

25 September 2007

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

**Re: File Number S7-13-07:**

**Comments on SEC Proposed Rule on Accepting Foreign Private Issuers Financial Statements Prepared in Accordance with IFRS Without Reconciliation To U.S. GAAP**

Dear Ms Morris,

Fitch Ratings (Fitch) welcomes recognition by the US Securities and Exchange Commission (“SEC” or “the Commission”) that the investor market is increasingly becoming a global rather than a national one. Investment decisions at national level have tended to be based on what is familiar at national level. As investment moves beyond national boundaries, a wise investor would become familiar with the nuances of the new markets it is looking at, including accounting practices. The work of investors in doing this is being made easier by the progress being made towards globally converged accounting standards. In our view elimination of the requirement for foreign private issuers to reconcile International Financial Reporting Standards (“IFRSs”) financial statements as published by the International Accounting Standards Board (“IASB”) to generally accepted accounting principles in the United States (“US GAAP”) would be a positive step in continuing the momentum for global convergence. In taking that step the SEC will need to identify the extent to which the reconciliation is used and relied upon by investors and the potential impact withdrawal would have. As discussed below, Fitch does not pay very much attention to US GAAP reconciliations in 20-F reports and does not consider that their elimination would have a substantial impact on our ability to conduct analysis.

As a global credit ratings agency, Fitch analyzes companies at local level around the world. Analysis is based primarily on standards adopted locally by the rated companies, and adjustments are made from financial reporting to derive metrics used in comparative analysis. These adjustments are made whichever accounting basis is used. While US GAAP reconciliation is something analysts may look at as an additional piece of information to help get insight into some of the more complex accounting areas that may need to be addressed, our analysis is not dependent on these and we look at many IFRS reporters that are not US listed and therefore have no reconciliations, comparing these to US companies where applicable. It is our understanding that the large international investment houses, securities firms and banks operate in a similar way. Although Fitch does not make any recommendations to buy or sell securities, it is our understanding that the fixed income and equity analysts from the large institutions that do mostly base their financial analysis on local accounting, with the US GAAP reconciliation playing a minimal role. For US investors basing decisions on recommendations from large global firms, therefore, the cost of preparing US GAAP reconciliations is probably one the market could spare. This is particularly the case now that the IFRS/US GAAP convergence process is well underway.

We address your questions below:

**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 this is the current situation and emphasize that IFRSs are being adopted by more companies every year. Although it is important to bear in mind that IFRS have not been the basis of accounting for most IFRSs companies for very long, Fitch does not consider this to be especially relevant given that both FASB’s and IASB’s standards are undergoing substantial changes.

**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**

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