, interpreted, and enforced consistently throughout the world. Building such an infrastructure will require the cooperation of many organizations, such as the IASB, IOSCO, major securities regulators, the accounting firms, and others. We are encouraged by the level of commitment already demonstrated by many of these organizations. The information-sharing infrastructure being put in place by the regulators appears to be a positive step; however, it will be necessary to see how that process evolves over time. With regard to the broader infrastructure, we recommend:

- the SEC and other regulatory bodies throughout the world should agree on the framework for acceptance of the *process* underlying the issuance of IFRS standards, rather than approving or rejecting individual IFRS standards (thereby seemingly substituting themselves as the standard setter).

- the SEC and other regulatory bodies throughout the world should agree on a framework by which inconsistent applications and other issues suggesting the need for interpretative review of the underlying standard would be identified and referred to the IFRIC for timely resolution. The objective of the framework would be consistent application and interpretation of IFRS worldwide. We do not believe the SEC, or any other national capital market regulator, should unilaterally interpret IFRS. However, we recognize the important role that the SEC and the other regulators have as the ultimate arbiter in determining that issuers have properly applied accounting principles in the protection of the investing public.

- a global funding mechanism for the IASB, other than private contributions, should be in place that is commensurate and consistent with the role of the IASB as the independent global standard setter. We understand that the IASC Foundation Trustees are currently developing a mechanism for public funding of the IASB's work via an assessment process through the global exchanges. With appropriate funding, the IASB can continue to have the resources to have a full-time Board as well as a full complement of staff required in recognition of its increased workload. In addition, it could function in the role of the principal global standard setter able to develop standards of the highest quality without relying too heavily on the support of local standard setters around the world.

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

Q. 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?

(Following is a combined response to questions 6 and 7.)

The timing of the elimination of the reconciliation requirement should not be affected by IFRS financial statement preparers and other constituents having more experience with IFRS. Moreover, we do not believe that the timing of the adoption should be affected by the number of foreign private issuers using IFRS that are registered under the Exchange Act. We support immediate effectiveness of the final Rules once approved by the Commission.

Q. 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 U.S. 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?

Clearly, investors would be served by a common set of high quality accounting standards that would facilitate comparisons among global investment opportunities. Today, many investors are using IFRS financial statements to make investment decisions. See also our general comments in the attached letter.

Q. 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 U.S. 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?

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

Q. 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 U.S. 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, and that file IFRS financial statements be permitted to omit the U.S. GAAP reconciliation?

Q. 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 U.S. 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 world wide), 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?

Q. 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 U.S. GAAP reconciliation for financial statements prepared using IFRS as published by the IASB?

(Following is a combined response to questions 11, 12, 13, 17 and 44.)

We believe that the process of reconciling IFRS to U.S. GAAP served a useful purpose of raising issuers' and standard setters' awareness of possible interpretative differences. However, we agree that the requirement to reconcile to U.S. GAAP should be removed for any foreign private issuer that prepares its financial statements in accordance with or reconciles to IFRS as published by the IASB.

In addition, we believe that the disclosures required by IFRS are sufficient; no additional disclosures should be necessary, except with regard to disclosures for companies in specialized industries (for example, oil and gas industry or insurance industry). (See response to Question 28).

Q. 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 20-F. Should the filing deadline for annual reports on Form 20-F 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 U.S. GAAP information is included? If a shorter deadline is appropriate for foreign private issuers that would not provide a U.S. 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?

We encourage the SEC to work closely with IOSCO and other regulatory commissions towards the harmonization of regulatory filing requirements, both with regard to timing and format. These efforts would be important steps on the path towards an integrated global capital market. In that regard, if deemed necessary by the SEC, we believe that the question of whether to change reporting deadlines for foreign private issuers should be addressed by a separate rulemaking proposal.

Q. 15 Although reconciliation to U.S. 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 U.S. 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 U.S. GAAP reconciliation requirement for annual reports that include IFRS financial statements, to address this issue should we at least eliminate the need for the U.S. 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?

We believe that the U.S. GAAP reconciliation requirement should be eliminated for annual as well as interim reporting by foreign private issuers that prepare financial statements using IFRS as published by the IASB.

Q. 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?

See our general comments related to jurisdictional IFRS in the attached letter.

