



Deutsche Bank AG London
1 Appold Street
London EC2A 2HE
United Kingdom
Tel: +44 20 7545 6000

April 20, 2009

Ms. Elizabeth Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
U.S.A.
By email to: rule-comments@sec.gov

Release Nos. 33-8982; 34-58960: Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers – File No. S7-27-08

Dear Ms. Murphy,

Deutsche Bank (“the Bank”) appreciates the opportunity to respond to the Securities and Exchange Commission (“SEC” or “Commission”)’s November 14, 2008 Release proposing a roadmap for the potential use by U.S. issuers of International Financial Reporting Standards (IFRS) as issued by the IASB for preparation of financial statements.

Deutsche Bank is a global provider of a full range of corporate and investment banking, private client and asset management products and services. The Bank’s responses are provided on the basis of it being an SEC-registered preparer of financial statements on an IFRS basis as a foreign private filer.

Prior to January 1, 2007, Deutsche Bank prepared its financial statements in accordance with U.S. GAAP. Since January 1, 2007, the Bank has prepared its financial statements in accordance with IFRS. As a European-regulated group, Deutsche Bank is required to prepare its financial statements under IFRS as endorsed by the European Union (“EU”). Deutsche Bank is able to make an unqualified statement that it also prepares its financial statements in accordance with IFRS as published by the IASB as well as IFRS as

endorsed by the EU. The bank believes its experience in recently transitioning to IFRS from U.S. GAAP means that it is particularly well-suited to comment on the proposed Roadmap.

The Bank fully supports the proposal to require U.S. issuers to provide financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board for purposes of its filings with the Commission. The Bank believes that IFRS financial statements provide high-quality and transparent information to users of financial statements. The recent efforts towards convergence by the IASB and the FASB have resulted in increasingly similar GAAPs and the Bank does not believe that investors would make different investment decisions for the same company if the company prepared its financial statements under IFRS or U.S. GAAP.

Although some differences between U.S. GAAP and IFRS remain, the Bank is encouraged by the IASB and FASB commitment towards convergence and the progress to date, and expect that future projects towards convergence will achieve further convergence in the near-term.

The Bank applauds the Commission for making this important first step toward full adoption of IFRS. It is the Bank's opinion that a single set of global accounting standards will improve comparability in the financial markets and after conversion is completed will decrease costs of reporting.

We would like to highlight the following issues:

- The Bank fully supports the proposal of the Commission to allow U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB. As a global bank, we support the concept of a single set of high-quality accounting standards applied across the globe. In a speech given by Sir David Tweedie in July of 2008, he predicted that 150 countries including the U.S. will be using IFRS (for all or some companies) by 2011. It is both anticipated and expected that the U.S. will adopt IFRS because of the successes of the convergence project and the general global trend.
- The possibility of the Commission requiring companies which choose to early adopt to revert to U.S. GAAP should be removed from the proposal as the Bank believes this will discourage issuers from early adopting. U.S. issuers that elect to file IFRS financial statements if the Commission decides not to mandate or permit other U.S. issuers to file IFRS in 2011 should not be required to revert back to U.S. GAAP as that task would be too onerous and would penalize those

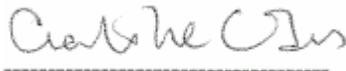
who decided to early convert. Additionally, U.S. GAAP is less likely than IFRS to become the single set of global accounting standards in the future.

- One of the benefits of a single global set of accounting standards is eliminating the need for companies to report under more than one set of standards and/or convert from one GAAP to another. U.S. issuers that have global operations are already, in some instances, required to report in both U.S. GAAP and IFRS as they might be required to report in IFRS for foreign subsidiaries. This is an unnecessary expense which adds no value to the organization and could be eliminated by the adoption of IFRS as a global set of accounting standards.

The format followed in the attached appendix presents the Bank's responses to specific questions deemed most relevant to it as a foreign private filer.

If you have any comments or questions regarding these responses, please contact me by email (charlotte.jones@db.com) or phone (011 44(20)754-76640).

Yours Sincerely,



Charlotte Jones
Managing Director
Head of Accounting Policy and Advisory Group
Deutsche Bank AG

Appendix

Consideration of IFRS and the IASB's Standard Setting Process

Q1 *Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?*

A Deutsche Bank believes that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards as it increases comparability across the global market. IFRS as issued by the IASB is best positioned to be globally accepted as the standards and interpretations are of a high quality and encourage the principles-based approach adopted by the IASB. The Bank believes that a roadmap toward adoption will position the U.S. standard setters, regulators and filers to focus on contributing to the development of IFRS.

