

Mr Jonathan G Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

19 April 2004

Dear Mr Katz

**First time application of International Financial Reporting Standards**  
**File Number S7-15-04**

The Confederation of British Industry is the leading UK business association with many UK companies in membership as well as foreign companies carrying on business in the UK, including many US companies. Our membership includes the major UK companies who have listings in the US.

We are therefore pleased to have the opportunity to respond to your consultation, and we wish to confirm broad support to your proposals, in particular to permit companies to file two rather than three years of financial information in the year of conversion to IFRS / IAS.

However there is an issue concerning new IFRS which have not been endorsed by the EU at the company's year end or the date of issue of the year end accounts. The SEC proposals seem to apply only to companies that have adopted the complete set of international accounting standards. Under the EU Regulation requiring the application of IFRS, companies are only permitted to make an unreserved statement of compliance with IFRS if all the standards have been endorsed. Otherwise they must make a statement of compliance with IFRS as approved by the EU.

We should therefore be grateful if the SEC could take this into account and modify its eligibility requirements to reflect this situation so that UK and EU companies can still take advantage of the SEC proposals even if a particular IFRS may not have been adopted.

We appreciate the desirability of having three years of financial information prepared under the same GAAP for interim periods in the transition year to support a registration statement or prospectus. However, we believe it is not practical to require interim information for 2005 to be produced under Previous GAAP. Companies are unlikely to be collecting Previous GAAP information. It is likely that companies making the transition would have to avoid issuing a registration statement or prospectus in the relevant period. It would be preferable to give companies wishing to raise debt in the transition year, the option of preparing condensed US GAAP information for these interim periods.

Yours sincerely

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