

July 29, 2011

Office of the Chief Accountant
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Dear Staff Members:

**Re: File No. 4600 Commission Statement in Support of Convergence and
Global Accounting Standards**

The Canadian Bankers Association¹ (CBA) would like to thank you for the opportunity to comment on the potential incorporation of International Financial Reporting Standards (IFRS) into the U.S. financial reporting system and specifically on the “condorsement” approach discussed in the SEC Staff Paper published May 26, 2011 (the “Framework”).

We appreciate the fact that the SEC is considering incorporating IFRS into the U.S. financial reporting system. We have supported the efforts of the U.S. Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) to develop and issue converged standards and we strongly support the use of a single set of high quality global accounting standards. The incorporation of IFRS into the U.S. Financial Reporting system is of particular interest to Canadian financial institutions given our proximity to and significant participation in U.S. financial markets.

As we will be first-time adopters of IFRS as the basis for our fiscal 2012 financial reporting, we have become intimately familiar with current IFRS and have been keenly following and participating in new standard developments. We believe that we can provide insights into both the challenges faced by issuers incorporating a new financial reporting framework and the opportunities it creates for issuers and financial statements users.

The approach taken by the Accounting Standards Board (AcSB) in Canada was to apply a fixed transition date (January 1, 2011) for all publically accountable entities to adopt IFRS. All IFRS issued and outstanding by the IASB were incorporated into Canada GAAP with no endorsement

¹ The Canadian Bankers Association works on behalf of 52 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 267,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The Association also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness. www.cba.ca.

mechanism going forward. While the AcSB would unconditionally consider all IFRS as Canadian GAAP, they may issue Canadian-specific interpretational guidance if necessary, but this is expected to be in extremely limited circumstances. The AcSB continues to be active in the standard setting process and in reviewing new standards, and to date, no such interpretational guidance has been issued. We are not supportive of a Canadian version of IFRS in principle and we would not want to put at risk the SEC exemption from reporting a semi-annual U.S. GAAP reconciliation.

Our experience to date with the adoption of IFRS has largely been positive. While it was and is undoubtedly a large undertaking that requires significant project management, we have noted several benefits and opportunities created by an end-to-end approach to IFRS adoption. It created an opportunity for our respective organizations to undertake an internal education program which has benefitted us by ensuring a greater understanding of accounting issues throughout the organization. Overall, we believe that our organizations are going to have even greater knowledge of financial accounting and more accurate reporting because of IFRS adoption.

Through the adoption of IFRS, we have developed a common language with our global peers, which has led to greater participation in world wide discussions of significant issues to global financial markets through organizations such as the International Banking Federation (IBFed). We strongly believe that banking is an increasingly global industry and that while they may carry local characteristics, the issues faced by multi-national financial institutions in the U.S. and Canada are the same issues faced by financial institutions all over the world. In light of this, we believe that it is to the benefit of financial statement users that these issues be accounted for and presented in accordance with a common set of financial reporting standards.

We acknowledge that to many smaller regional U.S. entities who may not be SEC registrants, and participate solely within the U.S. market, IFRS adoption (in whatever form) is less likely to yield similar benefits of comparability. From our experience in Canada, a potential solution to this issue is to maintain a separate set of accounting standards for private enterprises (ASPE) and allow entities the option of applying either these standards or IFRS. We have many clients who prepare ASPE financial statements and have found this approach to be practical and beneficial to all parties. It allows smaller private entities a reprieve from a potentially burdensome transition from which they may not significantly benefit. It also acknowledges that in an increasingly global financial marketplace, large multi-national organizations often have more in common with global competitors than their smaller regional counterparts.

As to the method of incorporation of IFRS into the U.S. financial reporting system, we favour full adoption on a specific date without an endorsement mechanism. Should the SEC choose to include an endorsement mechanism, we strongly support the SEC's goal (as stated in the Framework) for U.S. GAAP to be consistent with IFRS, and as is the case with the AcSB, amending or adding to the standards issued by the IASB only in rare and unusual circumstances. We encourage the SEC to provide protection to its investors by tasking the FASB with an active role in working with other national standard setters and the IASB in the development of new IFRS since this could minimize potential modifications and variations.

We are concerned that an extended transition period will create confusion among financial statements users during the interim period as the basis for accounting would be constantly changing. Additionally, it could create confusion for people within the organizations transitioning

to IFRS that could lead to inconsistent application or error. IFRS is principle-based and thus adopting different standards at different times could lead to inconsistent application of concepts that are common across standards. A “big bang” approach eliminates confusion about what the rules are, when they apply, and who is applying them and gives organizations an opportunity to apply the IFRS conceptual framework uniformly across all aspects of financial reporting.

The “condorsement” approach suggested by the Framework appears to address many potential concerns with other incorporation approaches, but we fear that too many steps and details may create altogether new problems. For example, allowing entities to apply certain IFRSs prospectively on adoption (as suggested by the Framework) is inconsistent with the requirements of IFRS 1 and may cause U.S. entities to be unable to assert that they are in compliance with IFRS as issued by the IASB (a stated goal in the Framework). It is also inconsistent with the standard the SEC holds Foreign Private Issuers to in their application of IFRS.

With a realistic lead-in time that gives organizations the ability to properly plan and educate (both staff and investors) in advance of the transition date, we believe that full adoption on a specific date provides financial statement users with the highest quality information with the least burden to preparers.

If you have any questions, we would be pleased to discuss them live with you.

Sincerely,

A handwritten signature in black ink, appearing to be "J. B. [unclear]", written in a cursive style. Below the signature is a long, horizontal, slightly wavy line.