

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090  
United States  
[www.sec.gov](http://www.sec.gov)

Chris Barnard

19 July 2019

- **17 CFR Parts 210, 229, 230, 239, 240, 249, 270 and 274**
- **Release No. 33-10635; 34-85765; IC-33465; File No. S7-05-19**
- **Amendments to Financial Disclosures About Acquired and Disposed Businesses**

Dear Sir,

Thank you for giving us the opportunity to comment on your Proposed rule on: Amendments to Financial Disclosures About Acquired and Disposed Businesses.

You are proposing amendments to your rules and forms to improve the disclosure requirements for financial statements relating to acquisitions and dispositions of businesses, including real estate operations and investment companies. The proposed changes are intended to improve for investors the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs to prepare the disclosure.

I generally support your proposals, which will reduce the burden of preparing the necessary disclosures, whilst providing meaningful information to the users of financial statements relating to acquisitions and disposals of businesses. In particular, the proposed changes to the significance tests under Rules 3-05 and 3-14 should reduce the chances of immaterial acquisitions being deemed significant, which should reduce compliance burdens and improve regulatory efficiency.

I strongly support the proposed modifications to Rule 3-05 to permit Rule 3-05 Financial Statements to be prepared in accordance with IFRS without reconciliation to US GAAP if the acquired business would qualify to use IFRS if it were a registrant, and to permit foreign private issuers that prepare their financial statements using IFRS to provide Rule 3-05 Financial Statements prepared using home country GAAP to be reconciled to IFRS rather

Please note that the comments expressed herein are solely my personal views

than US GAAP. These modifications would reduce certain compliance costs associated with cross-border mergers and should therefore facilitate such cross-border mergers. Regarding this topic, I would additionally recommend that the SEC should permit required audit reports to be prepared in accordance with International Standards on Auditing (ISAs).<sup>1</sup> This will further reduce certain compliance costs and improve regulatory consistency and efficiency with no loss of amenity.

In response to your specific requests for comment I would add the following:

27. The proposed revision to permit in certain circumstances Rule 3-05 Financial Statements to be prepared in accordance with IFRS without reconciliation to US GAAP is appropriate.

28. The proposed revision to permit foreign private issuers that prepare their financial statements using IFRS to reconcile acquired foreign business financial statements to IFRS is appropriate. Continuing to require reconciliation to US GAAP would not provide better or more meaningful information to investors.

Yours faithfully

C.R.B.

Chris Barnard

---

<sup>1</sup> ISAs are issued by the International Federation of Accountants via the International Auditing and Assurance Standards Board. See for example <https://www.iaasb.org/clarity-center/clarified-standards>.