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

Re: File Reference No. S7-27-08

Roadmap for the Potential Use of Financial Statements Prepared in Accordance With International Financial Reporting Standards by U.S. Issuers

Dear Ms. Murphy:

Citigroup Inc. (“Citigroup”) is pleased to have this opportunity to comment on the *Roadmap for the Potential Use of Financial Statements Prepared in Accordance With International Financial Reporting Standards by U.S. Issuers* (the “proposed roadmap”), issued by the Securities and Exchange Commission (SEC or the “Commission”). International Financial Reporting Standards (IFRS) continue to increase in importance for Citigroup. For many years Citigroup has been actively involved with the IASB, including participating in public roundtable meetings and working groups and preparing comment letters on active projects. Currently, Citigroup has more than 60 of its operating legal vehicles in some 33 countries that report under IFRS for local statutory reporting purposes. Numerous additional countries in which Citigroup has a significant presence are in the process of converting to IFRS for statutory reporting purposes, including Brazil, Korea, India, Japan, and Canada. As such, Citigroup has executed many internal IFRS conversion and implementation projects addressing aspects of IFRS adoption for numerous Citigroup subsidiaries.

As a global organization, Citigroup has significant experience with the application of IFRS by clients under a multitude of transaction circumstances across the world. We observe firsthand that the change from local country accounting standards to IFRS for financial reporting has generally resulted in an improvement in the quality and transparency of financial reporting.

As noted in our comment letter on the Commission’s Concept Release on *Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial*

Reporting Standards (File Number S7-20-07), we strongly support convergence of financial reporting standards with the ultimate goal of having a single set of high-quality, globally accepted accounting standards. We believe that investors and other financial statement users will benefit with the use of a single set of accounting standards instead of a multiplicity of country-specific requirements. However, rather than a somewhat abrupt switch to IFRS at a specified date in the future, we believe the best approach is to focus both IASB and FASB on jointly issuing each standard starting immediately, thereby converging IFRS and U.S. GAAP accounting standards at a more measured pace. This approach would spread the cost of adopting IFRS over several years and also reduce the transition costs of adopting the remaining unconverged standards when U.S. issuers officially adopt IFRS. In addition, this staggered transition process would allow users of U.S. GAAP financial statements to gain a better understanding of how financial statements would evolve under IFRS over time, because they would be better able to isolate the impact of each accounting change when they occur at a measured pace, rather than all changes occurring at one date.

Cost of IFRS Implementation and Convergence of Standards

Recently we completed an initial evaluation of the impact of adopting IFRS for Citigroup's consolidated reporting. The scope of this impact study was broad, encompassing an estimate of the impact of key accounting differences; preparing a pro forma balance sheet and income statement; identifying disclosure changes; identifying key impacts on regulatory and taxation positions; identifying significant changes that will be needed to information and reporting systems; among others. The study confirmed that the conversion to IFRS will be a monumental undertaking for Citigroup, requiring changes in the way financial information is both prepared and used. . We estimate that our costs (including internal and external resources) would be multiple times the amount that would be derived using the SEC's methodology for estimating the costs of adoption of IFRS, based on the many accounting differences compared to U.S. GAAP that exist today. We recognize that the multi-year effort required for IFRS conversion is caused by accounting changes; however, the majority of the effort will likely be required in non-accounting areas of the organization. For example, significant infrastructure changes will be required in key locations around the world to address business process and information systems issues. IFRS will impact not only the financial reporting aspect of taxes, but also tax compliance and planning initiatives. Furthermore, risk-based capital calculations may be significantly impacted by certain accounting changes, including derecognition, consolidation and netting. We estimate the total costs of conversion for a global financial institution to be well in excess of what is estimated in the proposed roadmap.

In the current economic environment, we believe it is difficult to justify incurring the significant costs that will be required to convert to IFRS for consolidated reporting purposes based on the many accounting differences compared to U.S. GAAP that exist today. Therefore, as stated above we favor ongoing and accelerated convergence of IFRS and U.S. GAAP. For example, the current joint IASB and FASB project to develop an improved, less complex classification and measurement model for financial instruments is extremely important in its own right, but will be extraordinarily powerful in bringing consistency of accounting standards in a vital area for financial institutions. The more

time that FASB and IASB have to converge, the lower the ultimate cost of conversion for U.S. GAAP preparers as the requirement to run parallel reporting systems and produce audited financials under two accounting regimes during the transition period is eliminated. Avoiding a one-time IFRS adoption at a specific date will enable a more controlled and cost-effective transition to a converged set of accounting standards over time.

While the FASB and IASB have been working towards convergence of their accounting standards since 2002, many differences still exist. With respect to future accounting standard-setting activity, going forward we believe it should be rare that FASB and IASB develop new accounting requirements that differ. We commend the two Boards for their current level of partnering on key projects. To continue to elevate the importance of convergence we believe it would be constructive for the SEC to emphasize an expectation of “no new differences” going forward.

Proceeding with Roadmap

If the SEC proceeds with the proposed roadmap, we request that consideration be given to the unique transition issues for U.S. companies that already apply IFRS for local statutory reporting in many jurisdictions around the world.

IFRS 1, *First-time Adoption of International Financial Reporting Standards* (IFRS 1), provides guidance in preparing an opening IFRS balance sheet, requiring retroactive application in most areas with targeted exemptions and elections designed to avoid costs that would be likely to exceed the benefits to users of financial statements. Importantly, the requirements contained in IFRS 1 were principally developed for companies that were adopting IFRS for consolidated group reporting first or concurrent with the initial adoption of IFRS for standalone subsidiary reporting (for example, the European Union adoption experience for publicly listed companies in 2005). Certain provisions in IFRS 1 reflect such an anticipated adoption fact pattern, because they require consistency of transition elections at the subsidiary and group level.

One challenge that Citigroup and other U.S.-based global companies will face is that one of the last reporting “entities” to adopt IFRS will be the consolidated group (including the parent holding company). The adoption of IFRS for consolidated group reporting is generally the most important and visible implementation effort that a company undergoes. It demands greater effort and focus than the IFRS adoptions historically executed for standalone subsidiary statutory reporting purposes (where the consolidated group continues to report under U.S. GAAP). For example, when Citigroup adopted IFRS for standalone reporting for certain European-based subsidiaries in 2005, we selected accounting policies and made transition elections based on various local considerations and given systems constraints, with an expectation that when the consolidated group’s reporting was converted to IFRS we would adjust and conform policies accordingly. Thus, in order for global U.S.-based companies to truly realize the benefits of adoption of IFRS for consolidated financial reporting, it would be beneficial that such companies be permitted to conform accounting policies and transition elections for all subsidiaries across the globe to those ultimately elected by the parent company for consolidated group reporting purposes. Otherwise, parent companies will be forced to maintain two sets of

books for many subsidiaries (one for local IFRS reporting and one for consolidated IFRS reporting) simply because of the staggered IFRS adoption dates.

Therefore, we ask that the SEC open a dialogue with the IASB about amending IFRS 1 for companies with the U.S.-based multi-national fact pattern described above. The ultimate objective is to reduce dual-recordkeeping requirements and permit changes to historical accounting policy elections at the standalone subsidiary level that differ from the elections made for the consolidated group's reporting when the group adopts IFRS.

Citigroup appreciates the opportunity to comment on the proposed roadmap. If you have any questions, please contact me at 212-559-7721.

Best regards,



Robert Traficanti
Vice President and Deputy Controller