In addition, we are aware of discussions within the IFRS preparer community regarding a technical issue that arises in application of the Proposal's requirement for an issuer to explicitly state its compliance with IFRS as published by the IASB. The issue would arise when an issuer has prepared its financial statements in accordance with a jurisdictional IFRS and now for the first time must state explicit compliance with IFRS as required by the Proposal. Making such a statement for the first time as required by the Proposal would automatically trigger the application of IFRS 1, "First Time Adoption of International Financial Reporting Standards" in that financial period. This would occur even though the issuer already had applied IFRS 1 in its jurisdictional IFRS financial statements. The consequence is that the 're-adoption' of IFRS 1 would result in financial

statements that will almost inevitably be different from the jurisdictional variation of IFRS, even in those cases where the accounting policies were already in compliance with IFRS as published by the IASB.

Q. 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?

If, as we recommend, the Commission chooses to allow foreign private issuers that use other variations of IFRS to have the ability to reconcile to IFRS as published by the IASB instead of reconciling to U.S. GAAP, then we would expect the SEC to make the necessary revisions to Items 17 and 18 to reflect the issuer's choice of reconciliation.

We observed the following additional changes to the Form 20-F that would be necessary in order to fully implement the proposed elimination of the reconciliation requirement for foreign private issuers using IFRS as published by the IASB:

- Instruction 3 to Item 8.A.2 provides that in initial registration statements, the earliest of the three years of financial statements may be omitted if the financial statements are prepared in accordance with U.S. GAAP and those financial statements have not been included in a previous filing with the SEC. If the SEC would accept financial statements in accordance with IFRS without reconciliation to U.S. GAAP, it would seem this accommodation should be extended to financial statements prepared in accordance with IFRS as well, provided such financial statements have not previously been published publicly.

- Footnote 80 to the Proposal indicates that the SEC does not read Item 17(b) as imposing U.S. GAAP requirements on financial statements prepared using IFRS as published by the IASB. However, some have read Item 17(b) to mean that financial statements shall disclose information substantially similar to U.S. GAAP and Regulation S-X. Notwithstanding the discussion in Footnote 80, in the interest of clarity, we believe that Item 17(b) should be amended to specify that financial statements prepared using IFRS as published by the IASB are exempt from this requirement.

- Instruction 2 to Item 17 requires disclosure of earnings per share in accordance with U.S. GAAP if materially different than the earnings per share otherwise presented. If the SEC would accept financial statements in accordance with IFRS without reconciliation to U.S. GAAP, this Instruction should to be amended to accept earnings per share as calculated pursuant to IFRS.

- The proposed change to Instruction 2.b. of General Instruction G (h) is unclear. The Proposal changes the word "need" to "should" within the sentence that discusses the reconciliation to U.S. GAAP. As an alternative, the second sentence of Instruction 2.b. should be deleted as it is clear that if an issuer is not required to present the U.S. GAAP reconciliation, the operating and financial review and prospects information would not include references to U.S. GAAP.

- The proposed change to Item 17 (c)(2)(v) and (vi) is unclear. As an alternative, the following language could be added to the first sentence of Item 17(c)(2)(v) and (vi): "U.S. generally accepted accounting principles *or on the basis of the English language version of IFRS as published by the IASB*…."

Q. 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 U.S. GAAP under the proposed amendments? If so, what changes would be appropriate?

We recommend that the following language be added to the first sentence of Item 17(c)(2)(vii): "U.S. generally accepted accounting principles *or on the basis of the English language version of IFRS as published by the IASB*….".

Q. 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?

We believe that the accommodation would be useful to a foreign private issuer that is domiciled in a highly inflationary economy and, thus suggest that it be retained. The proposed revisions to item 17 (c)(2)(iv) make clear that issuers using IFRS would not need to provide the reconciliation.

Q. 21 Would issuers have any difficulty in preparing interim period financial statements that are in accordance with IFRS as published by the IASB?

Q. 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?

Q. 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 U.S. GAAP reconciliation under the proposed rules?

(Following is a combined response to questions 21, 22 and 23.)

We believe that IAS 34 represents a comprehensive interim reporting standard and moreover, does not differ materially from Article 10 of Regulation S-X and APB Opinion No. 28, as amended. Accordingly, we do not believe IFRS presenters should be required to comply with Article 10. Further, we are not aware of preparers having difficulty applying the standard for their interim reporting.

