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September 24, 2007

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

RE: File No. S7-13-07

Dear Ms. Morris:

Microsoft appreciates the opportunity to comment on the proposed rule, "Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to U.S. GAAP". We support the proposal to accept financial statements prepared in accordance with the English version of IFRS as published by the IASB without reconciliation to U.S. GAAP when contained in the filings of foreign private issuers with the Commission.

Microsoft is a strong supporter of a single set of high quality global accounting standards and we believe the proposed rule is an important step in meeting that objective. While additional convergence efforts are still necessary, we believe IFRS have become sufficiently robust to meet the information requirements for investors, even though that information is not the same information as required under U.S. GAAP.

In addition, we believe the progress of Extensible Business Reporting Language (XBRL) as an enabling technology is another reason why the reconciliation is no longer necessary. The Trustees of the IASC recently approved a plan to ensure that the Foundation's XBRL teams have the appropriate quality control systems and structures in place to deliver an IFRS taxonomy with the same quality, in the same languages and at the same time as the annual bound volume of IFRS. This is consistent with efforts in the U.S., and robust XBRL taxonomies for both IFRS and U.S. GAAP will provide users the ability to identify differences in financial statements due to differences in the standards.

Our responses to the individual questions included in the proposed rule are attached. We have excluded questions specific to investors or for which we do not have the requisite expertise. If you have any questions, please contact me at (425) 703-6094.

Sincerely,

Bob Laux
Senior Director, Technical Accounting and Reporting

Attachment

Question 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?*

Response: Yes, we believe IFRS are widely used, especially with the European Union regulation that requires companies incorporated in one of its Member States, and whose securities are listed on an EU regulated market, to report their consolidated financial statements using endorsed IFRS. Furthermore, Microsoft believes that the IASB has a robust process that results in high-quality accounting standards.

Question 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 market participants comfortable with the convergence to date, and the ongoing process for convergence? How will this global process, and, particularly, the work of the IASB and FASB, be impacted, if at all, if we accept financial statements prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation? Should our amended rules contemplate that the IASB and the FASB may in the future publish substantially different final accounting standards, principles or approaches in certain areas?*

Response: Microsoft believes that convergence between U.S. GAAP and IFRS as published by the IASB should be a consideration by the SEC with regards to this proposed rule and we believe that the convergence efforts to date have been adequate. We commend the FASB and IASB on the progress they have made on convergence and believe their 2006 Memorandum of Understanding ensures an ongoing process for convergence.

Some have argued that the elimination of the reconciliation will lead to less convergence in the future, but we believe the opposite will occur and that the lack of a reconciliation requirement will increase market demand for even greater convergence. However, we do believe that the amended rules should contemplate the risk of significant non-convergence in the future (which we believe is remote), with the possibility that the reconciliation could be reinstated if such a situation should occur.

Question 4: *Do you agree that the information-sharing infrastructure being built in which the Commission participates through both multilateral and bilateral platforms will lead to an improved ability to identify and address inconsistent and inaccurate applications of IFRS? Why or why not?*

Response: Yes, we believe initiatives such as IOSCO's database for cataloguing IFRS interpretations and sharing decisions on application by regulators around the world should help avoid conflicting conclusions regarding the application and enforcement of IFRS.

Question 6: *Should the timing of our acceptance of IFRS as published by the IASB without a U.S. GAAP reconciliation depend upon foreign issuers, audit firms and other constituencies having more experience with preparing IFRS financial statements?*

Response: No, with the 2005 EU regulation noted above, we believe foreign issuers, audit firms and other constituencies have sufficient experience with preparing IFRS financial statements.

Question 7: *Should the timing of any adoption of these proposed rules be affected by the number of foreign companies registered under the Exchange Act that use IFRS?*

Response: No, given the large amount of companies that have adopted IFRS, the adoption of these proposed rules should not be affected by the number of those companies who chose to list in the U.S.

Question 8: *The IASB Framework establishes channels for the communication of regulators' and others' views in the IFRS standard-setting and interpretive processes. How should the Commission and its staff further support the IFRS standard-setting and interpretive processes?*

Response: Microsoft believes the SEC should continue it current process of acting primarily through IOSCO, which includes reviewing and contributing to comments on exposure drafts, being a non-voting observer at IFRIC meetings, and as an observer of the IASB Standards Advisory Council.

Question 9: *How should the Commission consider the implication of its role with regard to the IASB, which is different and less direct than our oversight role with the FASB?*

Response: In order to achieve the goal of a single set of high quality global accounting standards, the SEC must recognize and accept that its role is different and less direct than its oversight role with the FASB and that it should act primarily through IOSCO as noted above.

