



**CalPERS
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April 20, 2009

Via E-Mail: rule-comments@sec.gov

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Murphy and Commissioners:

Re: File Number S7-27-08 Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

I am writing you on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest public pension fund system in the U. S. CalPERS manages approximately \$172 billion in assets providing retirement and health benefits for nearly 1.5 million members.

CalPERS is pleased to provide comment to the Securities and Exchange Commission ("Commission", "SEC") on the proposed Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards ("IFRS") by U.S. Issuers. CalPERS supports the use of quality, fully transparent, timely and comparable financial reporting.¹ We believe this is accomplished through the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") working towards convergence to develop a single set of high quality accounting standards. We agree that as capital markets have become increasingly global, U.S. investors have a corresponding increase in international investment opportunities.² However, it is of critical importance that financial reporting provide for reliable, high

¹ CalPERS letter to SEC (Nancy M. Morris) regarding File No. S7-13-07, Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with IFRS without Reconciliation to U.S. GAAP, September 24, 2007.

² CalPERS letter to SEC (Nancy M. Morris) regarding File No. S7-20-07 Concept Release – Allowing U.S. Issuers to Prepare Financial Statements in Accordance with IFRS, November 14, 2007.

quality, transparent and comparable information for users in making economic decisions. **It is essential that the SEC affirms its priority commitment to accounting standards designed to serve the needs of capital providers.** We are concerned with the proposed roadmap as the Commission is proposing amendments to various regulations, rules and forms that would permit early use of IFRS. We believe the decision to have a concrete final timetable may not necessarily provide for different evolving scenarios to accomplish the critical goal of a single set of high quality accounting standards applied throughout the globe.

Overview – Milestones

We support the need to establish an overall plan in moving towards the adoption of a single set of high quality, transparent and comparable accounting standards, and are in general agreement with developing a framework to accomplish this. However, we do not believe that a go-or-stop decision set in this framework is helpful but rather prefer the Commission annually review the current state of each of the milestones and assess the steps needed to reach satisfactory achievement of a global single set of high quality accounting standards.

Milestone 1 – Improvements in Accounting Standards

The SEC should insist on quality of accounting standards above convergence. The roadmap should be amended to reduce the unnecessary complexity that has developed under IFRS and that the reduction of differences between IFRS and U.S. GAAP can no longer be considered the priority that may supersede the objective of high quality standards.

We encourage the SEC to confirm conditional support for the IASB as global accounting standard-setter. We understand that some interpreted Mary L. Schapiro's remarks at confirmation hearings as not providing this support for the IASB. CalPERS suggests that Chairman Schapiro publicly provide this support but state conditional requirements to move towards supporting the IASB as the global accounting standard-setter.

We agree that it is important that accounting standards be established under a robust, independent process that includes due process which allows input from investors and other affected parties. We agree and feel it is imperative that accounting standards improve the accuracy and effectiveness of financial reporting and the protection of investors, resulting in higher quality financial reporting relative to the standards being replaced. We feel strongly that political influences should not play into the role of the independent accounting standard-setter.

Milestone 2 – Accountability and Funding of the IASC Foundation

We feel strongly that the mandate, governance and funding of the International Accounting Standards Committee Foundation (IASC Foundation) be clarified and improved.³ We believe the SEC should foster a comprehensive review of the IASC Foundation's governance framework. We do not necessarily agree that the current governance and responsibilities of the Monitoring Group represent global stakeholders. We believe that the Monitoring Group's role should be limited to monitoring the IASC Foundation's operations and not those of the IASB. We believe a functional Monitoring Group would entail a high degree of accountability and representation from the investment community, analysts, auditors, preparers and national and regional regulators.

Moreover in our opinion, the true priority is the establishment of a stable, independent funding framework for the IASC Foundation to enhance independence. Establishing a stable, transparent funding framework for the IASC Foundation would significantly reduce the concern that financial pressure could compromise the independence of the IASB's decision-making. We find it inappropriate that the Monitoring Group was formed without having established a link to the key issue of sustainable funding for the IASC Foundation.

Milestone 3 - Improvement in the Ability to Use Interactive Data for IFRS Reporting

CalPERS supports the use of interactive data (Extensible Business Reporting Language – XBRL) for IFRS reporting. We would expect that the taxonomies to be required for IFRS-basis entities be no less robust than those being considered for firms reporting currently on a U.S. GAAP basis. Additionally, it is important to note that we believe auditors must provide a clear opinion on the integrity and faithfulness of the interactive data reporting. Without such an opinion, investors will not be able to rely on the reported data.