If the Commission accepts interim financial statements prepared in accordance with IFRS, it would need to amend Instruction 2 to 8.A.5 of Form 20-F, which states that the required interim financial statements may be in condensed form using the major line items from the audited financial statements, determined based on Rule 10-01(a)(1)-(7).

Q. 26 Should issuers that are permitted to omit a U.S. 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 U.S. GAAP reconciliation with respect to previous financial years or interim periods?

Once the Commission determines that reconciliation to U.S. GAAP is no longer required, there is no need for the issuer to continue to publish U.S. GAAP information for previous annual or interim periods.

Q. 27 With regard to references to U.S. GAAP in non-financial statement disclosure requirements, should we amend the references to U.S. 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 U.S. GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the U.S. GAAP references for definitional purposes?

In light of the significant change of this Proposal, we believe the SEC should revise and update the disclosure requirements of the Form 20-F to facilitate use by IFRS presenters. As proposed, several non-financial disclosure items of Form 20-F will continue to make reference to specific U.S. GAAP pronouncements without references to the corresponding IFRS pronouncements. As a result, the decision as to which IFRS pronouncement is the appropriate one would be left up to each individual issuer, which could lead to investors being provided with non-comparable information. To promote consistent and faithful application, our suggestion is to include only generic descriptions of the subject disclosure in the text of foreign private issuer forms and referenced

integrated disclosure requirements. To aid in issuers' compliance, however, those instructions could direct preparers to an exhibit to be made available on the Commission's website that includes supplemental definitional cross references to the corresponding IFRS and U.S. GAAP pronouncements dealing with the subject of the disclosure. The exhibit would be updated periodically for changes to the disclosure requirements and/or the referenced standards. In an appendix to this letter, we have included as Exhibit 1 an example for the Commission's consideration.

Q. 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?

We agree that issuers that prepare financial statements in accordance with IFRS as published by the IASB should be required to comply with the disclosure requirements of FAS 69, because we understand that the information is useful to investors and analysts that follow companies in the oil and gas industry. We believe however that any incremental disclosure requirements should be made outside of the financial statements and should continue to be unaudited.

Q. 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 harbor provision or other relief or statement be appropriate?

The Proposal asks whether the Commission should address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7. IFRS 7 requires disclosure in the notes to the annual financial statements of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Regarding market risk, IFRS 7 requires financial statement disclosure of, among other things, either a sensitivity analysis for each type of market risk exposure, or a value-at-risk measure that reflects interdependencies between various types of market risks. There is no corresponding disclosure requirement in U.S. GAAP, although under Item 11 of Form 20-F, foreign private issuers must disclose similar information outside the financial statements, where it is subject to the statutory safe harbor for forward-looking statements, to the extent it constitutes "forward-looking statements," and also is subject to safe harbor protection under Commission rules.

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide safe harbor protection for forward-looking statements, subject to certain conditions and limitations. However, these statutory safe harbor provisions do not extend to forward-looking statements "included in a financial statement prepared in accordance with generally accepted accounting principles."

As a matter of equitable treatment, we do not believe foreign private issuers that use or reconcile to IFRS should incur a higher exposure in private securities litigation just because IFRS requires more forward-looking disclosures than U.S. GAAP. Accordingly, we encourage the SEC to utilize its exemptive power to extend the statutory safe harbor protections to the forward looking information required in the notes to financial statements under IFRS 7.

Q. 30 Are there issues on which further guidance for IFRS users that do not reconcile to U.S. GAAP would be necessary and appropriate? Should issuers and auditors consider guidance related to materiality and quantification of financial misstatements?

We agree with the SEC that a foreign private issuer using IFRS as published by the IASB may (but should not be required to) find reference to FRRs, ASRs, SABs, and certain Industry Guides as well as other forms of U.S. GAAP guidance useful in the application of IAS 8. In anticipating the possibility of an extended application of its guidance, the SEC should consider consulting with the IASB and the IFRIC when deciding on the application of its guidance to an IFRS filer. Furthermore, we believe that the SEC should consider the need to challenge the ongoing applicability of its existing body of guidance to all issuers and eliminate any guidance that does not elicit valuable information for investors, in order to reduce the complexity of financial reporting.

