Via Email

April 11, 2011

Mr. Takashi Nagaoka
Director for International Accounting
Financial Services Agency of Japan
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Mr. Makoto Sonoda
Deputy Director, Corporate Accounting and Disclosure Division
Financial Services Agency of Japan
E-mail: makoto.sonoda@fsa.go.jp

Re: *IFRS Foundation Monitoring Board, Consultative Report on the Review of the IFRS Foundation's Governance* ("IFRS Report")[1]

Dear Messrs. Nagaoka and Sonoda:

I am writing on behalf of the Council of Institutional Investors ("Council"), a United States ("U.S.") based nonprofit association of public, union and corporate pension funds with combined assets that exceed three trillion dollars.[2] Member funds are major shareowners with a duty to protect the retirement assets of millions of American workers.[3] The Council very much appreciates the opportunity to provide its views on the above referenced IFRS Report.

[1] IFRS Foundation Monitoring Board, Consultative Report on the Review of the IFRS Foundation's Governance 1 (Feb. 7, 2011), http://www.iosco.org/monitoring_board/pdf/Review_of_the_IFRS_Foundation_Governance_Report.pdf.
[2] Of note, on average approximately twenty percent of the Council of Institutional Investors' ("Council") member fund assets are comprised of non-domestic equity or fixed income securities. Council of Institutional Investors, Asset Allocation Survey 2010, at 2 (on file with Council).
[3] For more information about the Council and its members, please visit the Council's website at http://www.cii.org/about.

As you may be aware, the Council's membership approved policies have long contained a statement generally supporting efforts by the International Accounting Standards Board to work with the U.S. Financial Accounting Standards Board and other national standard setters "toward a common goal of convergence to a single set of high quality standards designed to produce comparable, reliable, timely, transparent and understandable financial information that will meet the needs of institutional investors" ("Statement").[4] The Statement, however, also opposes replacing U.S. generally accepted accounting principles with international financial reporting standards ("IFRS") unless and until certain criteria or milestones have been met.[5]

We note that many of the criteria or milestones contained in the Statement have been adopted, at least in part, by the U.S. Securities and Exchange Commission ("Commission") as "factors relevant to the Commission determination in 2011 as to whether, when, and how our current financial reporting system for U.S. issuers should be transitioned to a system incorporating [IFRS]."[6] The Statement forms the basis for our comments in response to some of the specific questions raised in the IFRS Report. Those comments are set forth in the Attachment to this letter.

Thank you again for the opportunity to comment on the Report. If you have any questions or need any additional information, please feel free to contact me at 202.261.7081 or jeff@cii.org.

Sincerely,

Jeff Mahoney
General Counsel

Attachment

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[4] Council of Institutional Investors, Statement on Independence of Accounting and Auditing Standard Setters 1 (Adopted Oct. 7, 2008), http://www.cii.org/UserFiles/file/Statement%20on%20Independence%20of%20Accounting%20and%20Auditing%20Standard%20Setters.pdf.

[5] *Id*. at 1-2. Of note, we plan to soon issue a whitepaper that will explore whether the Council's criteria or milestones have been achieved.

[6] Office of the Chief Accountant, Division of Corporation Finance, United States Securities and Exchange Commission, Progress Report, Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers 1 (Oct. 29, 2010), http://www.sec.gov/spotlight/globalaccountingstandards/workplanprogress102910.pdf.