

November 13, 2007

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

RE: File Number S7-20-07
Concept Release on Allowing U.S. Issuers To Prepare Financial Statements in Accordance With
International Financial Reporting Standards
Release Nos. 33-8831; 34-56217; IC-27924

Dear Ms. Morris:

Grant Thornton LLP appreciates the opportunity to comment on the above-referenced Concept Release. We support allowing U.S. issuers to prepare financial statements in accordance with International Financial Reporting Standards (IFRS). We have responded to certain questions included in the Concept Release in the accompanying Appendix. Our comments on the issues may be summarized as follows:

- We support a voluntary program that allows U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB.
- We believe the overarching goal should be to move toward one set of high-quality, globally accepted accounting standards.
- We would not favor a delay in implementing the voluntary program to allow for regulatory coordination or increased convergence.
- Market forces should not be regulated for a voluntary program.
- Companies should decide for themselves whether and when to participate based on their own analyses of market forces and cost-benefit considerations.
- Issues that arise among the voluntary participants will benefit later participants and convergence efforts.
- Other market participants, including investors, analysts and auditors, will adapt as necessary.
- Comparability will not only be an issue if U.S. issuers are allowed to use IFRS; it may be an issue if they are not allowed to do so.
- Allowing U.S. issuers to use IFRS will not slow convergence which has sufficient momentum and commitment to continue.
- We believe the SEC will continue to have sufficient influence in standard setting.
- We support the IASB as the standard setter for global standards.
- The SEC should be as active as possible in education efforts.
- The SEC should be as transparent as possible in its regulatory information-sharing activities and the manner in which the staff will approach reviews.
- The SEC should continue its dialogue toward international regulatory cooperation.
- A reasonable timeframe for mandatory application would be appropriate.
- Switching back should not be prohibited outright.

If you would like to discuss our comments, please contact Gary Illiano, Partner-in-Charge, Accounting and Auditing, at (212) 542-9830 or gary.illiano@gt.com.

Very truly yours,



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develop the necessary skill set toward U.S. reporting. We do not see that as advantageous to U.S. companies or U.S. investors. If companies are allowed to provide IFRS statements, and they choose to because of the perceived advantages in their competitive environment, the foreign investor or analyst would not need to learn U.S. GAAP. The U.S. investor or analyst, at such time as they perceive the need to understand IFRS, would develop those skills, or risk being at a comparative disadvantage. It seems likely that if the market forces in a particular industry are such that companies perceive an advantage to providing IFRS statements, then investors or analysts will similarly perceive the advantage of understanding IFRS, if they are to stay in that industry sector. At a macro level, investors regardless of location will eventually become more confident, cost of capital will decrease, and the markets will operate more effectively.

3. What would be the effects on the U.S. public capital market of not affording the opportunity for U.S. issuers to report in accordance with either IFRS or U.S. GAAP? Specifically, what would be the resulting consequences and opportunities, and for whom? Would capital formation in the U.S. public capital market be better facilitated? Would the cost of capital be reduced? Alternatively, are there certain types of U.S. issuers for which the Commission should not afford this opportunity?

We see no advantage to preventing a U.S. issuer from reporting under IFRS. If market forces exist that cause a U.S. company to conclude that it will benefit from reporting under IFRS rather than U.S. GAAP, that company should be allowed to do so. That decision will likely include consideration of costs of converting versus not converting, both in absolute terms and in terms of lost opportunities. From the perspective of the U.S. issuer, having the choice allows for the cost of capital to reach its lowest level.

We acknowledge that there may be concerns that some companies will choose an accounting system that allows it to obscure some element of its reporting. We believe there are other forces that will combat those concerns, including a strong regulatory system as we have in the United States, considered standard setting, investor intelligence and information sharing. On balance, it seems unwise to prevent the good result for the majority of companies because of the potential for abuse by the few.

5. What immediate, short-term or long-term incentives would a U.S. issuer have to prepare IFRS financial statements? Would the incentives differ by industry segment, geographic location of operations, where capital is raised, other demographic factors, or the aspect of the Commission's filing requirements to which the U.S. issuer is subject?

We believe that U.S. issuers who are contemplating whether to switch to IFRS reporting would have to consider all those factors, and more. It is fundamentally a company-specific determination. We would be in favor of allowing the choice rather than providing specific incentives that do not already exist.

6. What immediate, short-term or long-term barriers would a U.S. issuer encounter in seeking to prepare IFRS financial statements? For example, would the U.S. issuer's other regulatory (e.g., banking, insurance, taxation) or contractual (e.g., loan covenants) financial reporting requirements present a barrier to moving to IFRS, and if so, to what degree?

12. If IFRS financial statements were to be accepted from U.S. issuers and subsequently the IASB and the FASB were to reach substantially different conclusions in the convergence projects, what actions, if any, would the Commission need to take?

