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November 15, 2007

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

VIA EMAIL: rule-comments@sec.gov

Re: File Number S7-20-07
Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial Reporting Standards

Dear Ms. Morris:

Cisco Systems, Inc. ("Cisco") appreciates the opportunity to comment on the Securities and Exchange Commission's ("Commission") *Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial Reporting Standards* ("Concept Release").

Overview and Summary

We understand that this Concept Release is part of a broader, long-term plan by the Commission, the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") towards convergence of U.S. GAAP and International Financial Reporting Standards ("IFRS").

We fully support the Commission's Concept Release allowing U.S. issuers to prepare financial statements using IFRS. Recently we have seen a shift in the global stage and the growing influence of IFRS and we welcome the further introduction of IFRS in the U.S. We believe there are significant long-term benefits of developing a single set of global accounting standards.

We respectfully emphasize that although we are fully supportive of this Concept Release, there are several issues that the Commission should consider. The foremost being that the Commission needs to officially develop a roadmap to the eventual mandatory adoption of IFRS in the U.S. taking into account issues faced by preparers, users, auditors and regulators. We believe that the option discussed in the Concept Release of allowing U.S. issuers the ability to prepare financial statements using IFRS is a suitable introduction for the U.S. market to IFRS, but that IFRS will not gain widespread marketplace acceptance in the U.S. without a timeline for eventual mandatory adoption. In addition, we believe that in-line with the Commission's mission to protect investors, the Commission would need to play a vital role in the oversight of the IASB, the review and approval of IFRS in the U.S., and the application of IFRS by U.S. issuers.

The development of the roadmap should also take into account the potential and propensity for standard setters, issuers and their auditors of inadvertently creating a situation where U.S. accounting standards are applied to IFRS. It would be unfortunate if the interpretation of IFRS in the U.S. developed based on the application of U.S. GAAP rules, speeches by regulators, and other similar U.S. based authoritative literature, rather than the principles based approach of IFRS. We believe that

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efforts should be made to eliminate the possibility that a U.S. version of IFRS could develop based on U.S. regulatory, political and legal considerations, as we have seen jurisdictional versions of IFRS develop in many other countries. To truly achieve a single set of high quality global accounting standards, the application and enforcement of the standards must be consistent on a global basis.

We believe that the Commission and other U.S. standard setters should formalize the outlook for accounting standards in the U.S., whether through continued convergence projects with the IASB, or allowing U.S. issuers to adopt IFRS with the eventual objective of mandatory adoption for all U.S. issuers, or through a fair value model for developing accounting standards.

We have provided our detailed comments and responses to selected issues identified in the Concept Release in Attachment A of this letter.

We thank the Commission for the opportunity to provide our comments on this issue. If you have any questions regarding our letter or would like to discuss our views in further detail, please feel free to contact me directly at (408) 527-0448.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Chadwick". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jonathan Chadwick
Senior Vice President, Corporate Controller and Principal Accounting Officer
Cisco Systems, Inc.

Attachment A
Responses to Specific Questions set forth in the Concept Release

The Possible Use of IFRS by U.S. Issuers

Question 1: Do investors, U.S. issuers, and market participants believe the Commission should allow U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB?

Question 2: What would be the effects on the U.S. public capital market of some U.S. issuers reporting in accordance with IFRS and others in accordance with U.S. GAAP? Specifically, what would be the resulting consequences and opportunities, and for whom?

Question 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?

We fully support the concept that the Commission allow U.S. issuers the option to prepare financial statements in accordance with IFRS as published by the IASB. In the last several years, the convergence towards a single set of high quality global accounting standards has gained considerable momentum. The Commission, the FASB, and the IASB have all expressed their commitment to the convergence effort. The recent Commission proposal to eliminate the reconciliation to U.S. GAAP required of foreign private issuers will mark the first time IFRS financial statements will be accepted in the U.S. capital market. Allowing U.S. issuers the option to file financial statements prepared in accordance with IFRS is the next natural step in this movement towards a single set of global accounting standards.

