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Group Accounting Policy

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

29 November 2010

17 CFR Parts 229 and 249, Short-Term Borrowings Disclosure; Proposed Rule, File Reference No. S7-22-10

Dear Ms. Murphy:

UBS is pleased to offer our comments on the Proposed Rule *Short-Term Borrowings Disclosure* (the "Proposed Rule"). UBS is a global financial institution that uses International Financial Reporting Standards (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.

Overall, we are supportive of the SEC's efforts to ensure information about registrants' funding and liquidity risks is transparently and consistently disclosed. We believe the guidance in the Proposed Rule is relevant and useful for users of financial statements to understand the funding needs and activities of registrants.

We are concerned, however, that the adoption and transition requirements of the Proposed Rule may be operationally onerous for FPI's. Under present Exchange Act Industry Guide 3, Statistical Disclosure by Bank Holding Companies ("Guide 3") rules, FPI's who are bank holding companies are privy to relief from daily averaging requirements, and therefore generally compute such averages and maximums based on monthly balances. As there are currently no other daily regulatory reporting requirements for short term borrowings, such data is generally not readily available for publication. Production of daily data points will require significant investments in both systems and processes. We expect design, development, testing and execution to be costly and time consuming. In order to allow preparer's adequate time to implement such change, we would encourage the SEC to require FPI's to adopt the Proposed Rules no earlier than for periods beginning on or after January 1, 2012. We would also request that, in considering the effective date for adoption, the Commission specifically address FPI's who are subject to quarterly MD&A-equivalent disclosures under the Securities Act

We further note that comparative data prior to the adoption date will be virtually impossible for FPI's to accurately re-produce. Although basic data exist in risk system archives, extensive manual data checks and reconciliations would be necessary to conform it to GAAP, for which limited historical information will be available. We note that the SEC has provided "non-financial companies" a concession in regards to retrospective application, which permits them to "build" retrospective accounts over a three year time frame. We suggest that the Commission provide similar relief for FPI "financial companies", allowing them to present prior period information using existing monthly averages and maximums.

In response to question 10, we would urge the SEC to clearly define the maximum daily amount of short-term borrowing to be an end-of-day balance and not an intra-day balance. The tracking and

consolidation of intra-day balances would be impossible for entities in various regions of the globe, especially for frequently traded instruments such as repurchase agreements and securities lending transactions. Similarly, the netting of reverse repurchase agreements against repurchase agreements could only be performed on the end of day balances, where only a static portfolio of instruments can be verified under the netting criteria.

Finally, in response to question 4, we do not recommend the additional disaggregation of short-term borrowings in the quantitative disclosures of average balances by currency or other grouping. Substantial effort will be required to gather this data and we do not believe that the exercise will be cost-beneficial.

Again, we appreciate the opportunity to participate in the SEC's due process. 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 Doug Pittera at 203-719-4616.

Regards,

UBS AG

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