

Brussels, 24 September 2007

Ms Nancy M. Morris  
Secretary  
US Securities and Exchange Commission (SEC)  
100 F Street, NE  
Washington, D.C. 20549-9303

**Re: Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to US GAAP**

Dear Ms Morris,

On behalf of the **Federation of European Securities Exchanges** (FESE), I would like to provide you with our comments on the SEC's proposed rule to accept from foreign private issuers financial statements prepared in accordance with IFRS without reconciliation to U.S. GAAP.

FESE represents the operators of the European "regulated markets" and other market segments, for not only stocks and bonds but also financial, energy and commodity derivatives. Through our 24 members, we represent close to 40 securities and derivatives exchanges from all the countries of the European Union (EU) and Iceland, Norway and Switzerland, as well as several corresponding members from other non-EU countries.

We will not provide responses for each of the questions posed in the consultation, but rather offer our general views on this proposed rule, which comes at a crucial moment for the process of convergence of international accounting standards.

Our member exchanges welcome the rule proposed by the SEC. Both the EU and US markets as a whole will benefit from wider acceptance of IFRS<sup>1</sup> that the implementation of this proposal would foster. The SEC's proposed rule marks an important step in promoting the further globalisation of financial markets and demonstrates a welcome continued openness on the part of the SEC to work constructively in an international context, following up on the recent initiative facilitating de-registration of foreign companies.

Specific expected benefits of the proposal are outlined in the SEC document itself (pp. 96-98), with which we agree. As noted by the SEC, the proposal will benefit foreign issuers by reducing regulatory burdens, resulting in cost savings for non-US listed companies and those seeking listings in the US market. On the other hand, through the promotion of IFRS further as the international standard for financial reporting, investors will benefit by being able to compare investment opportunities across multiple jurisdictions more easily.

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<sup>1</sup> Please note that this document uses the term "IFRS" in its broad sense, referring generally to standards set by the International Accounting Standards Board (IASB) as well as the International Accounting Standards (IAS) set by the IASB's predecessor, the International Accounting Standards Committee (IASC).

We note, however, that the SEC's proposal would only eliminate US GAAP reconciliation for companies that publish financial statements in accordance with IFRS as published by the IASB. The IAS Directive (EU-Directive 1606/2002 of 19<sup>th</sup> July 2002) requires companies whose securities are admitted to trading on a regulated market of any EU Member State to prepare their financial statements according to IFRS. Although there is no material difference between IFRS as adopted by the EU and IFRS as published by the IASB, under the current wording of the SEC proposal, **for EU companies (i.e. the majority of foreign issuers listed in the US), the reconciliation requirement would not be removed.**

We therefore suggest that the SEC consider **eliminating the reconciliation requirement also for companies that publish financial statements in accordance with IFRS as adopted by the EU, in order to maximise the benefits of this welcomed proposal.**

Finally, we would like to state our support for the comments made in the letter by the European Commission on this subject.

We hope that you will find these views of interest as you continue your deliberations on this important subject. We are at your disposal for any questions or comments you may have and would be happy to meet with you to discuss this issue further.

Yours sincerely,



Judith Hardt

cc:

Christopher Cox, the SEC Chairman

Paul S. Atkins, the SEC Commissioner

Roel C. Campos, the SEC Commissioner

Kathleen L. Casey, the SEC Commissioner

Annette L. Nazareth, the SEC Commissioner

Pervenche Berès, Chair of the Committee of Economic and Monetary Affairs, European Parliament

Jörgen Holmquist, Director General of DG Internal Market and services, European Commission

Eddy Wymeersch, Chairman of the Committee of European Securities Regulators