

November 16, 2007

SEC Update: SEC Approves Rule Changes to Eliminate Reconciliation Requirement for IFRS Financial Statements

On November 15, 2007, the SEC approved rule changes to allow foreign private issuers to file financial statements prepared under International Financial Reporting Standards (“IFRS”) without reconciliation to U.S. generally accepted accounting principles (“U.S. GAAP”). The IFRS financial statements must be in full compliance with the English language version of IFRS, as published by the International Accounting Standards Board.

The SEC believes the rule changes will encourage the development of IFRS as a uniform global standard. In addition, the SEC believes the rule changes will facilitate cross-border capital formation, particularly capital raising activities in the United States by foreign private issuers.

The rule changes will take effect 60 days after they are published in the *Federal Register* and will apply to financial statements covering years ended after November 15, 2007. The rule changes become effective earlier than the SEC initially suggested when it announced its “roadmap” to eliminating the US GAAP reconciliation requirement.

Other than the change in the reconciliation requirement, and the conforming change to various rules to reflect the modification of the reconciliation requirement, the disclosure and other requirements applicable to non-U.S. SEC registrants remain the same. The SEC noted that it will continue reviewing the possibility of shortening the six-month deadline for filing annual reports on Form 20-F, but elected not to take any action at this time.

We will post an additional update once the SEC posts the final promulgating release. In the meantime, for an overview of the SEC proposal, see our earlier update on our web site, which is available at:

<http://www.paulweiss.com/files/Publication/f56919a4-d4bb-41b5-a65c-00a3dca88eb9/Presentation/PublicationAttachment/5175d284-8a91-4759-8dab-038de2857634/19Jul07Memo.pdf>.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. If you have any questions regarding the foregoing, please contact Mark S. Bergman (44-20-7367-1601), Tong Yu (81-3-3597-6306) or Patricia Vaz de Almeida (44-20-7367-1613).

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