Milestone 4 – Education and Training

CalPERS agrees that significant training will need to take place to ensure U.S. investors, accountants, auditors, students and all users of financial reporting are fully trained and understand IFRS. We believe this is a major challenge and believe significant progress will need to be achieved in order to establish a sound foundation for successful adoption of IFRS in the U.S.

³ CalPERS letters to the IASC Foundation (Tamara Oyre) regarding the Review of the Constitution, Public Accountability and the Composition of the IASB, September 20, 2008

Since sufficient resources and incentives are key to training, the Commission should address how this would be accomplished. The costs could include: hiring additional competent people trained in IFRS, training existing people, making necessary modifications to companies' information technology systems to address the significant differences in accounting conventions, funding major changes in accounting education, and recruiting and training IFRS accounting professors and public company auditors.

Also, auditors play a vital role in the integrity of financial reporting and it is this role that provides investors with confidence in the efficiency of capital markets. U.S. auditors would need to be as well versed in IFRS as they are currently in U.S. GAAP. It is important to ensure that an independence standard for auditors is defined and consistently applied. The independence of the auditor is critical to the gate keeping/investor protection role of auditors.

Auditors by the nature of their responsibilities should be able to facilitate global consistency in the application of IFRS. However, in practice, with various jurisdiction-based IFRS standards, unless reconciliation to one global set of standards is required, then global consistency will be difficult to achieve.

CalPERS believes that joint regulatory bodies, such as the International Organization of Securities Commissions (IOSCO) developing an information-sharing infrastructure among securities regulators through both multilateral and bilateral platforms will improve securities regulators' ability to identify and address inconsistent and inaccurate application of IFRS.

Milestone 5 – Limited Early Use of IFRS Where This Would Enhance Comparability for U.S. Investors

CalPERS does not support the Commission's proposal regarding the limited early use of IFRS. We understand that there may be some benefit since issues can be addressed at a smaller level with only 110 companies versus 10,000 firms at one time. However, we are not convinced that the reduction in the comparability among U.S. issuers and the need for familiarity with both sets of accounting standards is overall beneficial to investors.

Milestone 6 – Anticipated Timing of Future Rulemaking by the Commission

We support and agree with a mandatory, rather than an optional use of IFRS by U.S. issuers. CalPERS is concerned that two sets of standards may inevitably lead to companies arbitrating which standard to use and this may negatively impact both the quality of financial reporting and the reputation of both IFRS and U.S. GAAP.

Milestone 7 - Implementation of the Mandatory Use of IFRS

Comparability is a crucial promise of IFRS along with the importance of consistency of adoption and enforcement practices across jurisdictions. CalPERS does not necessarily see the benefit of a proposed phase-in of mandatory implementation of IFRS. We are concerned that the phasing-in of the Sarbanes-Oxley Section 404 reporting requirements for all U.S. companies is still not complete. CalPERS is troubled that this example of phasing-in (after six years where there are still significant numbers of U.S. companies that do not yet report on the adequacy of their internal controls and include their auditor's opinion) may be reflective of phasing-in IFRS.

Transition and Timing

The Commission's proposed roadmap still has aspects that need to be studied, vetted and addressed before allowing U.S. issuers to adopt filing its financial statements using only IFRS. Imperative to this process is the need for shareowner and investor input as the Commission determines what would be necessary to reach an appropriate level of acceptance and understanding to allow U.S. issuers the choice to prepare its financial statements in accordance with IFRS as published by the IASB. However, we do not support indefinitely postponing decisions on adopting IFRS and believe after the SEC has gained comfort with a reformed IASC Foundation and IASB that the Commission signal through the joint work of the FASB and IASB the importance of moving towards a single set of high quality, fully transparent, timely, comparable and robust standards. CalPERS hope that considerable cooperation between the boards will facilitate this objective.

To facilitate providing the Commission CalPERS perspective, we have enclosed copies of the letters referenced in the footnotes.

Thank you for considering our comments. If you would like to discuss any of these points, please do not hesitate to contact me at (916) 795-4129.

