

Rajan Kapoor
Group Chief Accountant



The Royal Bank of Scotland Group
Group Finance

Business House F
Gogarburn
PO Box 1000
Edinburgh EH12 1HQ

Telephone: 0131 626 3768
Facsimile: 0131 626 3087
Website: www.rbs.co.uk

Ms Nancy M. Morris
Secretary,
Securities and Exchange Commission
100 F Street, NE
Washington DC 20549-9303
USA

24 September 2007

Dear Ms Morris

Acceptance from foreign private issuers of financial statements prepared in accordance with International Financial Reporting Standards without reconciliation to US GAAP (File No. S7-13-07)

The Royal Bank of Scotland Group plc ("RBS" or the "Group") is one of the world's largest banking and financial services groups. RBS's operations are conducted principally through The Royal Bank of Scotland plc ("Royal Bank") and its subsidiaries, including National Westminster Bank Plc ("NatWest").

RBS prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and as endorsed by the European Union. As a foreign private issuer, RBS also reconciles selected IFRS information to US GAAP. The Group also currently files annual reports and interim reports with the SEC for NatWest and Royal Bank, as required by Regulation AB. All these filings include a reconciliation between IFRS and US GAAP.

We greatly welcome the Commission's proposal to eliminate the IFRS-US GAAP reconciliation. We have contributed to response letters prepared by the European Banking Federation and the British Bankers' Association but would like to emphasise the following points:

- The requirement to prepare and file IFRS-US GAAP reconciliations entails significant additional work and time for the Group with attendant cost implications and increased complexity. Although IFRS is broadly similar to US GAAP in areas that significantly affect financial institutions, detailed differences remain.
- We strongly support the elimination of the reconciliation requirement for 2008 annual accounts filed in 2009 onwards, as contemplated by the Commission's Staff. However, we request that the Commission considers adopting the rules in time for 2008 interim results, which foreign private issuers will file in 2008 to refresh 2007 Form 20-F filings.
- If the Commission does not extend the relief from the reconciliation requirement to 2008 interims, we believe there is merit in exempting foreign registrants, who will not be required to present an IFRS-US GAAP reconciliation in their 2008 Form 20-F filings in 2009, from applying new standards such as Statement of Financial Accounting Standards No. 157 ('SFAS 157') 'Fair Value Measurements' in their 2008 interim filings. Implementing SFAS 157, which introduces new IFRS-US GAAP

differences and requires additional disclosures, for 2008 interims only, would be unreasonably burdensome for foreign private issuers. The cost of implementing this standard by foreign private issuers just for 2008 interim results would not, in our view, be justifiable.

- In practice, as IAS 34 is broadly equivalent to Article 10 of Regulation S-X, we believe that interim financial information required by IAS 34 is adequate for investors.
- We strongly believe that only the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") should issue interpretations of IFRS. We recommend therefore that the SEC refers questions of interpretation to IFRIC and not issue any official positions on IFRS accounting matters.
- We urge the Commission to consider safe harbour provisions in relation to the market risk disclosures required by IFRS 7 consistent with that afforded to US companies including similar information in their SEC filings.

Thank you for the opportunity to comment and we look forward to a speedy finalisation of the proposing release.

Yours sincerely



Rajan Kapoor
Group Chief Accountant