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September 24, 2007

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

RE: File Number S7-13-07, *Proposed Rule: Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP*

Dear Ms. Morris:

We appreciate the opportunity to respond to the Securities and Exchange Commission's (SEC or Commission) *Proposed Rule: Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP* (the Proposed Rule). We support the SEC's elimination of the requirement for foreign private issuers (FPIs) to reconcile to U.S. GAAP. We also support the continued convergence efforts of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) toward a single set of high quality standards, and believe that the Proposed Rule is an important step toward that goal.

We agree with the SEC's recommendation to eliminate the U.S. GAAP reconciliation for FPIs using International Financial Reporting Standards (IFRS). However, we believe that the Proposed Rule's applicability, as currently structured, unnecessarily reduces the number of FPIs that could potentially benefit from the change in regulation.

We propose that the SEC adopt their current proposal, but add an additional provision that would allow FPIs to reconcile from their home country accounting standards, inclusive of jurisdictional variants of IFRS, to IFRS as published by the IASB, in lieu of reconciling to U.S. GAAP. This proposal not only benefits a larger number of FPIs, it contributes more substantively to broadening the efficiency of the global capital markets while supporting the movement towards a single global standard setter. We discuss our proposal in more detail in Appendix A.

Every national government has a sovereign right and responsibility to establish accounting standards used by companies within their jurisdictions. While there are an increasingly large number of countries that require the use of IFRS, many of these countries require the accounting standards to be legislated into law. This process varies around the world. Some countries have a process of endorsement, while others have chosen to model their home

country accounting standards after IFRS. These processes can have the effect of delaying the implementation of new accounting standards and, in some instances, can result in differences compared to IFRS as published by the IASB. Countries may also issue interpretive guidance through local standard setters or regulators which could result in further differences in the application of local accounting standards compared to IFRS as published by the IASB.

In a number of jurisdictions, the company and the auditor are required to state that the financial statements have been prepared in accordance with a jurisdictional variation of IFRS, (e.g., IFRS as endorsed by the European Union). While we believe that a large number of these companies could currently also assert compliance with IFRS as published by the IASB, this may not be the case in the future. Under the Proposed Rule, an issuer applying a jurisdictional version of IFRS would need to reconcile to U.S. GAAP for SEC reporting purposes once a material difference arose between the jurisdictional version and IFRS as published by the IASB. The process of reverting back to reconciling to U.S. GAAP after a period of years would be a time consuming and costly process. Because of this risk, issuers may choose to continue to track differences to U.S. GAAP, undermining the efficiency expected to be created by the Proposed Rule.

We also do not believe that it is efficient or effective for companies to produce financial statements prepared in accordance with IFRS as published by the IASB solely for filing with the SEC when those companies apply a different version of IFRS for other financial reporting purposes. In addition to the incremental work necessary to prepare the Form 20-F using a different basis of accounting than that used in shareholder communications, we believe that it is likely that investors would be confused by potentially different sets of financial statements, both purporting to be prepared in accordance with IFRS or a version thereof. We also believe the situation would have the unintended consequence of turning the Form 20-F into a compliance document rather than a means of shareholder communication.

We encourage the SEC to adopt the Proposed Rule, modified as per our recommendation, as soon as practicable. We believe the adoption of the Proposed Rule should become effective immediately. If practicable, we recommend that the SEC adopt the Proposed Rule such that calendar year-end companies could eliminate the reconciliation for the year ending December 31, 2007. We believe it would be inefficient for companies to continue to prepare the reconciliation once the SEC adopts the Proposed Rule and, therefore, do not believe there is a need for an extended effective date.

In addition, we encourage the SEC to eliminate the term "English language" from the Proposed Rule. While acknowledging that all communications with the SEC are required to be in English and that the official language of the IASB is English, we believe there could be instances, although rare, where a difference in accounting and disclosure could be attributable to the official translation. As a matter of principle and fairness, we do not believe it would be appropriate to require a company to restate its financial statements in situations where the company and auditor relied upon an official translation of IFRS as published by the IASB. This would send an inadvertent message that it is inappropriate to rely upon official translations of IFRS. In the unlikely event that there is a difference in accounting or disclosure that a company and their auditor assert is the result of translation, we believe that a protocol should be established for the SEC staff to discuss the matter with the IASB. This would

confirm whether the difference was caused by misapplication of the accounting standards or the result of translation of IFRS, and if the latter, perhaps require disclosure until the translation is corrected.