Sincerely,



Mary Hartman Morris
Investment Officer

cc: Joseph A. Dear, Chief Investment Officer – CalPERS
Eric Baggesen, Senior Investment Officer - CalPERS

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
April 20, 2009
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Enclosures: CalPERS letter to SEC (Nancy M. Morris) regarding File No. S7-13-07, Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with IFRS without Reconciliation to U.S. GAAP, September 24, 2007

CalPERS letter to SEC (Nancy M. Morris) regarding File No. S7-20-07 Concept Release – Allowing U.S. Issuers to Prepare Financial Statements in Accordance with IFRS, November 14, 2007

CalPERS letters to the IASC Foundation (Tamara Oyre) regarding the Review of the Constitution, Public Accountability and the Composition of the IASB, September 20, 2008



Russell Read, Ph.D., C.F.A.
Chief Investment Officer

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September 24, 2007

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-13-07 Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP

Dear Ms. Morris:

I am writing you on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest US Public Pension Fund with total assets of \$247.7 billion and more than 1.5 million members. CalPERS is pleased to provide comment to the Securities and Exchange Commission (Commission) on the proposed rule which would allow foreign private issuers to prepare their financial statements in accordance with International Financial Reporting Standards without reconciliation to U.S. GAAP.

As a significant institutional investor with a very long-term investment horizon, CalPERS has a vested interest in maintaining the efficiency of the capital markets and the integrity of financial statements. We believe that all investors would benefit from having consistent high quality financial reporting standards and support the goal of convergence to International Financial Reporting Standards (IFRS).

We support the Commission's long advocated stance in reducing disparity between the accounting and disclosure practices of the U.S and other countries as a means to facilitate cross-border capital formation while ensuring adequate disclosure for the protection of investors and the promotion of fair, orderly and efficient markets. The development of a single set of high-quality globally accepted accounting standards which enhance comparability and provide needed transparency are important to investors such as CalPERS. We commend the Commission for its forward looking process to assist with the development of high quality global accounting standards.

CalPERS understands that the quality of financial reports can be influenced by a variety of unique factors besides accounting standards including governance practices, the

accounting education system, the legal regime and regulatory bodies. CalPERS supports the incremental change to allow the acceptance of IFRS-based accounting standards for foreign private issuers without reconciliation to U.S. GAAP even with the given baseline of factors that may either enhance or undermine the quality of financial statements.

However, we caution the Commission to consider the timing to allow a foreign private issuer to file financial statements without reconciliation to U.S GAAP as currently required under Item 17 or 18 for Form 20-F.

After reviewing the many issues outlined in the Commission's call for comment and many of the comment letters listed to date, we would suggest that the following issues be studied and vetted more closely before adopting the proposed rule to ensure that unintended consequences do not occur with removal of this reconciliation. Issues include:

- More than 100 countries have adopted IFRS, however many countries use “country-specific versions”, “carve out versions”, “jurisdiction-based”, or “endorsed” IFRS. Many of these differences occur because of securities (company) law adopted by individual countries. We suggest a proactive effort to provide for a more uniform IFRS through a standardized reconciliation process. We ask that the Commission and joint regulatory bodies such as the International Organization of Securities Commissions (IOSCO), provide guidance to move towards a more uniform IFRS. **We recommend the reconciliation not be to U.S. GAAP but to the IASB published IFRS.**
- Similarly, there is concern that consistent auditing and enforcement of the application of IFRS does not currently exist to ensure completeness and accurate disclosures to provide credibility and integrity of financial reporting. **Do auditors look to the International Auditing and Assurances Standard Board or the Public Company Accounting Oversight Board for auditing guidance and standards?** This issue should be resolved prior to implementation of the proposed rule.
- Industry accounting guidelines and standards are defined by FASB whereas currently, there are not current industry accounting standards developed in IFRS and published by the IASB. **However, we do not believe that this difference should delay the move toward IFRS.**
- Addressing the funding of the two standard setters – FASB, since 2003, has been receiving funding through fees levied on Commission registrants whereas IASB is funded privately through contributions. The funding source could have a perceived negative effect since it may appear the IASB's independence may be compromised. **What steps could be taken to ensure that no perceived conflict of interest exists?**
- Which Board will be the ongoing standard setter to provide guidance - **FASB or IASB? Or possibly a new entity?**
- Should accounting standards be principles-based versus the current rules based U.S. GAAP? **CalPERS supports principles-based accounting through a defined conceptual framework.**

- Are there educational consequences in developing accountants and auditors expertise in the use of IFRS? ***We believe there is a balance in standardization of accounting and the development of professional judgment. We agree that a significant education drive should include professional training and education of accountants, auditors and students.***

CalPERS supports the Commission's efforts to allow foreign private issuers to file their financial statements in accordance with IFRS. However, it is important to note before implementing the proposed rule, we encourage the Commission to address the issues outlined above as well other concerns of investors. Additionally, CalPERS does not believe acceptance of IFRS-based accounting standards should be contingent on convergence of U.S. and IFRS standards.