Although in general we agree, as noted above, that an IFRS filer would not be required to reference SEC guidance, in an area such as materiality, we note that practice has been such that foreign private issuers generally have looked to the guidance in SAB 99. We would expect that would continue for foreign private issuers using IFRS and do not believe that the elimination of the U.S. GAAP reconciliation would have an impact on how materiality is applied in filings with the SEC.

Q. 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 U.S. GAAP?

Q. 32 Would a U.S. 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 U.S. GAAP?

Q. 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?

Q. 34 Should any extension of the accommodation to first-time adopters be tied in any way to U.S. GAAP reconciliation? If so, how?

(Following is a combined response to questions 31, 32, 33 and 34.)

We believe that the accommodation contained in General Instruction G should be extended indefinitely but in a manner that is consistent with the accommodation provided to a foreign private issuer in an IPO situation filing U.S. GAAP financial statements—i.e., the accommodation should be available only if IFRS as published by the IASB was not already required in the issuer's local jurisdiction. We do not believe that extension of the accommodation should be tied in any way to U.S. GAAP reconciliation.

In our view, a U.S. GAAP reconciliation is not needed for comparability when two years of comparable IFRS financial statements are presented, and should not be required even upon the initial adoption of IFRS.

We do not believe a reconciliation of the interim IFRS financial statements in the year of adoption would be necessary. Instead, the interim IFRS financial statements should contain all disclosures that would be required for annual reporting, including a discussion of critical accounting judgments and estimates.

Q. 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?

The proposed amendments appear sufficient.

Q. 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 U.S. 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?

Q. 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?

Q. 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?

(Following is a combined response to questions 36, 37 and 38.)

Unlike the Form 20-F, which contains detailed instructions regarding the information required to be presented therein, the disclosure requirements of the other F- Forms and Form S-4 are derived by reference to the various SEC rules and regulations, including Regulation S-K, Regulation S-X, and the Form 20-F itself. Accordingly, if the SEC were to grant relief from reconciliation to U.S. GAAP of financial statements that are prepared in accordance with IFRS as published by the IASB, the various rules and regulations that govern the preparation of such forms require modification in terms of how they apply to an issuer that prepares IFRS financial statements.

In the Proposal, the SEC has made certain conforming changes to Rule 701 and Forms F-4 and S-4. In addition, the SEC has made conforming changes to Form 20-F and Rule 3-01 and Rule 4-01 of Regulation S-X. These conforming changes should appropriately address the information requirements of Forms F-1 and F-3 to the extent such information is required by reference to Form 20-F and Rule 3-01 and Rule 4-01 of Regulation S-X. However, certain of the information requirements of these and the other forms that are determined by reference to Regulation S-K, specifically Items 301 (selected financial data), 303 (MD&A) and 503 (risk factors and ratio of earnings to fixed charges) require conforming changes in terms of the application of the Items to an issuer that presents financial information in accordance with IFRS. These suggested conforming changes are outlined below.

Form F-1: Part 1, Item 3; Form F-3: Part 1, Item 3; and S-4: Part A.3 *Requirement*—Furnish information required by S-K, 503, including in (d) Ratio of earnings to fixed charges.

Observation—Because IFRS permits proportionate consolidation, we recommend that consideration be given to whether amounts relating to proportionately consolidated entities, which generally are not controlled by the registrant, should be excluded in the determination of the registrant's ratio.

Requirement—Instruction 2 (c) to Item 503 requires a foreign private issuer to show the ratio based on the figures resulting from the reconciliation to U.S. GAAP, if the ratio is materially different.

Observation—If the SEC accepts financial statements prepared in accordance with or reconciled to IFRS, then we believe that these instructions would need to be modified.

Form F-1: Part I, Item 4A.(b) i and Form F-4: Part I.A, Item 5

Requirement—Information required by Rule 3-05 and Article 11 of Regulation S-X.

Observation—The application of both rules requires the measurement of significance to the registrant of acquisitions and dispositions by reference to Rule 1-02(w). Based on the Division of Corporation Finance's International Outline (IX D), the "significance tests are applied using U.S. GAAP amounts." However, the Proposal states that significance is determined based on the primary financial statements. Therefore, this inconsistency should be resolved.