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We appreciate the opportunity to express our views on the Proposed Rule. Our detailed comments on the SEC's questions in the Proposed Rule are attached as Appendix B. If you have any questions regarding our comments, please contact Vincent Colman (973-236-5390), Dave Kaplan (973-236-7219) or Dusty Stallings (973-236-4062).

Sincerely,

PricewaterhouseCoopers LLP

Appendix A

Our proposal

Under the Proposed Rule, the SEC would accept financial statements of FPIs prepared in accordance with IFRS without reconciliation to U.S. GAAP only if the primary financial statements are prepared using IFRS as published by the IASB. Relief would not be available for financial statements prepared using a jurisdictional variant of IFRS (i.e., a variation of IFRS as published by the IASB as a result of a jurisdiction's endorsement or standard setting processes).

Under the Proposed Rule, FPIs would have three options for preparing financial statements filed with the SEC:

1. Prepared in accordance with U.S. GAAP
2. Prepared in accordance with home country accounting standards that are reconciled to U.S. GAAP
3. Prepared in accordance with IFRS as published by the IASB

In the interest of reducing complexity and in order to benefit a greater population of FPIs, we believe that it is in the public interest for the SEC to amend the Proposed Rule and, therefore, advocate a fourth option. If the SEC believes it acceptable for an FPI to file financial statements prepared in accordance with IFRS as published by the IASB, then it should be appropriate for FPIs to be allowed to reconcile from the standards used in their primary financial statements (home country accounting standards) to IFRS as published by the IASB.

"Home country" GAAP would include jurisdictional variants of IFRS (e.g., IFRS as adopted by the European Union) as well as any other comprehensive basis of GAAP currently allowed to be used in an issuer's primary financial statements.

It is our belief that a majority of issuers who have adopted jurisdictional variations of IFRS could currently assert compliance with IFRS as published by the IASB. However, while these FPIs would not currently be required to prepare a reconciliation, it is important to establish this principle now to respect the sovereign rights of other countries and thus, to allow for differences that may occur in the future.

By accepting financial statements prepared using IFRS as published by the IASB, the SEC gives equal standing to IFRS and U.S. GAAP. It would therefore appear reasonable for FPIs who follow other accounting standards to be allowed to reconcile their financial statements to either IFRS as published by the IASB, or to U.S. GAAP.

We believe that if a company elects to reconcile to IFRS that it should be in a format consistent with Item 18 of Form 20-F. Unlike companies reconciling to U.S. GAAP that are allowed to use Item 17 in annual reports on Form 20-F and other circumstances, we believe that if a company chooses to reconcile to IFRS as published by the IASB that it should provide all of the disclosures required by IFRS. As IFRS generally allows more alternatives than U.S. GAAP, we believe that the incremental disclosures are important to understand the quantified information.

Benefits of the proposed approach

We believe that this proposal has the following advantages:

- It creates a common IFRS benchmark, IFRS as published by the IASB, for all companies located outside the U.S. that are raising capital in the U.S. markets and using some form of IFRS.
- For many companies, their home country accounting standards are currently more closely aligned with IFRS as published by the IASB than it is to U.S. GAAP. As a result, reconciliation to IFRS as published by the IASB would be less costly.
- We believe that the acceptance of IFRS as a benchmark standard may, over time, have the effect of discouraging countries from adopting jurisdictional variants that differ significantly from IFRS as published by the IASB. As such, the reconciliation between a jurisdictional variant of IFRS and IFRS as published by the IASB would be increasingly more understandable by investors than a reconciliation to U.S. GAAP.

Appendix B

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 believe that IFRS represents a high-quality set of global accounting standards that are widely used across industries and countries.

   The IASB is a stand-alone standard-setting body established to develop global standards. It has instituted robust processes for selecting board members and developing standards to support the issuance of high-quality accounting standards. The IASB is comprised of individuals with a wide variety of accounting technical skills and experience.

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 the 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?**

   We do not believe that convergence between U.S. GAAP and IFRS should be a condition for the elimination of the reconciliation. Acceptance of IFRS without a U.S. GAAP reconciliation should not be based on how close its standards are to U.S. GAAP, but on the quality of the standards and the sufficiency of the information they present to investors. In this regard, we believe that the quality and transparency of IFRS is sufficient to eliminate the reconciliation to U.S. GAAP.