If the Commission were to provide this option to U.S. issuers, it is likely that there will be early adopters in certain industries. This will result in comparability issues and make it more difficult for less seasoned investors to make resource allocation decisions. There will only be sufficient comparability among companies using IFRS when there is broad marketplace acceptance. Therefore we believe that it is essential that the Commission develop a roadmap which establishes a structured approach and timeline for the mandatory adoption of IFRS in the U.S. To bridge the comparability issues resulting from the use of different accounting standards in the interim period, the Commission, U.S. issuers and auditors will play an important role in educating the U.S. marketplace.

We acknowledge that although there might be short-term unfavorable effects on the U.S. public capital market of U.S. issuers reporting in accordance with different accounting standards, we believe the long-term positive effects of introducing IFRS to the U.S. will be far-reaching.

In addition to the challenges that investors will face, financial statement preparers, auditors, educators, regulators, and other users of financial information will also need to devote substantial time and other resources to the understanding and application of IFRS.

The rate of adoption for U.S. issuers is difficult to predict and will depend on the globalization of their business and the industry, and the actions and success of the early adopters. There is a great deal of uncertainty and market forces that will factor into the success of the acceptance of global accounting standards in the U.S. However we believe the introduction of IFRS to the U.S. is critical and will benefit the U.S. capital market by making the U.S. market more attractive to international investment and potentially opening more international markets to U.S. issuers.

We believe it would be detrimental to the U.S. capital market if U.S. issuers were not allowed the option to use IFRS. There is a sustained global movement towards a single set of high quality global accounting standards and many other countries, most notably those in the European Commission, have adopted IFRS. The U.S. is one of the largest remaining countries in terms of considering the acceptance of IFRS.

Question 4: To what degree would investors and other market participants desire to and be able to understand and use financial statements of U.S. issuers prepared in accordance with IFRS?

Question 5: What immediate, short-term or long-term incentives would a U.S. issuer have to prepare IFRS financial statements?

Question 6: What immediate, short-term or long-term barriers would a U.S. issuer encounter in seeking to prepare IFRS financial statements?

We believe that initially it will be challenging for market participants to be able to understand and use financial statements prepared in accordance with IFRS. Because IFRS is a principles based standard, U.S. investors and other market participants, including regulators such as the Commission, might have limited experience in the application of IFRS. As stated above, we acknowledge that there will be significant short-term barriers for U.S. issuers to prepare IFRS financial statements. It will involve a commitment of time and other resources with respect to education, reporting systems and analysis and adjustment of historical financial statements. Currently, the largest barrier is education, as we believe the majority of U.S. market participants, including financial statement preparers, auditors, investors, regulators, and educators are not sufficiently knowledgeable about IFRS to be able to apply it. The education would involve a considerable investment of time and other resources. However we iterate our support and belief that the long term benefits would outweigh these initial costs.

Due to the lack of experience in the U.S. marketplace with the application of IFRS, which are principles based standards, we are also concerned that U.S. standard setters, issuers and their auditors might inadvertently create a situation where effectively U.S. rules are applied to IFRS standards. This would occur if the interpretation of IFRS developed based on the application of U.S. GAAP rules, speeches by regulators, and other similar U.S. based authoritative literature, rather than the principles based approach of IFRS.

The long-term incentives include a simplification of the accounting guidance, cost savings and increased access to capital markets outside of the U.S. As compared to IFRS, U.S. GAAP is commonly seen as rules based with detailed rules, exceptions, and bright lines. Since IFRS is principles based, it relies to a greater extent on professional judgment and therefore the standards are more straightforward. The long-term cost savings could result for those U.S. issuers that currently have to maintain financial records and report in multiple accounting jurisdictions. Increased access to other capital markets could also result as reporting in a single accounting standard would reduce some barriers to entry in other capital markets.

Question 9: Would giving U.S. issuers the opportunity to report in accordance with IFRS affect the standard setting role of the FASB? What effect might there be on the development of U.S. GAAP?

