



Mitchell E. Harris

October 18, 2010

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

Re: File No. 4-607 – Notice of Solicitation of Public Comments on Consideration of Incorporating IFRS into the Financial Reporting System for U.S. Issuers – Release Nos. 33-9133; 34-62699

Dear Ladies and Gentlemen:

BNY Asset Management (“BNY AM”) is a large asset management division within The Bank of New York Mellon Corporation. BNY AM has over \$1 trillion in assets under management, creating performance results for institutional and individual investors through its nineteen autonomous investment firms – world class boutiques representing a broad spectrum of investment styles available to investors.

BNY AM is pleased to have the opportunity to provide comments on the Notice of Solicitation of Public Comments on Consideration of Incorporating IFRS into the Financial Reporting System for U.S. Issuers – Release Nos. 33-9133; 34-62699 (the “Notice”).

BNY AM believes that investor perspectives are important and critical to effective standards-setting, and the managers and advisors in our investment firms are zealous readers of financial statements throughout the investment decision process. We are experts in analyzing the financial statements produced across all industries and in every region of the globe. We analyze financial statements from several different user-class perspectives, depending on the strategy of the various funds in which we invest. This may include equity investments, debt investments, loans, or other types of instruments and different strategies.

Because of the global nature of our business, we already analyze IFRS basis financial statements of entities in making our investing decisions. But, even in the U.S., where GAAP accounting change has been frequent and sometimes very comprehensive, we believe that we have the ongoing training, expertise and preparedness as users and investors to stay current. We see any conversion to IFRS in the U.S. as a furtherance of the ongoing convergence activities that we have become accustomed to, with possibly a more instantaneous effect, but we will be up to the challenge as we have been with all other recent U.S. GAAP changes.

Investor’s Current Knowledge of IFRS and Preparedness for Incorporation of IFRS

We appreciate that the SEC is giving consideration to the impact on investors of the incorporation of IFRS into the financial reporting system for U.S. issuers. We know that there has been a long period of

attempted convergence between IFRS and U.S. GAAP which started in 2002 with the Norwalk Agreement between the IASB and the FASB. We know that the road has been rocky, particularly of late, however we believe that the SEC's acceptance of financial statements filed on U.S. exchanges by U.S. issuers is an imperative to restore the faith of investors such as BNY AM in high quality financial reporting. We believe that we are already demonstrating our understanding of, and confidence in, the basis for the reported results under IFRS in each investee corporation in our global and broadly diverse investment portfolios. Investment decisions we may make with respect to U.S. corporations, should they convert to IFRS, will not be any less informed, in fact we expect to be better able to make suitable decisions based on the higher quality financial reporting we would expect under IFRS.

Following are our responses to each of the questions contained in the SEC's Notice:

Questions of the SEC Seeking Comment:

1) *To what extent and in what ways is the set of accounting standards (such as U.S. GAAP or IFRS) used by a company in its financial reporting significant to an investor's decision to invest in that company?*

BNY AM Comment

Accounting standards, and an understanding of how reported numbers are calculated, are central to investment decisions, especially in regards to comparability across countries.

Over the long term, and principally when we are investing in debt instruments issued by corporations, the impact is less pronounced given long term cash flows are ultimately not affected by the basis of financial reporting used.

2) *To what extent are investors aware of the potential impact of incorporation of IFRS into the financial reporting system for U.S. issuers that they invest in or follow, compared with current U.S. GAAP? How significant of a change would the use of IFRS as compared to current U.S. GAAP be for investors?*

BNY AM Comment

While investors are likely aware of the potential for IFRS incorporation, the impact is not clear given limited attention by U.S. investors amid outcome uncertainty and the relative slow pace of debate and progression.

3) *To what extent and in what ways would any of the current differences between U.S. GAAP and IFRS affect an investor's use of information reported in the financial statements? How would completion of the convergence projects being jointly undertaken by the FASB and the IASB affect an investor's use of those financial statements?*

BNY AM Comment

Assuming that standards are understandable and transparent, and related financial statement footnotes are clear and comprehensive, analysts should be able to adopt them without much difficulty.

That said, adoption may be more difficult for certain industries/analysts given the potential for increased earnings volatility (eg Financials).