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?**

   Comparability is best achieved through standards that allow users to understand the economic substance of transactions, with appropriate transparency. We believe IFRS is sufficiently transparent to allow users to gain such understanding, thereby enhancing comparability. Ultimately, reasoned judgment in the application of IFRS resulting in faithful representation of the underlying economics of transactions and full transparency are the most important elements of financial reporting that contribute to comparability.

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?

While it is too early to evaluate the results of the infrastructure that is being built, we support the Commission's continued participation in the International Organization of Securities Commissions ("IOSCO"), which supports the use of IFRS in global markets. We also encourage the Commission's continued interaction with the European Commission and the Committee of European Securities Regulators ("CESR"). The sharing of views between regulators enhances the consistent and transparent application of IFRS in global financial markets.

We believe that unilateral changes by any individual regulator that would result in regulation contrary to IFRS as published by the IASB are not in the best interest of the global capital markets. Regulatory concerns in the application of IFRS standards should be referred to the standard setters for clarification or resolution.

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?

We do not believe that a delay in acceptance of IFRS as published by the IASB, or financial statements reconciled to IFRS as published by the IASB, is necessary. Outside of the U.S., there is deep experience in preparing and analyzing IFRS financial statements. Thousands of companies are reporting to shareholders and raising significant amounts of capital using financial statements that have been prepared using IFRS as published by the IASB or a jurisdictional version of IFRS. In addition, Americans are investing in a large number of companies that have claimed exemption from registration under Rule 12g3-2b of the Exchange Act and that prepare financial statements using IFRS as published by the IASB or a jurisdictional variation of IFRS. This includes a number of very large companies that have recently deregistered under the Commission's new rules. As evidenced by the feedback from the SEC's March Roundtable, foreign issuers, auditors, investors and analysts have sufficient exposure to, and experience with IFRS to understand financial statements prepared under that framework without reconciliation to U.S. GAAP.

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?

No. We believe that the proposed rule changes are being made at a critical time in the acceptance of IFRS globally. This decision should be based on what is in the best interest of the capital markets and the principles involved, and should not be influenced by the number of foreign companies registered under the Exchange Act that use IFRS.

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?

We support the Commission's active involvement in IOSCO, its role as an observer of the IASB Standards Advisory Council, and its review and comments on the development of standards and interpretations involving IFRS. The Commission's continued participation in these important activities helps to facilitate a global view in the development and consistent interpretation of IFRS.

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?

We do not believe the elimination of the requirement to reconcile to U.S. GAAP should impact the Commission's role with respect to the IASB.

While the Commission's role with the IASB is different and less direct than its oversight of the FASB, we believe the Commission's current level of involvement is appropriate in relation to a global standard setter's activities in which no single country regulator should dominate or overly influence the standard setting process. The Commission should continue to provide affirmative support to the IASB.

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?

The disclosures required by IFRS will provide investors with sufficient information to make informed investment decisions. The disclosures that are required by a comprehensive basis of accounting are generally linked to that basis of accounting. With one exception, we believe it would be inefficient to require disclosures required by U.S. GAAP if quantitative U.S. GAAP information is not presented. As noted in our response to question 28, the one exception is that we believe the information required by FAS 69 *Disclosures about Oil and Gas Producing Activities*, should continue to be provided.

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?

We do not believe there is a benefit to limiting the eligibility of foreign private issuers to omit the U.S. GAAP reconciliation to those who report in accordance with, or reconcile to IFRS as published by the IASB. The proposed rule should apply to all foreign private issuers, regardless of their size. A limitation on smaller entities could restrict such entities

from expanding into the U.S. market. We believe that any limitation would be subjective and contrary to the SEC's implied support for the acceptability of IFRS as published by the IASB.

Given the predominance and acceptability of IFRS outside the U.S., as well as the number of issuers that currently file IFRS financial statements with the SEC, we do not see a benefit to phasing-in the Proposed Rule.

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. 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 Commission to address the issue of a shorter reporting period outside of this proposed rule. Currently, the majority of foreign private issuers do not apply IFRS and therefore input received in this process would be limited to those concerned with the Proposed Rule, and as a result would not be representative of the FPI population. If the Commission wishes to consider accelerating the due date of Form 20-F, we believe it should be included as a separate rule proposal.