If the Commission allows a foreign private issuer that uses local GAAP (including jurisdictional IFRS) to reconcile to either U.S. GAAP or IFRS, the SEC should clarify that significance testing should be based on either U.S. GAAP or IFRS, depending on the GAAP to which the financial statements of the issuer are reconciled.

Form S-4: Part A.3.(d)

Requirement—Provide the information required by Item 301 of Regulation S-K (selected financial data) for the registrant and the company being acquired.

Observation—Instruction 6 to Item 301 requires a foreign private issuer that presents the selected financial data on the basis of accounting principles used in its primary financial statements to also present the data on the basis of any reconciliation to U.S. GAAP and Regulation S-X made pursuant to Rule 4-01. Modification is required to the Instruction 6 of Item 301.

Form S-4: Part A.3.(f)(1)

Requirement—In comparative columnar form, historical and pro forma per share data of the registrant and historical and pro forma book value per share of the company being acquired as of the date financial data is presented pursuant to Item 301 of Regulation S-K.

Observation—Because a foreign private issuer that prepares financial statements in accordance with IFRS would include minority interest as part of equity, consideration should be given to clarifying that, in case of a foreign private issuer presenting IFRS financial statements, book value would be equal to the equity attributable to the equity holders of the parent.

Form S-4: Part C. Information About Company Being Acquired

Requirement—Parts C. 15, 16 and 17 require presentation of financial statements and certain additional data pursuant to Items 301 and 303 of Regulation S-K. Also, Instruction 2 to Part C.17 states that if the financial statements required by the paragraph are prepared on the basis of a comprehensive body of accounting principles other than U.S. GAAP, provide a reconciliation to U.S. GAAP in accordance with Item 17 of Form 20-F, unless not available without unreasonable cost, in which case at a minimum a narrative description of material difference is required.

Observation—If the SEC accepts financial statements prepared in accordance with or reconciled to IFRS, then we believe that these instructions would need to be modified.

Q. 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 U.S. GAAP. Should we amend Form 1-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 1-A are not required to be audited militate in favor of retaining a U.S. GAAP reconciliation whenever a Canadian issuer uses a GAAP other than U.S. GAAP?

Q. 43 Should Form 40-F or F-10 be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to U.S. 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?

(Following is a combined response to questions 39 and 43.)

Given the differing requirements for Canadian issuers, we believe that issues related to Canadian issuers should be addressed in a separate release. We note that Canada is contemplating the adoption of IFRS (possibly by 2011). If and when Canada adopts IFRS, then we would support an amendment to Part F/S of Form 1-A to permit the use by Canadian issuers of financial statements prepared in accordance with IFRS without a reconciliation to U.S. GAAP.

We believe that continuing a requirement for a Canadian company to prepare U.S. GAAP financial statements to qualify for a Regulation A financing, regardless of whether or not an audit is required, would be cost prohibitive for most Canadian issuers unless the Canadian issuer already is using U.S. GAAP. We do not believe that the fact that financial statements prepared under current Part F/S of Form 1-A are not required to be audited would support retaining a U.S. GAAP reconciliation requirement under Form 1-A.

Q. 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 U.S. 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?

Refer to our responses to Questions 18, 27 and 38 above.

- Form 20-F Item 17(a)—Requires a foreign private issuer to provide certain schedules as designated by Regulation S-X. Specifically, the schedule designated by Regulation S-X 210.12-28 includes such items as costs capitalized subsequent to acquisition that are appropriate for a real estate company using a cost method, but does not include columns such as changes in fair value, which would be needed by a company applying the fair value method. This section would need to be revised to accommodate a real estate company electing the fair value method under IAS 40 of IFRS.

- A clarifying instruction should be added to Rule 3-10 (a) (3) to require that the financial information of a foreign private issuer guarantor be presented as if the guarantor were a standalone entity.