We thank the SEC for its ongoing diligence in developing robust standards that will ensure the integrity of public financial statements. CalPERS is prepared to provide assistance to the SEC upon request. Please contact Dennis Johnson, Senior Portfolio Manager–Corporate Governance at (916) 795-2731 if there are questions or if we can be of further assistance.

Sincerely,



cc: Fred Buenrostro, Chief Executive Officer, CalPERS
Anne Stausboll, Chief Operating Investment Officer, CalPERS
Christy Wood, Senior Investment Officer, CalPERS
Peter Mixon, General Counsel, CalPERS
Dennis Johnson, Senior Portfolio Manager, CalPERS



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Chief Investment Officer

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November 14, 2007

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-20-07 Concept Release Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial Reporting Standards (IFRS)

Dear Ms. Morris:

I am writing you on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest U.S. Public Pension Fund with total assets of \$246.4 billion. We provide retirement and health benefits to approximately 1.5 million public employees, retirees and their families and more than 2,500 employers. CalPERS is pleased to provide comment to the Securities and Exchange Commission (Commission) on the concept release which would give U.S. issuers the option of filing with the Commission financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

As a large institutional investor with a very long-term investment horizon, CalPERS has a vested interest in maintaining the efficiency of the capital markets and the integrity of financial statements. We believe that all investors would benefit from having consistent high quality financial reporting standards. CalPERS supports the goal of convergence of IFRS and U.S. generally accepted accounting principles (U.S. GAAP).

As an investor, CalPERS believes the development of a single set of high-quality, globally accepted accounting standards, which would enhance comparability and provide needed transparency, will facilitate cross-border capital accessibility and formation. However, we believe that standards must ensure adequate disclosure for the protection of investors and believe there are ***a number of important issues that need to be addressed prior to giving U.S. issuers the option of preparing financial statements in accordance with IFRS.*** CalPERS set forth similar concerns in our letter of September 24, 2007 to the Commission on the subject of foreign private issuers filing in accordance with IFRS without reconciliation to U.S. GAAP.

California Public Employees' Retirement System
Lincoln Plaza East - 400 Q Street, Suite E4800 - Sacramento, CA 95811

The Effect of IFRS on the U.S. Public Capital Market

CalPERS believes maintaining high quality financial reporting is important to the competitiveness of U.S. markets. CalPERS believes the Sarbanes Oxley Act of 2002 (SOX) created many benefits for investors through additional disclosure, transparency and protections for investors. We also agree that there is a valuation premium for companies that cross-list on U.S. exchanges.¹ CalPERS believes corporate value is increased through transparent, high quality, financial reporting, which in turn may provide companies a competitive advantage in attracting capital.

CalPERS fully supports convergence to a single set of high quality international financial reporting and disclosure standards that results in companies reporting the true economics of transactions. We believe the cost of capital is related to the quality of a company's financial reporting. However, we do not believe that there will be a negative effect on the U.S. public capital markets if U.S. issuers are not allowed to report in accordance with either IFRS or U.S. GAAP at this time. CalPERS understands that certain U.S. multinationals that have a majority of their operations in countries that require IFRS may have a desire to have the option to prepare financial statements solely in accordance with IFRS. However, we are not aware of any negative consequences if the Commission continues to require U.S. issuers to report in accordance with U.S. GAAP, with the exception of the cost of dual reporting requirements for multinational companies.

Convergence of IFRS and U.S. GAAP

CalPERS agrees with the Commission's premise that if there is a robust and active process in place for converging IFRS and U.S. GAAP, then it is likely that the current differences between the two standards will be minimized in due course. The 2006 Memorandum of Understanding between the FASB and IASB indicated that a common set of high quality global standards remains the long-term strategic priority and set out a work plan with specific long- and short-term projects. Although CalPERS does not believe that convergence should occur with an artificial completion date, we do believe that setting a target date with specific milestones may provide the impetus to address the many issues that still exist and that have made investors concerned about whether the convergence process is robust and effective. However, we do not agree that a moratorium on issuance of new standards is in the best interest of investors and shareowners.