It has been our experience that due to market expectations, an increasing number of foreign private issuers have been furnishing financial statements and other information on a more timely basis. This information is generally furnished on Form 6-K as soon as it is available and generally well in advance of the deadline for Form 20-F. However, regardless of the inclusion or exclusion of U.S. GAAP information, there are still a number of procedures that are required to be completed prior to the filing of Form 20-F,including the report on internal controls over financial reporting. Unlike U.S. companies, these procedures are incremental compared to what is required in their home country. While willing to consider some level of acceleration, we believe it is reasonable for FPIs to be given more time to file Form 20-Fs than provided for U.S. companies to complete their Form 10-Ks.

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 requirement to reconcile from IFRS to U.S. GAAP should be eliminated for both annual and interim reporting.

However, if the Commission agrees with our proposal discussed in Appendix A, we believe that such information should be presented in a manner consistent with the timeliness requirements of Item 8.A of Form 20-F in a registration statement. That is, a company should be required to comply with IAS 34 if the document is dated more than nine months after the end of the last fiscal year. If the document is dated within nine months, financial information that is published would need to be included, but not need to comply with IAS 34.

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?

An issuer may not be able to state its compliance with IFRS as published by the IASB if it follows financial statement practices dictated by its local jurisdictional laws and where such laws require accounting that is materially different from IFRS as published by the IASB. However, in situations where the financial statements are in accordance with IFRS as published by the IASB, or where an endorsed version of IFRS is the same, we see no reason why the auditor and the issuer would not be able to state compliance with both forms of IFRS.

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?

If the Commission decides to modify or eliminate the current reconciliation requirements, we believe eligible issuers should 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.

We do not believe there is a need or basis to consider factors such as an issuer's public float in determining the circumstances under which the amendments would be applied. Further, we do not believe that the size of the entity or its public float has any bearing on the ability of individual investors or the market in general to understand the financial statements.

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?

We recommend that Item 17(b) be amended. Item 17(b) currently states that financial statements must disclose content substantially similar to U.S. GAAP and Regulation S-X. The current proposal, as written, does not amend this requirement despite the fact that acceptance of IFRS as published by the IASB would not require reconciliation to, or convergence with U.S. GAAP or require the same disclosures as required by Regulation S-X. Accordingly, we believe the language in Item 17(b) should be modified in response to this proposal.

We also recommend that Item 301(6) of Regulation S-K be revised to be consistent with Item 3 of Form 20-F.

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 believe that it is clear that the provisions relating to issuers using 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.

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 recommend that the IAS 21 accommodation be retained. Current applicability of IAS 21 is limited due to low inflation rates globally. However, as evidenced by history, high levels of inflation can quickly reappear. Accordingly, rather than having to readdress this issue in the future in the event that more companies are impacted, we believe it should be retained. As currently written, it is clear that an issuer would not need to provide disclosure under Item 17(c)(2)(iv).

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

We do not anticipate that issuers would encounter difficulties in preparing interim financial statements that are in accordance with IFRS as published by the IASB or reconciled thereto. In practice, many issuers are currently preparing interim financial statements on the basis of IFRS.

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?

We believe that most issuers are preparing interim period financial statements following the same fundamental basis of accounting as applied in the annual IFRS financial statements. However, a number of issuers are not providing all of the disclosures required by IAS 34, and would therefore be unable to make express statements regarding compliance.

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?

We do not believe there is a substantive difference in the informational content of financial data prepared in accordance with IAS 34 versus Article 10. In fact, in many instances IAS 34 will require more disclosure than Article 10. We therefore believe it is sufficient for investor protection.

We do not believe that all interim information included in a registration statement needs to comply with IAS 34. Compliance with IAS 34 should only be required if the document is dated more than nine months after the end of the last audited financial year. This is consistent with the concepts in Item 8.A.5. of Form 20-F, whereby the company is required to keep the interim financial statements current.

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 information may be in condensed form using the major line items based on Rule 10-01(a)(1)-(7).

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?

While IFRS may lack guidance on certain specific areas, we do not believe that acceptance of IFRS financial statements without a U.S. GAAP reconciliation should be delayed until such areas are addressed by the IASB. The Commission mentions insurance and extractive industries as examples of situations in which there is no specific guidance. Currently, some of the largest insurance and extractive industries in the world use IFRS in their primary financial statements. While there are more options in selecting accounting policies in certain areas compared to U.S. GAAP, we believe that incremental disclosures under IFRS results in these possible differences being sufficiently transparent for investor protection, and that the reconciliation to U.S. GAAP would not provide incremental benefit.