Ultimately, completion of the convergence project would make global comparisons easier and more accurate.

4) *How do investors develop and maintain an understanding of the impact of accounting standards, whether IFRS or U.S. GAAP, on the companies that they currently, or may in the future, invest in? How*

confident are investors in their understanding of IFRS? To what extent and in what ways would that change if IFRS were incorporated into the financial reporting system for U.S. issuers?

BNY AM Comment

Currently, detailed awareness of the standards is low so it's hard to opine, although it is unlikely operating earnings would be impacted that much.

Upon adoption, there would be an analyst learning curve but given their skill set and experience at adapting to changes in accounting standards, it is unlikely that there would be any long term difficulties.

5) *How much time do investors currently devote to understanding or maintaining an understanding of accounting standards? To what extent would the time increase or decrease if IFRS were incorporated into the financial reporting system for U.S. issuers?*

BNY AM Comment

In the U.S., we expect there would be a fairly substantial, one-time up-front investment of time upon adoption of IFRS standards.

6) *If IFRS were to be incorporated into the financial reporting system for U.S. issuers, to what extent would an investor (or an investors' organization) have adequate resources to develop an understanding of IFRS, such as knowledgeable professional, training materials, and access to standards?*

BNY AM Comment

We believe we have adequate resources to adapt to the adoption of IFRS in the U.S. The extent to which this effort will be applied varies based on size of company and size of investor; for instance, larger cap companies would have the resources to aid investors of all sizes, while larger buy-side asset managers would have the resources to aid analysis of all companies regardless of market capitalizations. Smaller capitalization companies covered by smaller buy-side asset managers would likely be faced with some challenges.

7) *To what extent and in what ways do investors think incorporation of IFRS would affect comparability among different issuers' financial statements? Which standards or treatments in IFRS that are elective are most important? To what extent do reporting format and disclosures affect any lack of comparability?*

BNY AM Comment

Provided there's not a lot of room for subjectivity, comparability and related analysis should improve. Lease accounting is one area that could benefit given balance sheet and income statement treatment of leases can vary greatly by geography and industry.

8) *To what extent and in what ways would an investor's investment decision-making processes change if a U.S. issuer's financial statements were prepared using IFRS? Would investors need additional or different information to perform their analysis and, if so, what?*

BNY AM Comment

The decision-making process changes would be minimal.

9) *To what extent and in what ways would an investor's investment decision-making processes change if U.S. issuers were given a choice to elect to prepare their financial statements using either U.S. GAAP or IFRS? Would an investor have greater or lesser confidence in a company's financial reporting*

if a U.S. issuer were to elect to prepare its financial statements in accordance with IFRS rather than U.S. GAAP?

BNY AM Comment

We believe that having competing standards coexist would be sub-optimal because comparability would be compromised and the analytical process would be more complicated. Confidence would be diminished given the possibility for increased company subjectivity and financial report tailorization.

10) To what extent would use of IFRS by a U.S. issuer influence an investor to invest in that issuer? Not to invest? To hold? To sell?

BNY AM Comment

The impact on the investment decision would be minimal, with the possible exception of increased risk associated with greater earnings volatility.

11) Do the answers to the questions above change depending on the nature of the investor (for example, if the investor is a retail investor, mutual fund investor, institutional investor, or asset or portfolio manager) or the class of investments (debt, equity or convertible securities)?

BNY AM Comment

Yes, certain sector analysts (e.g. Financial Services Industry) would likely be more sensitive to changes than others (e.g. Industrials). Additionally, because of their resources, professional investors/analysts would possibly have an advantage over others.

Investor's Education Processes on Changes in Accounting Standards and Timeliness of Such Education

BNY AM already monitors the changes in accounting standards with a high level of attention, and this includes both U.S. GAAP and IFRS changes because BNY AM invests in corporations that prepare their financial statements across the globe under each of the respective sets of accounting standards and principles. If the SEC decides to adopt IFRS as the single set of standards for the U.S., we would have less of a burden in that we currently monitor two sets of existing standards along with the ongoing proposals to change each of these two sets of standards, at times this can be overly burdensome, particularly at the present time when the sets of standards are in many areas diverging from each other.