¹ Testimony and cited studies, October 24, 2007 Before the Subcommittee on Securities, Insurance and Investment of the U.S. Senate Committee on Banking, Housing and Urban Affairs on "International Accounting Standards: Opportunities, Challenges and Global Convergence Issues."

The Case for a Single Set of Globally Accepted Accounting Standards and the International Accounting Standard Setter

Independence is critical to a sustainable, well governed International Accounting Standards Board (IASB). Along with the Financial Accounting Standards Board's (FASB's) role in convergence, we see both accounting setters as key players to the development of a single set of high quality, globally accepted accounting standards. The independence of the FASB has been strongly protected to ensure it is able to develop unbiased standards designed to provide transparency for investors. More recently, Congress enhanced the independence of the FASB by providing independent funding. We are concerned that the independence of the IASB may be compromised by its current source of funding which includes companies and accounting firms. Even though the International Accounting Standards Committee Foundation (IASC Foundation), the overseer of the IASB, has proposed a broad-based open-ended funding that will have contributions country-specific based on a proportionate basis using gross domestic product as a measurement to share the costs, we are not confident at this point that these steps will ensure an independent well-governed IASB that is free of potential influences.

CalPERS also questions whether the IASB currently has the enforcement infrastructure to ensure compliance with international standards. As an investor, we believe it is critical that a rigorous international regulatory oversight infrastructure be developed to ensure adequate protections for investors prior to convergence. We also believe that auditors play a vitally important role in ensuring these protections through effective audits and advocacy by auditors for investors. CalPERS is not aware of a single regulator or law enforcement agency that is responsible for enforcement of international accounting standards. This issue must be fully addressed before one international financial reporting standard can be successful.

Education and Training

CalPERS agrees that a significant training effort is needed to ensure investors, accountants, auditors, students and all users of financial reporting are fully trained and understand IFRS. We believe this is a major challenge and believe significant progress needs to be achieved in order to establish a sound foundation for successful acceptance of IFRS in the U.S.

Since sufficient resources and incentives will be key to training, the Commission should address how such significant training will be provided. Costs would include the hiring of additional people competent in IFRS reporting standards, the training of existing people, modifying companies' systems for the significant differences in accounting conventions and funding of the major changes required in accounting education. It is difficult to assess the overall cost, other than to say that it would certainly be significant.

Auditing

Auditors play a vital role in the integrity of financial reporting and it is this role of auditors that provides investors with confidence in the efficiency of capital markets. U.S. auditors will need to be as well versed in IFRS as they are currently in U.S. standards. CalPERS believes that if there is a demand for auditors well versed in IFRS, the larger accounting/auditing firms will accept this opportunity and incur the costs necessary to train staff. Also, the larger accounting firms already may have the existing expertise in foreign offices or in U.S. offices that currently serve multinational clients. However, smaller auditing firms may move more slowly in justifying and absorbing these costs. This may result in an increase in auditor concentration in the larger audit firms.

Auditors by the nature of their responsibilities should be able to facilitate global consistency in the application of IFRS. However in practice with jurisdiction-based IFRS unless reconciliation is required to one global standard, then global consistency will be difficult to achieve.

Additionally, the issue of oversight of the auditors needs to be directly addressed. Would the Commission continue with its mandate under SOX that the PCAOB continue to set auditing standards and guidance for U.S. public companies or would the International Accounting and Assurances Standards Board (IAASB) with IASB eventually take the place of the PCAOB and the FASB so that oversight of U.S. public companies in large part based outside of the U.S.? These remain unanswered questions that deserve extensive public discussion.

Regulation

CalPERS agrees that joint regulatory bodies, such as the International Organization of Securities Commissions (IOSCO), developing an information sharing infrastructure among securities regulators through both multilateral and bilateral platforms will improve securities regulators' ability to identify and address inconsistent and inaccurate application of IFRS.

Transition and Timing

The Commission's concept release focuses on many issues that need to be studied, vetted and addressed before giving U.S. issuers the option of preparing their financial statements using IFRS. Imperative to this process is the need for shareowner and investor input as the Commission determines what would be necessary to reach an appropriate level of acceptance and understanding.

