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8 May, 2007

Mr. Paul Koster

Chairman of CESR-Fin

The Committee of European Securities Regulators (CESR)

11-13 avenue de Friedland, 75008 Paris, France

RE: Consultation Paper on a Mechanism for Determining the Equivalence of the Third Countries GAAPs (CESR/07-212)

Nippon Keidanren (Japan Business Federation) is a comprehensive economic organization consisting of 1400 major companies. Nippon Keidanren's Sub-Committee on Accounting debates and puts together the view of Japanese companies on topics such as accounting, disclosure, and audit system.

We are pleased to comment on CESR's consultation paper, CESR's Technical Advice on a Mechanism for Determining the Equivalence of the Generally Accepted Accounting Principles of Third Countries. Our comments are as follows:

1. On seeking response, CESR should first of all clarify the definition of the terms "material difference," "significant difference," and "non-complex disclosure" used in the consultation paper.
2. CESR should not require audit to any additional non-complex disclosures. Those additional audit cost will not only be a burden to companies, but will also hinder smooth finance activities and revitalization of markets which use equivalent accounting standards.
3. CESR defined that, for equivalency purpose, investors should be able to make a similar decision irrespective of whether they are provided with financial statements based on IFRS or on third country GAAP.

As witnessed by CESR previously, we, the Japanese preparer, also believe that Japanese accounting standards is equivalent to IFRS. Up until now, we have heard no

confused voice or trouble from investors due to the difference between Japanese accounting standards and IFRS.

4. Furthermore, Accounting Standards Board of Japan is already working and steadily engaging in the convergence project based on the work plan published in response to the EU's requirement.
5. These effort should definitely be taken into consideration very well in deciding equivalence. Therefore, Nippon Keidanren support the alternative approach, Appendix 2.

Should you wish to comment on the above further, please do not hesitate to contact us.

Yours sincerely,

Yoshiki Yagi
Chairman of the Sub-Committee on Accounting,
Nippon Keidanren (Japan Business Federation)