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21 September 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington
USA

Copy by email: rule-comments@sec.gov File Number S7-13-07

Dear Ms Morris

SUBMISSION ON SEC PROPOSED RULE: ACCEPTANCE FROM FOREIGN PRIVATE ISSUERS OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS WITHOUT RECONCILIATION TO U.S GAAP

1. Thank you for the opportunity to comment on the SEC proposal. We congratulate the SEC on coming up with this proposal, a proposal which is a significant step forward on the journey to globally recognised accounting standards.
2. We are seeking your assurance that the current New Zealand regime would meet the needs of the SEC in this proposal. Financial statements of New Zealand foreign private issuers would be prepared for filing with the SEC without the need for reconciliation to U.S GAAP.
3. The New Zealand situation with respect to IFRS is that New Zealand has picked up IFRS as published by the IASB and only made amendments that are consistent with options allowable under IFRS or else added enhanced disclosures.
4. The difference between the two sets of standards (IFRS and NZ IFRS) could be described by saying that the IASB published standards are a "subset" of the NZ IFRS/NZ GAAP requirements. By this we mean that every requirement of the IASB standards are incorporated in our NZ IFRS/NZ GAAP standards (for companies) but our standards also include additional material. This additional material can be split into categories:
 - (a) additional material that is for public benefit entities (public sector and not-for profit) only...so there is no impact on any SEC registrants;
 - (b) some additional disclosures that New Zealand saw fit to include for our domestic market purposes; e.g disclosure of information concerning independent valuers;

- (c) elimination of some options allowed by the IASB; e.g. requiring the valuation option for investment properties rather than allowing either a cost option or a valuation option; and
 - (d) some additional standards that need to be complied with e.g. FRS 42 in relation to prospective financial information.
5. Your proposal is that a foreign private issuer files its financial statements in full compliance with the English language version of IFRS as published by the IASB.
 6. The key for the SEC is that our companies are required to state that they comply with IFRS (which for New Zealand is the English language version); not just NZ GAAP or NZ IFRS.
 7. This requirement, as set out in NZ IAS 1 (para. 14) states:

An entity whose financial statements and notes comply with *IFRSs* shall make an explicit and unreserved statement of such compliance in the notes. The financial statements and notes shall not be described as complying with *IFRSs* unless they comply with all the requirements of *IFRSs*.
 8. Therefore from an SEC perspective you would be receiving financial statements from a New Zealand SEC registrant that state that they are in compliance with the IFRS as published by the IASB.
 9. Your proposal also requires that the independent auditor must opine on whether the financial statements of the foreign private issuer comply with IFRS as published by the IASB.
 10. The New Zealand Institute of Chartered Accountants (NZICA) has recently amended the NZICA auditing guidelines to require the audit report also to state that the financial statements comply with IFRS as well as NZ GAAP.
 11. In summary, we in New Zealand believe that our New Zealand registrants would be able to meet the proposed SEC requirements.
 12. We would appreciate your confirmation that the New Zealand requirements for issuers and auditors meet the requirements of the SEC proposal.
 13. Please do not hesitate to contact our Chief Accountant, Mr Alastair Boulton, if you require any further information.

Yours sincerely



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Chairman

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