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?

We do not believe the Commission should take any direct action to address areas where comparability may not exist. Instead, we encourage the Commission to support continued development and refinement of IFRS.

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?

No. Once the reconciliation is eliminated, we see no incremental benefit of providing U.S. GAAP information for prior periods. Not only would it be of limited value, it would have the potential to be misleading unless kept current for changes in accounting, discontinued operations, etc. Updating information that is no longer used would not be cost beneficial.

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?

While we believe that in most instances issuers will be able to ascertain what disclosure they should provide, we also believe it would be appropriate for the rules and forms to be revised to provide more specific references to the applicable accounting standards that are being used.

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 believe foreign private issuers that prepare financial statements in accordance with IFRS as published by the IASB or reconciled thereto should continue to comply with the disclosure requirements of FAS 69.

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 harbour provision or other relief or statement be appropriate?

As a general concept, we believe that the nature of the information should determine if safe harbor protection is appropriate, rather than its location. If the Commission provides a safe harbor for information that under the SEC's rules is excluded from the financial statements, we do not believe that the requirement by a non-U.S. accounting standard setter to include the same information within the financial statements should result in the company losing safe harbor protection.

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 do not believe the elimination of the requirement to reconcile to U.S. GAAP should impact how materiality is considered or evaluated. Accordingly, we believe it is not necessary to provide further guidance for IFRS users that do not reconcile to U.S. GAAP, including guidance related to materiality or quantification of financial misstatements.

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?

No. Once the reconciliation is eliminated, there should be no reason to require any type of reconciliation to U.S. GAAP.

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?

No. Please refer to our response to question 31.

33. Should the Commission extend the duration of the accommodation contained in General Instruction G for a period of longer or shorter than the proposed five years? Would seven years, ten years or an indefinite period be appropriate? If so, why?

We recommend that the Commission extend this accommodation indefinitely. There is no specified timeframe within which companies are required to adopt IFRS. Therefore, the first-time adoption of IFRS could occur at any time. While over 100 countries have adopted or plan to adopt IFRS or some form of jurisdictional variant as their primary accounting standard, it is impossible to predict when other countries may do so. As such, it would be appropriate to maintain General Instruction G for an indefinite period.

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

We do not believe that extension of the accommodation to first-time adopters should be tied to the U.S. GAAP reconciliation.

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?

We believe the proposed changes to Rules 3-10 and 4-01 are sufficiently clear.

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?

Please see our response to question 37.

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?

The significance tests currently required by Rule 1-02(w) are based on U.S. GAAP information. Accordingly, we believe Rule 1-02(w) should be modified to allow the tests to be based on U.S. GAAP or IFRS.

Historically, the significance tests under 1-02(w) of Regulation S-X have been performed using U.S. GAAP amounts. Under the Propose Rule, if a U.S. company acquired a foreign business whose financial statements were prepared in accordance with IFRS as published by the IASB, the financial statements filed under Rule 3-05 of Regulation S-X would not be required to include a reconciliation to U.S. GAAP. However, notwithstanding this accommodation, it would still be necessary to reconcile the historical financial statements of the acquired business to U.S. GAAP solely for the purpose of performing the significance test.

We believe Rule 1-02(w) of Regulation S-X should be modified to allow, as an alternative, the significance test of foreign businesses whose financial statements are prepared in accordance with IFRS as published by the IASB, or that include a reconciliation to IFRS as published by the IASB, to be performed using pro forma amounts. Under this approach, the issuer would prepare a pro forma income statement for the most recent annual period and a balance sheet under Article 11 of Regulation S-X. The issuer's historical assets and pre-tax income would be compared to the pro forma amounts to determine significance. For example, if the historical pre-tax income was 1,000 and the pro forma pre-tax income was 1,250, the difference of 250 would be attributed to the acquired entity and compared to the 1,000, resulting in the acquisition meeting the significance test at the 25% level.

While it would continue to be necessary to prepare U.S. GAAP information of the acquired business in order to prepare the pro forma information, the pro forma information would be based on the new fair values. This will frequently be easier than reconciling the historical information to U.S. GAAP solely for the purpose of determining significance.

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?

We believe the proposed changes to Forms F-4, S-4 and Rule 701 are sufficiently clear to avoid ambiguity.

