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19 April 2004

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

By email to: rule-comments@sec.gov

Dear Sirs,

File No S7-15-04
Proposed Changes to Form 20-F

I am writing on behalf of LIBA (the London Investment Banking Association) to comment on the proposed changes to Form 20-F which were announced on 11 March 2004. LIBA is the principal UK trade association for investment banks and securities houses: you will see from the attached list that our membership includes most of the large investment banks with global operations. A significant number of these banks are themselves 20-F filers, but the comments in this letter also reflect the close interest taken by our wider membership in the forthcoming adoption of International Accounting Standards/International Financial Reporting Standards (IFRS) by companies in the EU.

LIBA strongly supports the current moves to adopt IFRS in Europe, which we hope will lead in due course to a greater convergence between US GAAP and IFRS - and ultimately to a single global set of accounting standards. We are therefore supportive of the 20-F proposals overall, which we see as a constructive move to ease the transition to IFRS for those companies who also prepare 20-F filings in the US.

We are pleased that the SEC has acknowledged that the adoption of IFRS in the EU, together with the continued dialogue between the FASB and the IASB and the ultimate objective of a common set of high-quality accounting standards, may ultimately allow acceptance of financial statements prepared under IFRS without a reconciliation to US GAAP. We are however disappointed that the SEC does not at this time propose to eliminate the US GAAP reconciliation as we believe that this would not only alleviate 20-F filers of the compliance costs arising from the preparation of reconciliations, but would also encourage other companies reporting under IFRS to seek to raise capital in the US, and so would help to move forward the acceptance of US GAAP in Europe. We hope that a successful adoption of IFRS in the EU will shortly lead to the SEC being able to take such a position.

We support the SEC view that the proposed concession should only be granted to those organisations that adopt all relevant IFRS standards and guidance. We would therefore also expect that the SEC will accept all of the transition provisions that have been considered and accepted by the IASB within their standards. In particular, we expect that IAS 32 and 39 will only need to be applied prospectively from 1 January 2005 and that IFRS 1 will be used as the basis for the first 20-F filing after adoption. This includes the level of detail that should be provided in the transition reconciliations (examples of which are provided in paragraph IG 63 of IFRS 1) and we see no reason why additional information should be required.

The other key organisation in the EU that has focused on IFRS transition is CESR. We acknowledge and welcome the clear support that the SEC has already provided to the creation of CESR, and express the hope that the SEC will work closely with CESR on matters of IAS/IFRS interpretation and disclosure. We do believe that, wherever possible, the views of CESR and the SEC on such matters should be aligned both to avoid confusion and to minimise the compliance burden on 20-F filers within the EU.

CESR has specifically considered what disclosures will be appropriate in interim filings during 2005. Consequently, EU-listed companies adopting IFRS will be required to present IFRS compliant filings during 2005, with information included to understand the impact of IFRS transition at 1 January 2004. Accordingly, we do not support the SEC view that interim filings should be made on a previous GAAP basis. In this context, it is important that the SEC understands that many organisations will be changing their underlying reporting processes in order to comply with IFRS and that this is likely to supersede reporting processes for previous GAAP. Creating, maintaining and preparing information on a previous GAAP solely for SEC reporting will therefore be both onerous and subject to potential compliance deficiencies. Our view is that 20-F filers will already have suitable IFRS comparative information and, therefore, will be in a position to provide fully IFRS compliant interim filings, and that this should be the preferred approach of the SEC.

Similarly, we recognise the SEC's concern that the use of multiple GAAPs for other disclosures in the 20-F may lead to confusion for investors, and we therefore support the use of as few GAAPs as possible. We recommend that all disclosures are based on IFRS and that information for prior periods that is not available under IFRS is incorporated by reference to previous filings. For example, if the SEC wants to retain three years of information in the MD&A, we recommend that commentary is provided for two years on an IFRS basis, with the third year provided by reference to previous filings. In addition, we do not agree with the additional compliance requirement of providing condensed US GAAP income statements for three years as we believe that the costs and burdens of providing such information would be disproportionate to its value.

Finally, we note that the SEC will continue to require some of the numerical industry disclosures required by the Industry Guide 3 (such as average balances and loan impairments) to be provided for three or five years. Certain of this information (for example that relating to the loan portfolio and losses thereon) will be calculated on a different basis under IFRS, and will therefore not be consistent with the information for those years for which IFRS are applied. Restating this information for earlier years in accordance with IFRS would be extremely onerous for filers. We therefore recommend that the SEC considers applying the same proposals to Guide 3 disclosures

as to the main financial statements, so that this information is required only for the two most recent years.

I hope that that the above comments will be seen as a constructive contribution to the discussion on the proposed changes; we would of course be delighted to provide more detail on any of our points if that would be helpful.

Yours faithfully

Ian Harrison

Ian Harrison
Director

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Arbuthnot Securities Limited
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