July 30, 2011

Mr. James L. Kroeker
Chief Accountant
Office of the Chief Accountant
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Kroeker:

The Conference of State Bank Supervisors (CSBS) appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC's) *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers* (Work Plan) and also more generally on the SEC's decision regarding whether or not to pursue convergence of U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) (convergence). CSBS has provided feedback to the SEC on convergence in a number of mediums. We continue to support efforts to make accounting standards more consistent worldwide. As the financial crisis revealed, differences in reporting standards across an increasingly globally integrated economy pose issues not only for those who prepare but also those who interpret financial statements.

The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have set out timeframes for convergence. Some argue the IASB should move on without convergence if the SEC does not explicitly commit to convergence soon or engage in a heightened effort to adhere to the loosely established convergence timeline. We believe the benefits of convergence outweigh the need to adhere to these artificial timeframes. IASB and FASB should be afforded every possible opportunity to substantially converge their standards, and the SEC should not have to make the decision to converge under a tight timeframe or under pressure. This is a highly important undertaking, and we should work toward it patiently and responsibly, rather than forcing the issue. If the IASB shuts the FASB, SEC, or other American representation out of the global standard-setting process, the SEC will have to reconsider U.S. involvement with IFRS.

The SEC's angle on full convergence does not seem promising as illustrated through its Work Plan, which suggests the SEC may no longer consider a single global standard possible. Moreover, the SEC seems concerned with the future of its influence in U.S. accounting standards if it elects to converge accounting standards. We do not believe this is a practical reason for avoiding convergence however valid the concern may be.

If the SEC decides not to pursue full convergence of GAAP and IFRS, we believe another method for drawing GAAP and IFRS closer should be employed. Allowing GAAP to remain disparate from IFRS will put U.S. preparers and issuers at a disadvantage, as they will have to be well trained in the execution of both sets of accounting standards. In our estimation, the SEC's proposed Work Plan does represent a reasonable method for addressing GAAP-IFRS differences if the SEC determines full convergence is unworkable. The Work Plan suggests a "Condorsement" approach, which would blend aspects of convergence of standards with simpler U.S. endorsement of certain IFRS. We support this philosophy in the absence of full convergence and offer comments related to more specific aspects of the proposed Work Plan below.

Above all, we endorse the extended transition period offered in the Work Plan. The extended period, which would be between five to seven years, is an acceptable timeframe and promotes prudent implementation of IFRS, despite the notion that some may view it as a lack of commitment to IFRS on the part of the SEC. The extended period allows for a responsible transition and enhanced implementation, including time for training preparers and gradually increasing understanding of the standards, as well as the opportunity to ensure the quality of the adopted standards.

Since the IFRS demonstrates a more principles-based accounting approach, we firmly believe the SEC should consciously and publicly allow good-faith judgments to stand if it elects to draw GAAP closer to IFRS. The SEC should avoid second guessing institutions' management and external auditors. Additionally, the SEC should use its influence to spur practical legal reform, since the fear of litigation is a primary factor driving the need for detailed accounting standards.

Finally, we believe it is logical to retain U.S. GAAP as the statutory basis of financial reporting, as proposed in the Work Plan. Simply changing the statutory reference to IFRS would create an immense administrative burden given the countless references to GAAP in laws and regulations. Further, the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) requires regulatory accounting to be "no less stringent" than U.S. GAAP. Retaining GAAP as the statutory reference would almost certainly prevent bank regulators from having to address legal restrictions surrounding FDICIA.

Thank you for the opportunity to comment.

Best Regards,

Neil Milner

Neil Milner

President and CEO