As the FASB and IASB continue the path of convergence and the strategic adoption of IFRS, CalPERS believes the role of the FASB should be equal to the IASB in the development of future accounting standards. It is critically important to investors that a comparable, transparent and consistent financial reporting structure is assured before we replace U.S. GAAP standards. Improvement and quality are key to the path of one international financial reporting standard.

CalPERS thanks the Commission for its ongoing diligence in developing robust standards that will ensure the integrity of financial reporting standards. CalPERS would be pleased to assist the Commission in this endeavor. Please contact Dennis Johnson, Senior Portfolio Manager of Corporate Governance at (916) 795-2731 if there are questions or if we can be of further assistance.

Sincerely,



cc: Fred Buenrostro, Chief Executive Officer, CalPERS
Anne Stausboll, Chief Operating Investment Officer, CalPERS
Christianna Wood, Senior Investment Officer, CalPERS
Peter Mixon, General Counsel, CalPERS
Dennis Johnson, Senior Portfolio Manager, CalPERS



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September 20, 2008

Via E-Mail constitutionreview@iasb.org

Ms. Tamara Oyre
Assistant Corporate Secretary
IASC Foundation
30 Cannon Street
London
EC4M 6XH
United Kingdom

Dear Ms. Oyre:

Re: July 2008 International Accounting Standards Committee Foundation (IASC Foundation), Review of the Constitution, Public Accountability and the Composition of the International Accounting Standards Board (IASB), Proposals for Change, Request for Comments by September 20, 2008

I am writing on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest public pension system in the U.S., and manages approximately \$227 billion in assets providing retirement and health benefits for nearly 1.5 million members.

As a long-term provider of capital, CalPERS has a great interest in seeking improvement in the integrity of financial reporting. CalPERS also has interest in the IASC Foundation's efforts to develop, in the public interest, a single set of high quality, understandable, and enforceable global accounting standards that require high quality, transparent, and comparable information in financial reporting.

Thank you for the opportunity to comment on proposals and issues for the Constitution Review, specifically on two issues – one related to the Foundation in terms of its governance and public accountability (the creation of a Monitoring Group) and another concerning the composition of the IASB. The IASC Foundation Constitution sets out both the governance structure and the operating procedures of the Foundation and IASB.

Investor viewpoints are at the core of financial reporting standards and should continue to be a crucial driver in setting standards and amending the constitution of the IASC Foundation. CalPERS has a keen interest in the governance of International Financial Reporting Standards (IFRS) standard-setting and the role investors play in that process. We do not believe the proposed constitution changes provide for a legitimate role for

investors and shareowners in their capacity as providers of long-term capital to the global markets. CalPERS recommends that the Trustees and the Constitution Review Committee ensure that investors and shareowners are included into the constitutional provisions as it will not only strengthen the standing and effectiveness of the Foundation but also continue the acceptance of IFRS.

I. Questions related to the Monitoring Group

Q1 Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions?

CalPERS agrees with the Trustees' need to demonstrate the organization's public accountability and recognize its recent improvements to the IASB's due process. CalPERS views the proposal as an attempt to strengthen the legitimacy and governance of the IASB and agrees with the need to establish a means of accountability to those governmental authorities charged with protecting investors and regulating capital markets. However, we recommend the IASC Foundation address the most important priority which is to establish a stable, independent funding framework to improve the current funding means. It is unfortunate the constitution review does not address the need of the IASC Foundation to establish a sustainable funding model.

Q2 The proposals contemplate a Monitoring Group comprising representatives of seven public authorities and international organizations with a link to public authorities. While recognizing that the Monitoring Group is an autonomous body, the Trustees would welcome comments regarding the Monitoring Group's membership and whether other organizations accountable to public authorities and with an interest in the functioning of capital and other financial markets should be considered for membership.

We strongly recommend the constitution provide a clear and limited scope of the Monitoring Group's role. The governance arrangements of the Monitoring group should be transparent and free from political interference and should not have the ability to influence the standard setting process. We do not agree that the Monitoring Group should consist only of public regulators and international institutions. CalPERS believes that significant direct investor representation, specifically institutional providers of capital, should be included alongside the proposed representation of governmental and intergovernmental entities on the Monitoring Group of the IASC Foundation.