This concept will certainly affect the standard setting role of the FASB. By giving U.S. issuers the choice to report in accordance with IFRS, the standard setting role of the FASB will be somewhat diminished as another standard setting body, the IASB, will in effect be replacing the FASB for those U.S. issuers that adopt IFRS.

However, we believe that the FASB will still be playing a crucial role in the development of U.S. GAAP for companies that are not U.S. issuers and for those U.S. issuers not adopting IFRS. We believe the FASB should also continue all its convergence efforts with the IASB. Furthermore, we believe that if U.S. issuers were given the opportunity to report in accordance with IFRS, the Commission and the FASB will still need to play an important role in the IASB and in oversight of the IASB for the protection of U.S. investors.

The FASB has a long history and unique knowledge and resources and therefore we believe that if this concept is proposed, going forward the role of the FASB in standard setting may be in a different form than it currently has, but that nonetheless they will still play a critical role in ensuring high quality accounting standards are used in the U.S. and in the protection of U.S. investors.

Convergence of IFRS and U.S. GAAP

Question 10: What are investors', issuers' and other market participants' opinions on the effectiveness of the processes of the IASB and the FASB for convergence? Are investors and other market participants satisfied with the convergence progress to date, and the robustness of the ongoing process for convergence?

Question 11: How would the convergence work of the IASB and the FASB be affected, if at all, if the Commission were to accept IFRS financial statements from U.S. issuers? If the Commission were to accept IFRS financial statements from U.S. issuers, would market participants still have an incentive to support convergence work?

Question 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?

We believe the convergence progress of the IASB and the FASB has been reasonable given the IASB has only been in existence since 2001 and convergence efforts have only been truly underway since 2002. Their current attempts to align IFRS and U.S. GAAP through joint work on various projects have improved both sets of standards. We believe the IASB and FASB's ongoing process for convergence is careful, deliberate and rigorous.

If the Commission were to accept IFRS financial statements from U.S. issuers, we believe the convergence work of the IASB and the FASB should continue. We fully support continued convergence work and believe that incentives to continue would be even greater if the Commission accepts IFRS financial statements from U.S. issuers as the need to eliminate remaining significant accounting and reporting differences would be heightened.

Because the Commission has the statutory authority to establish accounting and reporting standards in the U.S., it would need to formally recognize the IASB as an authoritative standard setter prior to any adoption considerations. Although reaching substantially different conclusions in a convergence project would be contrary to the goals and objectives of both the FASB and the IASB, there continues to be some differing accounting conclusions reached in their joint projects. It is important that the marketplace understand these differences and the Commission should play a role in that education. The Commission should also continue to encourage the limitation of differences in accounting between the IASB and the FASB.

The Case for a Single Set of Globally Accepted Accounting Standards

Question 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?

Yes, we 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. The Commission has shown support of the expanded use of IFRS in the U.S. by proposing to eliminate the required reconciliation of foreign private issuers that use IFRS. The recent growth of the international acceptance of IFRS in the European Union, Australia, Canada and the ongoing convergence efforts of the IASB and the FASB all contribute to the development of a single set of high-quality global standards. We believe that in addition to allowing U.S. issuers the choice, it is important that the Commission formalize their roadmap for convergence with a challenging timeline for eventual and mandatory adoption of IFRS for all U.S. issuers. We believe that together with this mandate, the approach discussed in this Concept Release will contribute to the development of a single set of globally accepted accounting standards.

The International Accounting Standard Setter

Question 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?

Question 15: Would it make a difference to investors, U.S. issuers and other market participants whether the Commission officially recognized the accounting principles established by the IASB?

Question 16: What are investors', U.S. issuers and other market participants' views on how the nature of our relationship with the IASB, a relationship that is different and less direct than our oversight role with the FASB, affects the Commission's responsibilities under the U.S. securities laws?

