



TABD Letter to:

Charlie McCreevy, EU Commissioner for the Internal Market and Services
Christopher Cox, Chairman of the US Securities and Exchange Commission
Hans-Gert Pöttering, President of the European Parliament
Members of the Economic and Monetary Affairs Committee of the European Parliament

Concerning: Convergence of accounting standards

5 November 2007

As co-Chairmen of the Transatlantic Business Dialogue (TABD), and on behalf of all our members, we welcome the SEC proposed rule that, if adopted, would eliminate the requirement that foreign private issuers presenting financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standards Board (IASB), reconcile them to US generally accepted accounting principles (US GAAP). This has long been a TABD priority, and we commend the SEC for this constructive proposal.

Stimulating open and competitive financial markets is one of the TABD's central concerns. We strongly support the creation of a seamless transatlantic capital market, which will benefit transatlantic companies, the investing public, and the competitiveness of both US and EU markets. Convergence of US standards and IFRS is an important aspect of a seamless market, and the elimination of foreign private issuer reconciliation is a significant step towards making convergence a reality.

We do have deep concerns, however, that the goal of removing the current burden on European companies listed in the US and maintaining the ability of US companies listed in the EU to file in US GAAP could be jeopardized by the issue of whether the IASB or the EU version of IFRS is recognized. We strongly believe that, after all the progress made to date, a practical solution can and should be found and we urge the authorities on both sides to work toward this objective.

What is important is the development of high quality accounting standards based on consistent application of IFRS globally, and on full consideration of international counterparts' positions regarding application and enforcement. In our view, the best forum for addressing these considerations over the long term is the IASB.

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We fully appreciate, however, the concerns of both the EU and the US over the issue of IASB governance. IASB governance needs to be reviewed and adjusted so as to enhance the ability of regulatory authorities to support the IASB standard-setting process and its results. While urging cooperation on IASB governance matters, however, we would also urge that these not stand in the way of more immediate progress in eliminating foreign private issuer reconciliation in the US or jeopardize the continued ability of US companies to file using US GAAP in the EU.

We note that the Transatlantic Economic Council is planning to discuss this issue at its 9 November meeting, and that the Economic and Monetary Affairs Committee of the European Parliament will discuss it on 20 November. We hope that the European Commission, the SEC, and the Parliament will all exercise the leadership and flexibility necessary to take us forward at this important juncture, bearing in mind the bigger picture.

Thank you very much for your consideration of these views. This is a critical issue for transatlantic companies, and we look forward to its successful resolution.



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Chairman, British Airways



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