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 favour of retaining a U.S. GAAP reconciliation whenever a Canadian issuer uses a GAAP other than U.S. GAAP?

While there is an expectation that Canada will adopt IFRS, it is our understanding that Canada has not officially committed to this course of action. Accordingly, we believe it would be premature to describe the acceptance of IFRS by a Canadian company before it is allowed pursuant to Canadian requirements to use IFRS.

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?

While we believe issuers should be able to understand the intent of the rules as currently written, there are a number of technical changes in the rules that would appear to be appropriate. We recommend that the Commission not delay the adoption of this accommodation; rather, once adopted, the Commission should consider the need to make technical amendments.

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?

We do not believe any additional changes are necessary to Schedule TO or Schedule 13E-3. Schedule TO references Form 20-F, where necessary changes to the rules have already been made.

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?

It is our understanding that the Appendix K procedures were developed so that SEC filings of foreign private issuers including reports of non-U.S. firms would have procedures performed by a person knowledgeable about U.S. GAAP, U.S. GAAS and SEC independence matters. This was intended to assist non-US engagement partners that would not necessarily be as familiar with these items as they would be of the requirements in their home country. The filing reviewer discussed with the engagement team the evaluation of significant differences between the requirements in the U.S. and those in the home country. We also note that Appendix K predates current requirements that firms auditing foreign private issuers be registered with the PCAOB and subject to its inspection process.

At the time this guidance was developed, non-U.S. auditors were allowed to report that the audit was conducted using non-U.S. auditing standards that were *substantially similar* to U.S. generally accepted auditing standards (U.S. GAAS). As the audits did not need to be conducted in accordance with U.S. GAAS, the guidance was developed so that a person knowledgeable about U.S. GAAS could discuss with the engagement team the evaluation of whether the auditing procedures performed were substantially similar to U.S. GAAS.

Subsequent to the development of the Appendix K procedures, the Commission adopted in 1999 *International Disclosure Standards* - Securities Act Release No. 7745. This guidance required that the audit be performed using U.S. GAAS (subsequently changed to the standards of the PCAOB) and that the report include a specific statement to that effect. As the audit must be performed using the standards of the PCAOB, it is no longer necessary for the Appendix K procedures to require the involvement of the filing reviewer relative to differences in auditing standards.

Likewise, there have been changes with respect to the procedures for gathering and reporting information on scope of services since the adoption of the Appendix K procedures. For example, as a result of amendments made in 2003 to the independence rules contained in Securities Act Release No. 8183, work performed by the auditor is required to be approved by the audit committee. Accordingly, we do not believe it is necessary for the Appendix K procedures to require the involvement of a filing reviewer relative to differences in U.S. independence requirements.

Accordingly, we believe the Appendix K procedures should be modified to eliminate the requirement for the filing reviewer to discuss audit and independence issues; rather, the procedures 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 remaining Appendix K procedures should be applicable.

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?

Please see our response to question 39.

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?

Convergence is in the best interest of the global capital markets and investors worldwide. Recognition of this perspective by standard setters will continue the convergence process.

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?

We believe the proposed elimination of the reconciliation will advance adoption of a single set of high-quality globally accepted financial statements if issuers are permitted to reconcile to IFRS as published by the IASB, as discussed in Appendix A. Such an approach encourages standard setters and regulators globally to adopt IFRS as published by the IASB, which is a single set of high-quality financial standards.

48. Which foreign private issuers would have the incentive to avail themselves of the proposed amendments, if adopted? Are there any reasons for which an issuer that is eligible to file IFRS financial statements without reconciliation under the proposed amendments would elect to file a reconciliation? If so, what are they?

We believe that where IFRS is required by local regulators, most FPIs will avail themselves of the proposed amendments or our proposed alternative. As indicated in the Roundtable discussions, few preparers, analysts or others recognize a benefit from the reconciliation of IFRS to U.S. GAAP.

We believe that there will continue to be a number of companies, especially in Israel and parts of Asia, that will elect to prepare financial statements using U.S. GAAP. We expect that companies who trade primarily in the U.S. will elect to be comparable to U.S. companies.

49. Are there particular industry sectors for which a critical mass of the issuers who raise capital globally already report in IFRS? If so, which industries are they and why?

We believe that the oil and gas, pharmaceuticals, and mining industries have a critical mass who raise capital globally and who apply IFRS. This list, however, is not all-inclusive.