Q. 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 U.S. 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?

These schedules require financial information presented on a comprehensive basis of accounting other than U.S. GAAP to be reconciled to U.S. GAAP. A conforming modification is necessary to Item 6 and Item 8 of Schedule TO and instructions 1 and 2 to Item 3 of Schedule 13 E-3 in order to make clear that a reconciliation is only required if the information is presented on a comprehensive basis of accounting *"other than U.S. GAAP or the English language version of IFRS as published by the IASB."*

Q. 42 Without the reconciliation to U.S. 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?

Member firms of Ernst & Young Global have knowledgeable partners and staff who deal with issues of application and interpretation of IFRS on which basis their clients' financial statements are prepared, and processes exist for specific IFRS consultations. If the financial statements included in the filing are prepared in accordance with IFRS, the application of IFRS is subject to these quality control procedures. In addition, each of the member firms of Ernst & Young Global is subject to periodic inspections that are carried out under the supervision of Ernst & Young Global. These reviews are designed to monitor compliance with the global entity's worldwide standards.

With regard to the Appendix K procedures, upon consideration of many changes that have occurred since the Appendix K requirements were first established, we believe that they should be modified to eliminate the requirement for the filing reviewer to address audit and independence issues; rather, the review should be limited to U.S. GAAP issues. Therefore, if the financial statements are not prepared in accordance with U.S. GAAP or do not include a reconciliation to U.S. GAAP, we do not believe the Appendix K procedures should be applicable. However, we do not propose to alter the other aspects of Appendix K relating to inspection procedures and disagreements.

The following Exhibit is an illustration of a compendium of terms that are used in the text of the non-financial disclosure requirements of Form 20-F that have definitions specified in the cross-referenced standards under U.S. GAAP and IFRS.

Form 20-F or Applicable Regulation	Description of Requirement	US GAAP	Observation on Applicable IFRS Notion
Item 5—Operating and Financial Review and Prospectus			
E.2.(d)—Off-Balance Sheet Arrangements	Any obligation, including a contingent obligation, arising out of a variable interest as defined in GAAP in an unconsolidated entity that is held by, and material to, the company, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, the company.	FASB Interpretation No. 46, Consolidation of Variable Interest Entities	SIC 12, Consolidation—Special Purpose Entities, does not contain the term "variable interest"
Item 11—Quantitative and Qualitative Disclosures About Market Risk			
Instructions to Item 11(a)—1. C	Functional currency means functional currency as defined by GAAP.	FASB Statement of Financial Accounting Standards No. 52, Foreign Currency Translation, paragraphs 5-10.	IAS 21, The Effects of Changes in Foreign Exchange Rates (December 2006), paragraphs 9-14.
Instructions to Item 11(a)—3. B	For purposes of instruction 3.A. of the Instructions to Item 11(a), the term "reasonably possible" means the chance of the future event or events occurring is more than remote but less than likely.	FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, paragraph 3.	The term "reasonably possible" is not defined in IAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRS 7, Financial Instruments: Disclosures.

Form 20-F or Applicable Regulation	Description of Requirement	US GAAP	Observation on Applicable IFRS Notion
Instructions to Item 11(a)—3. C	For purposes of instruction 3.A. of the Instructions to Item 11(a), the term "near term" means a period of time going forward up to one year from the date of the financial statements.	Statement of Position 94-6, "Disclosure of Certain Significant Risks and Uncertainties," at paragraph 7 (December 30, 1994)).	There are various references to "near term" in IFRS (e.g., IAS 39, Financial Instruments: Recognition and Measurement) ; however, the term is not defined.
Item 5—Operating and Financial Review and Prospectus			
E. 2. (a)—Off-Balance Sheet Arrangements	Any obligation under a guarantee contract such as financial guarantees, performance guarantees, indemnifications, and indirect guarantees of the indebtedness of others, excluding certain types of arrangements as defined.	FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (November 2002) ("FIN 45"), excluding the types of guarantee contracts described in paragraphs 6 and 7 of FIN 45.	There are various references to guarantees within IFRS (see IAS 39 and IFRS 4, Insurance Contracts) that may not be consistent with FIN 45.

Form 20-F or Applicable Regulation	Description of Requirement	US GAAP	Observation on Applicable IFRS Notion
Regulation SX Article 1—Application of Regulation S-X			
Rule 1-02 (u)—Definitions of terms used in Regulation S-X—Related parties	The term “related parties" is used as that term is defined in GAAP.	FASB Statement of Financial Accounting Standard No. 57, Related Parties (“FAS 57”.)	The definition of related parties in IAS 24, Related Party Disclosures, is different than the definition in FAS 57.