Our investment managers and investment advisors include qualified Certified Public Accountants, Chartered Accountants, Certified Financial Analysts, among other relevant professional qualifications, and each of their professional bodies require continuing professional experience training requirements to be met, much of which includes current training and awareness of changes to accounting standards in the jurisdictions in which they are employed. We would soon expect to see a rapid deployment by the professions of enhanced and continuing training regarding IFRS within the U.S., and this is already well advanced within the training ground of the CPA (the large accounting firm) from which we are frequent recruiters.

Questions of the SEC Seeking Comment:

12) In what ways do investors educate themselves about accounting standards and changes to accounting standards? For example, do investors review accounting standard setters' project activities and related board materials? Observe meetings? Review meeting summaries? Review other observers' commentaries?

BNY AM Comment

Through our in-house experts and individual analyst efforts we conduct our own proprietary analysis. We also interface regularly with accounting firms and sell-side accounting experts to stay current with changes to accounting standards.

13) At what point do investors educate themselves about standard-setting activities? Is it during the standard-setting process? Is it after completion of the standard-setting process? Would the timing of investors' education processes change if accounting standards for U.S. issuers were primarily developed by an organization other than the FASB?

BNY AM Comment

Investors principally educate themselves about standard-setting activities once the substance and timing of standard changes is known. This would also be dependent upon the significance of the expected impacts of the changes.

14) To what extent and in what ways do investors participate in the standard-setting process when the FASB and IASB set standards? Do they monitor standard-setting deliberations? Do they prepare response letters to requests for comment? Do they participate in the standard-setters' working groups and roundtables?

BNY AM Comment

We believe that investor participation in the standard-setting process in the U.S. has been limited.

15) *To what extent does the timing of an investor's education about a possible outcome of the accounting standard-setting process affect investment decisions? Do investors consider possible changes in accounting standards when analyzing an issuer's reported financial information, even before any such change in accounting is required to be adopted?*

BNY AM Comment

As uncertainty around possible outcomes becomes more defined, investors increasingly incorporate probable outcome scenarios into their decision making process.

16) *Are there ways to improve the representation and communication of investors' perspectives in connection with accounting standard setting?*

BNY AM Comment

The IASB's soliciting and incorporating investor feedback would help (also, we believe this effort by the SEC should help).

17) *To what extent do investors believe more education or communication about accounting standards or accounting standard-setting is needed? If more education or communication is needed, how should the education or communication be delivered? By whom?*

BNY AM Comment

Investors have a keen ability to become informed as the outcome probability rises.

Extent of, Logistics for, and Estimated Time Necessary to Undertake any Necessary Changes

We do not believe that the changes in our business will be very wrenching, for many of the reasons we have articulated above. In fact, we expect we may achieve many more benefits from having available for our analysis a uniform single set of high quality accounting standards that would be truly global.

Questions of the SEC Seeking Comment:

18) *How much time, if any, do investors need to improve their understanding of IFRS and related education processes so they have a sufficient understanding of IFRS prior to any incorporation?*

BNY AM Comment

Assuming appropriate resources are made available in a timely fashion, a few quarters should be sufficient time to fully adapt and become accustomed to using IFRS in the U.S.

19) *What mechanisms would aid investors in improving their understanding of IFRS? Who should provide those mechanisms?*

BNY AM Comment

A continuously updated side by side comparison between U.S. GAAP and IFRS identifying material changes and related impacts and risks would be helpful. This might be prepared for each industry. We have observed that the IASB has established some very helpful and informative investor resources and we would supplement these and other materials with internal training and awareness programs. We also have the ability to rely on internal centers of excellence and leverage of our existing internal global IFRS expertise.

Conclusion

We believe that we are ready for the U.S. SEC to more broadly accept filings of financial statements prepared on the basis of IFRS in the reasonably near future. We are already active investors in most foreign corporations that are currently filing IFRS financial statements with the SEC and do not envision any major difficulties in adapting to the possibility that all U.S. SEC Registrants be permitted or even required to report using IFRS principles based standards. The asset management business of BNY is a frequent user of IFRS prepared financial statements and to have a further extension of IFRS into the U.S. capital markets could only be positive for our people and our ability to achieve comparability across borders when making investment decisions

Sincerely,

Mitchell E. Harris