Marketplace confidence is somewhat dependent on familiarity and although the IASB has been in operation for a relatively short time, IFRS as published by the IASB have gained wide acceptance within the international community. Certain factors will contribute to a positive market perception of IFRS including: an open rigorous process of standard setting, including communication and deliberations, careful consideration of the views of its constituents, field testing of concepts, together with prompt responses to areas of deficiency. We believe the current IFRS due process model is a robust process and the Commission, by proposing to eliminate the reconciliation required of foreign private issuers to U.S. GAAP, has also demonstrated confidence in IFRS.

However, we believe it is critical that the IFRS be perceived as an independent organization. Although the IASB is an independent accounting standard setter, with current IASB board members and trustees from Europe, North America and Asia, their current funding model, which is based on voluntary private contributions, detracts from the perception of independence. We believe it is important that the long term funding model adopted by the IASB impart independence in fact and appearance.

As the Commission has the statutory authority to establish accounting and reporting standards in the U.S., we believe it would make a difference to market participants whether the Commission officially recognized the accounting principles established by the IASB.

The primary role of the Commission is to protect investors. The Commission's mission also involves maintaining fair and orderly markets and to facilitate capital formation. We believe that although the Commission lacks authority over the IASB, the Commission should continue to play a critical role in protecting investors through different means, perhaps in conjunction with other international regulatory authorities. We strongly believe there should be oversight of the activities of international standard setters which bring these standards into law, however it will involve cooperation with similar international organizations. We believe a process that involves an oversight body, specifically an oversight body representing the U.S. and U.S. investors, would add to investor confidence in IFRS.

We also believe that since IFRS are principles based, and therefore more dependent on professional judgment, that the application of IFRS might be inconsistent, especially by those not experienced in its application. The Commission would be in a position, together with other market participants, to monitor

the application of IFRS to ensure consistent application and thus to ensure comparability. This notion would need to be applied on a global basis, and we believe the Commission and the FASB could play an important role in that oversight.

Education and Training

Question 17: In what ways might the Commission be able to assist in improving investors' ability to understand and use financial statements prepared in accordance with IFRS?

We believe it is important that the Commission support the use of IFRS by U.S. issuers, as only through increased acceptance and use, will investors and other market participants' understanding of IFRS grow. The Commission can support the use of IFRS by encouraging an open dialogue, for instance, through this Concept Release, but we believe that providing the option for U.S. issuers to use IFRS, if proposed, will only be effective in contributing to a single set of high quality global accounting standards in the U.S. if the Commission also formalizes their roadmap to convergence with a timeline for the eventual mandatory adoption of IFRS by all U.S. issuers. We believe that with this would provide appropriate motivation for the market to use and understand IFRS.

Transition and Timing

Question 30: Who do commenters think should make the decision as to whether a U.S. issuer should switch to reporting in IFRS?

Question 32: Should the Commission establish the timing for when particular U.S. issuers could have the option to switch from preparing U.S. GAAP to IFRS financial statements?

Question 33: Should the opportunity, if any, to switch to IFRS reporting be available to U.S. issuers only for a particular period of time? If so, why and for what period? At the end of that period of time, could commenters foresee a scenario under which it would be appropriate for the Commission to call for all remaining U.S. issuers to move their financial reporting to IFRS?

We do not believe the Commission's rules should dictate the decision maker for U.S. issuers. As with all other comparable decisions, it should be left to the established process within each organization whether a switch to reporting in IFRS should be made. We believe the disclosure should be consistent with all other disclosures of significance, including Regulation FD.

As stated previously, we believe it is important for the Commission not only to establish the timing for when particular U.S. issuers could have the option to switch, but also to establish the structure, transition method and timing for the eventual, mandatory and permanent transition. We believe the option provided to U.S. issuers to use IFRS would not result in widespread acceptance unless a mandatory date for adoption were also communicated. We believe the timing should be appropriately extensive in consideration of the U.S.' relative inexperience with the knowledge and application of IFRS, but should also be challenging enough to motivate U.S. issuers to begin their adoption process. We believe an approach that phased-in adoption based on the Commission's definition of class of U.S. issuer (i.e. large accelerated, accelerated and non-accelerated etc.) would be ideal.