Question 11: *Without a reconciliation, will investors be able to understand and use financial statements prepared using IFRS as published by the IASB in their evaluation of the financial condition and performance of a foreign private issuer? How useful is the reconciliation to U.S. GAAP from IFRS as published by the IASB as a basis of comparison between companies using different bases of accounting? Is there an alternative way to elicit important information without a reconciliation?*

Response: With respect to the last part of this question, Microsoft believes that the progress of XBRL as an enabling technology provides an alternative way to elicit important information without a reconciliation. The Trustees of the IASC recently approved a plan to ensure that the Foundation's XBRL teams have the appropriate quality control systems and structures in place to deliver an IFRS taxonomy with the same quality, in the same languages and at the same time as the annual bound volume of IFRS. This is consistent with efforts in the U.S., and robust XBRL taxonomies for both IFRS and U.S. GAAP will provide users the ability to identify differences in financial statements due to differences in the standards.

Question 13: *Should we put any limitations on the eligibility of a foreign private issuer that uses IFRS as published by the IASB to file financial statements without a U.S. GAAP reconciliation? If so, what type of limitations? For example, should the option of allowing IFRS financial statements without reconciliation be phased in? If so, what should be the criteria for the phase-in? Should only foreign private issuers that are well-known seasoned issuers, or large accelerated filers, or accelerated filers, and that file IFRS financial statements be permitted to omit the U.S. GAAP reconciliation?*

Response: No, we do not believe there is a need for any limitations on the eligibility of a foreign private issuer that uses IFRS as published by the IASB to file financial statements without a U.S. GAAP reconciliation.

Question 14: *At the March 2007 Roundtable on IFRS, some investor representatives commented that IFRS financial statements would be more useful if issuers filed their Form 20-F annual reports earlier than the existing six-month deadline. We are considering shortening the deadline for annual reports on Form 20-F. Should the filing deadline for annual reports on Form 20-F be accelerated to five, four or three months, or another date, after the end of the financial year? Should the deadline for Form 20-F be the same as the deadline for an issuer's annual report in its home market? Should we adopt the same deadlines as for annual reports on Form 10-K? Why or why not? Would the appropriateness of a shorter deadline for a Form 20-F annual report depend on whether U.S. GAAP information is included? If a shorter deadline is appropriate for foreign private issuers that would not provide a U.S. GAAP reconciliation under the proposed amendments, should other foreign private issuers also have a shorter deadline? Should it depend on the public float of the issuer?*

Response: We believe the deadlines for Form 20-F should be the same as the deadlines for annual reports on Form 10-K, since, assuming the elimination of the reconciliation requirement, we are not aware of significant differences between IFRS and U.S. GAAP that would necessitate different deadlines. However, we do understand that the shorter deadlines for foreign private issuers would have to be phased in similar to the recent changes in the deadlines for annual reports on Form 10-K.

Question 15: *Although reconciliation to U.S. GAAP of interim periods is not ordinarily required under the Exchange Act, foreign private issuers that conduct continuous offerings on a shelf registration statement under the Securities Act may face black-out periods that prevent them from accessing the U.S. public capital market at various times during the year if their interim financial information is not reconciled. Even if* *commenters believe we should continue the U.S. GAAP reconciliation requirement for annual reports that include IFRS financial statements, to address this issue should we at least eliminate the need for the U.S. GAAP reconciliation requirement with respect to required interim period financial statements prepared using IFRS as published by the IASB for use in continuous offerings? Should we extend this approach to all required interim financial statements?*

Response: Microsoft believes the reconciliation requirement should be eliminated for both annual and interim periods.

Question 16: *Is there any reason why an issuer should not be able to unreservedly and explicitly state its compliance with IFRS as published by the IASB? Is there any reason why an audit firm should not be able to unreservedly and explicitly opine that the financial statements comply with IFRS as published by the IASB? What factors may have resulted in issuers and, in particular, auditors refraining from expressing compliance with IFRS as published by the IASB?*

Response: While certain financial statements may not be in compliance with IFRS as published by the IASB, we see no reason why an issuer or audit firm should not be able to unreservedly and explicitly state/opine that the financial statements comply with IFRS as published by the IASB if that is, in fact, the case.

Question 17: *If the proposed amendments are adopted, should eligible issuers be able to file financial statements prepared using IFRS as published by the IASB without a U.S. GAAP reconciliation for their first filing containing audited annual financial statements? If the amendments are adopted, what factors should we consider in deciding when issuers can use them? For example, should we consider factors such as the issuer's public float (either in the United States or world wide), whether the issuer has issued only public debt, or the nature of the filing to which the amendments would be applied? Will investors be prepared to analyze and interpret IFRS financial statements without the reconciliation by 2009? If not, what further steps, including investor education, may be necessary?*

Response: If the proposed amendments are adopted, we believe eligible issuers should be able to file financial statements prepared using IFRS as published by the IASB without a U.S. GAAP reconciliation for their first filing containing audited annual financial statements.

Question 24: *Are there accounting subject matter areas that should be addressed by the IASB before we should accept IFRS financial statements without a U.S. GAAP reconciliation?*

Response: No, while additional convergence efforts are still necessary, we believe IFRS have become sufficiently robust to meet the information requirements for investors, even though that information is not the same information as required under U.S. GAAP.