Choice exists in accounting standards, not just between standards, but within standards. Besides estimates (useful life, rates of return, contingencies, etc.) there are absolute choices (inventories, fair value option). Those choices have to be made and evaluated using professional judgment. It is unrealistic to think that standard setters will be able to agree on the proper accounting for every event and transaction in every environment. Sometimes the best answer is to make a reasoned choice and communicate the rationale used. We see that as consistent with the Commission's goals of investor protection, maintaining fair, orderly and efficient markets and facilitating capital formation. The Commission does have, and should use, its influence during the standard setting process to facilitate agreement or at least a practical solution. We believe there is a danger in suggesting the Commission select one or another alternative in that we do not see that as promoting the goal of developing a single set of globally accepted standards.

13. Do investors, issuers and other market participants believe giving U.S. issuers the choice to prepare financial statements in accordance with IFRS as published by the IASB furthers the development of a single set of globally accepted accounting standards? Why or why not, and if so, how?

We do believe that giving U.S. issuers the choice to prepare financial statements in accordance with IFRS as published by the IASB furthers the development of a single set of globally accepted accounting standards. Looking at the world today, it becomes evident that the acceptance of IFRS is widespread. Looking at the world in the next few years, IFRS is almost certain to be the accounting standard for the majority of the world. Giving U.S. issuers the choice now puts more U.S. constituents into the process sooner. The implementation and application issues experienced by U.S. companies voluntarily filing IFRS will provide information to be inserted into the convergence process. Not only will that give the U.S. more influence into a globally accepted set of standards, it will make those standards better than they might have been without that input. Also, it is likely that allowing more companies here to use IFRS will focus the attention of market participants on IFRS more than just continuing through convergence efforts alone.

14. Are investors, U.S. issuers and other market participants confident that IFRS have been, and will continue to be, issued through a robust process by a stand-alone standard setter, resulting in high quality accounting standards? Why or why not?

We believe the process for developing IFRS has been and will continue to be a good one. We note that the structure of the IASB is similar to the FASB. Funding issues are frequently cited, but there does exist a reasonable plan to address funding to preserve the independence of the process. We are pleased that the Trustees of the International Accounting Standards Committee Foundation have announced proposals to enhance governance and public accountability of the IASB.

Constituents, including those in the U.S., do have the opportunity to provide input into the process. We note that we have been asked to meet with the IASB staff as a result of comments we have made on proposed standards. The increasing acceptance of IFRS worldwide is further confirmation that the process for developing IFRS is working quite well.

We expect that the primary issues surrounding application will relate to education and understanding. The level of detail in IFRS may be less than what some issuers and auditors in the U.S. are used to seeing. There will likely be instances when professional judgment will need to be exercised where previously a specific rule governed. Moving from a specific rule to judgment increases uncertainty in most cases. There will be circumstances that will require more time and effort at analysis and deliberation. Issuers will most likely weigh these considerations when deciding whether to switch to IFRS reporting. We note that communication is faster and easier than ever before, as is the ease at which information can be disseminated. Those factors would serve to mitigate the concerns toward increased time and effort necessary in the application of IFRS. Over time, education will occur to the point where these issues become less important.

The SEC may have an opportunity to discuss as a policy matter how it plans to have the staff address those areas where professional judgment is clearly required to effectively apply IFRS. Consistent application benefits all the capital market participants, but there is no way to allow for many different circumstances without judgment. If a protocol could be developed that would guide the staff's approach to review, especially one that includes a hierarchy of guidance and explicitly allows the staff adequate room to accept reasonable judgments, then issuers, auditors, and other market participants would take comfort that appropriately developed judgments would be acceptable without the need for specific rules or one-off consultations with the staff.

21. How do differences between IFRS and U.S. GAAP bear on whether U.S. issuers, including investment companies, should be given the choice of preparing financial statements in accordance with IFRS?

We believe that convergence has progressed to the point where the differences are not too numerous and are understood by market participants. Coupled with transparency and robust disclosure, U.S. investors would be sufficiently protected if IFRS were allowed for U.S. companies. The differences that have been identified are being addressed. As further differences come to light they will be dealt with as well. The fact that there are, and will be, some differences between U.S. GAAP and IFRS is not sufficient grounds to delay offering the use of IFRS as an alternative to U.S. companies.

23. Would audit firms be willing to provide audit services to U.S. issuers who prepare their financial statements in accordance with IFRS? How, if at all, would allowing U.S. issuers to prepare IFRS financial statements affect the current relative market shares of audit firms?

We are currently and will in the future provide audit services to clients who prepare financial statements in accordance with IFRS. Given the cost considerations in maintaining sufficient quality controls in this area, it seems logical that larger audit firms have an advantage over smaller firms, at least at the outset. Also, in a voluntary program it is likely that issuer demand for IFRS services would come from larger, perhaps multinational clients. Given our unique position as an alternative to both larger and smaller audit firms, we believe that there will be sufficient demand for our services to justify the changes we are making to ensure that we deliver quality services relating to IFRS.

24. What factors, if any, might lead to concern about the quality of audits of IFRS financial statements of U.S. issuers?

