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SEC Work Plan for the Consideration of Incorporating IFRS into the Financial Reporting System for U.S. Issuers

Dear Mr. Kroeker:

UBS is pleased to offer our comments on the SEC staff paper (the "Paper") outlining a possible approach for incorporating International Financial Reporting Standards (IFRS) into the US financial reporting system. UBS is a global financial institution that uses IFRS as issued by the International Accounting Standards Board (IASB) as its basis for financial reporting. As a foreign private issuer ("FPI") in the United States, UBS AG files an Annual Report on Form 20-F with the SEC and submits its quarterly Financial Reporting to the SEC under Form 6-K.

We strongly believe that a single, consistent set of high-quality accounting standards is the cornerstone for a well-functioning global market. The benefits to users of a fully-converged accounting framework in which international comparability is fully achieved are invaluable, and we therefore encourage the SEC to continue to pursue this goal with urgency. As an FPI with significant US subsidiaries, we also note the potential for reducing the economic and operational burden of maintaining dual accounting records. We thus agree with the Paper's proposal that the development of a robust transition plan should be completed within "a relatively short period."

Role of the FASB

Overall, we agree with the Paper that the Financial Accounting Standards Board (the "FASB") should play an active role in developing internationally accepted accounting standards, proactively identifying financial reporting issues, and ensuring that US interests are being suitably addressed. However, in order to achieve the objective of a single set of high-quality accounting standards we believe that it is important that local variations of IFRS do not become the norm. We acknowledge that an endorsement process for regulatory purposes may be required by local jurisdictions. However, unless the circumstances under which the FASB will not endorse an IASB standard are limited, the benefits of international comparability will not be achieved. We believe this is a significant weakness in the protocols adopted by the European Union and we encourage the SEC to take a leadership role in the international community in minimizing national siloing of accounting standards.

If the Commission were to pursue the "condorsement" approach described in the Paper, we would suggest greater emphasis that only exceptional cases could warrant a departure or variation from IFRS, and that in those circumstances the reasons should be transparently communicated and validated by the

SEC. In this regard, we are disappointed by the FASB and IASB's recent inability to resolve their differences in Offsetting of Financial Assets and Liabilities, a topic which we believe is critical to true convergence. We are hopeful that this decision will not set a precedent for the other important joint projects.

Role of the SEC

Given its statutory responsibilities, we agree with the comment in the Paper that the SEC's role in "monitoring of the standard setting-process, including the FASB's role in that process, would be vital." We believe an internationally active, vigilant and engaged SEC is an important component of converging US GAAP with IFRS. An acceptable approach should be agreed between the SEC, the IASB, other national standard setters and securities regulators to ensure that US interests are adequately represented in the development of IFRSs.

Transition

Of the four approaches for incorporating IFRS discussed in the Paper, we support full adoption at a specific date (note: we understand that smaller listed entities may not be fully prepared to make the transition to IFRS at this stage, and hence would not suggest that all entities be required to adopt IFRS at the same time). We also believe it reasonable to allow those issuers that wish to early adopt specific standards to have that option, given the significant volume of new guidance currently in development and the complexities and burdens of maintaining parallel accounting systems during the period between operational implementation and the mandatory adoption date. Such an option would send a clear signal that the US is committed to the adoption of one set of high quality international reporting standards. It would also be consistent with the already-adopted acceptance of IFRS for foreign issuers. Furthermore, we believe that, for ease of transition, the prospective approach to adoption should be allowed wherever feasible. While both of these recommendations may cause a diminution of comparability for a period of time, we believe that the complexity and magnitude of the adoption of IFRS requires this flexibility to be included in the process.

Again, we appreciate the opportunity to participate in the SEC's request for comment. If you would like to discuss any comments that we have made, please do not hesitate to contact John Gallagher at 203-719-4212 or Douglas Pittera at 203-719-4616.

Regards,

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