

**Statement of Mary Hartman Morris, Investment Officer,
California Public Employees' Retirement System**

Before the US Securities and Exchange Commission

Roundtable on International Financial Reporting Standard in the US

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Chairman Shapriro, Commissioner Walter, Mr. Kroeker and distinguished guests, my name is Mary Hartman Morris. I am an Investment Officer with the California Public Employees' Retirement System (CalPERS) and I would like to thank you for the opportunity to provide an institutional investor's perspective in this discussion on the benefits and challenges in potentially incorporating International Financial Reporting Standards (IFRS) into US public accounting.

I am here to represent the views of CalPERS, the largest public pension fund in the United States with approximately \$232 billion in global assets in more than 11,000 public companies worldwide within 47 markets. More than 50% of our portfolio across asset classes, specifically equities, is invested outside the US. CalPERS invests these assets on behalf of more than 1.6 million public workers, retirees, their families, and beneficiaries in order to fund retirement and health benefits.

CalPERS is fundamentally a long-term, fiduciary investor, with a vested interest in the stability of the markets and the integrity of financial reporting. We believe financial reporting should provide users the information needed to make informed capital allocation decisions. Accounting standard setters should strive to focus on the needs of

users of financial statements which foremost should be for investors, capital providers. We acknowledge the needs of other users, issuers, regulators and the need for their input, though we believe the drivers for accounting standards for public traded companies and the focus of work performed by the standard setters should be based on the needs of investors, ensuring auditability and enforcement.

CalPERS believes that convergence of international accounting standards, to a single-high quality set of standards, is critical in the wake of the recent global financial crisis, particularly in light of the G20 recognition that the need for convergence is a market fundamental.

CalPERS is currently reviewing the SEC staff paper and appreciate participating in this roundtable as we consider CalPERS response to the Work Plan for Incorporating IFRS into the Financial reporting System for US Issuers. Meanwhile, we would like to ensure that we can offer support to address outstanding challenges in a practical way, as the process towards convergence moves forward.

CalPERS is committed to the integrity of financial reporting. CalPERS plays an active role in the discussion around accounting and auditing standards through participation in numerous committees. For example, CalPERS Board Member, Lou Moret co-chairs the International Corporate Governance Network (ICGN) Accounting and Auditing Practices Committee. CalPERS as an active founding member of ICGN participates in international debate and comment on issues which impact investors. The mission of the Accounting

and Auditing (A&A) Practices Committee is to address and comment on accounting and auditing practices from an international investor and shareowner perspective. The Committee through collective comment and engagement strives to ensure the quality and integrity of financial reporting globally.

In addition, CalPERS Senior Portfolio Manager Anne Simpson is a member of the PCAOB's Investor Advisory Group and I am a member of the A&A Practices Committee, the FASB's Investors Technical Advisory Committee and the PCAOB's Standing Advisory Group and CalPERS participates informally on the Council of Institutional Investors' Accounting and Auditing Group.

It is from this point of view I would like to offer CalPERS perspective throughout the remainder of the discussion. Thank you.