CalPERS regards the inclusion of institutional providers of capital on the Monitoring Group as critical during this time of accounting convergence and

believes investor representation will not only strengthen the monitoring and review function to ensure that the Trustees of the IASB fulfill their constitutional and governance obligations, but also provide inherent transparency to bolster the credibility of the IASB's independence as a global accounting standard setter.

- Q3 The Trustees will remain the body primarily responsible for the governance of the organization and the oversight of the IASB. Their responsibility to a Monitoring Group will enable regulatory and other authorities responsible for the adoption of IFRS to review the Trustees' fulfillment of their constitutional duties. Does the formation of the Monitoring Group's mandate and the Trustees' reporting responsibilities, as described in the proposed Section 19 appropriately provide that link, while maintaining the operational independence of the IASC Foundation and the IASB?**

Addressed in Q2 response.

- Q4 Given the proposed creation of a Monitoring Group, would there be a continued need for the Trustee Appointments Advisory Group in the selection of Trustees? If so, what should be the role and composition of the Trustees Appointments Advisory Group? The Trustees would welcome any additional comments related to the Monitoring Group proposal.**

CalPERS does not see the need to continue the Trustee Appointments Advisory Group. CalPERS supports the significant involvement of investors in the Trustee oversight body.

II. Questions related to the IASB's composition

- Q5 Do you support the principles behind expanding the IASB's membership to 16 members in order to ensure its geographic diversity, its ability to consult, liaise and communicate properly across the world, and its legitimacy?**

CalPERS supports the IASC Foundation's continuance that the main qualifications for membership of the IASB Board shall be professional competence and practical experience. However, just as the IASB's constitution identifies geographical representation, to ensure the IASB is not dominated by any particular constituency or geographical interest, we would suggest the skill-sets of the group be assessed annually to ensure diversity of professional representation, background and experience.

The assessment of skill-sets and professional backgrounds should also ensure appropriate representation by key stakeholders in the development of accounting

standards. Key stakeholders include issuers of financial reporting, directors of issuers (stewardship), regulators, auditors, creditors, current and potential investors and shareowners (institutional providers of capital). We believe if the IASB Board membership consists of part-time members, that representation by all key stakeholders be equivalent in assigning membership. CalPERS does not have a position on whether IASB's membership should be expanded to 16 members but rather emphasize the need for annual assessment of skill-sets to ensure diversity and equivalent representation by stakeholders as well as timely, proper succession planning.

Q6 Do you agree with the geographical formulation suggested by the Trustees?

Addressed in Q5 response.

Q7 The Trustees are suggesting that the Constitution should provide flexibility on the matter of part-time membership. Do you support that proposal?

As emphasized in Q5 response, CalPERS believes if the IASB Board membership consists of part-time members, that representation by all key stakeholders be equivalent in assigning membership.

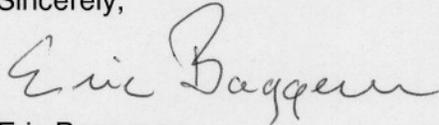
In summary, CalPERS recommends that the IASC Foundation:

1. Consider that investor viewpoints are at the core of financial reporting standards and should continue to be a crucial driver in setting standards and amending the constitution of the IASC Foundation.
2. Address the most important priority which is to establish a stable, independent funding framework.
3. Ensure the Monitoring group be transparent and free from political interference and should not have the ability to influence the standard setting process.
4. Ensure that significant direct investor representation, specifically institutional providers of capital, are included as representatives.
5. Ensure the IASB Board membership consists of representation by all key stakeholders and if part-time members are appointed, be equivalent in assigning membership.
6. Emphasize the need for annual assessment of skill-sets to ensure diversity and equivalent representation by stakeholders as well as timely, proper succession planning.

IASC Foundation
Ms. Tamara Oyre
Assistant Corporate Secretary
20 September 2008
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Thank you for considering our comments. If you would like to discuss any of these points, please do not hesitate to contact Mary Hartman Morris at 916-795-4129.

Sincerely,

A handwritten signature in cursive script that reads "Eric Baggesen".

Eric Baggesen
Senior Investment Officer

cc: The Honorable Christopher Cox, Chairman – SEC
Gerrit Zalm, Chairman of the Trustees – IASC Foundation
Anne Stausboll, Interim Chief Investment Officer - CalPERS
Mary Hartman Morris, Investment Officer - CalPERS