Q2 *Do commenters agree that the milestones and considerations described in Section III.A. of this release ("Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers") comprise a framework through which the Commission can effectively evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission? Are any of the proposed milestones not relevant to the Commission's evaluation? Are there any other milestones that the Commission should consider?*

A Deutsche Bank does not feel that the milestones and considerations described in Section III.A of this release comprise a framework through which the Commission can effectively evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission. The requirements to early adopt and the possibility of reverting to U.S. GAAP are so prohibitive that it may discourage filers from making the election to use IFRS before the Commission's 2011 decision. Without a sufficient number of companies in the population, the Commission may find it difficult to determine the actual costs and benefits

associated with filing under IFRS. Deutsche Bank believes that the option should be made available to all issuers.

The Bank does not believe that convergence between IFRS and U.S. GAAP should be a milestone considered. The FASB should be actively involved in the development of IFRS, which includes the joint work plan; however, the similarities and differences between the two sets of accounting standards is not relevant to the Commission's decision to adopt IFRS. IFRS should be evaluated on a stand-alone basis.

Q3 Do commenters agree with the timing presented by the milestones? Why or why not? In particular, do commenters agree that the Commission should make a determination in 2011 whether to require use of IFRS by U.S. issuers? Should the Commission make a determination earlier or later than 2011? Are there any other timing considerations that the Commission should take into account?

A The Bank does not agree with the timing presented by the milestones because it believes that the determination could, and should, be made earlier, if not immediately. The determination to make IFRS the single global standard should be made immediately, so that filers, auditors and standard setters (IASB and FASB) will have a definitive goal and deadline for which to prepare.

The Commission should consider that other markets, such as Asian and European, have completed the process of converting to IFRS and are already directly involved in the standard setting process. The longer the Commission waits to allow conversion, the further U.S. issuers will be disadvantaged.

Q4 What are commenters' views on the mandated use of IFRS by U.S. issuers beginning in 2014, on either a staged-transition or non-staged transition basis? Should the date for mandated use be earlier or later? If the Commission requires the use of IFRS, should it do so on a staged or sequenced basis? If a staged or sequenced basis would be appropriate, what are commenters' views on the types of U.S. issuers that should first be subject to a requirement to file IFRS financial statement and those that should come later in time? Should any sequenced transition be based on the existing definitions of large accelerated

filer and accelerated filer? Should the time period between stages be longer than one year, such as two or three years?

- A The rules requiring U.S. public companies to file IFRS financial statements by 2014 allows ample time for preparers to begin internal IFRS preparation in 2012. It is, however, Deutsche Bank's belief that with an immediate decision to convert to IFRS, U.S. public filers could begin preparing internal IFRS financial statements in 2011 for 2013 filings with the Commission.

The Bank believes that if a staged transitioning does occur, efforts should be made to keep the period during which there is a dual system of reporting for U.S. issuers to a minimum.

- Q5 *What do commenters believe would be the effect on convergence if the Commission were to follow the proposed Roadmap or allow certain U.S. issuers to use IFRS as proposed?*

- A The proposed Roadmap may stall or confuse the convergence process. Adding uncertainty of whether the U.S. will adopt IFRS as its primary set of accounting standards may prevent the IASB and FASB from working together on convergence or working to improve IFRS as the single global set of standards.

The Bank has been encouraged by the efforts of the FASB and IASB towards convergence and it fully supports efforts of continued convergence towards a single set of high-quality accounting standards, applied globally. Full convergence may never occur and the Bank does not believe full convergence is necessary to accept IFRS financial statements in the U.S. Based on its recent experience of changing from U.S. GAAP to IFRS, the Bank believes that the standards are substantially similar and will become increasingly converged in the near-term.

- Q6 *Is it appropriate to exclude investment companies and other regulated entities filing or furnishing reports with the Commission from the scope of this Roadmap? Should any Roadmap to move to IFRS include these entities within the scope? Should these considerations be a part of the Roadmap? Are there other classes of issuers that should be excluded from present consideration and be addressed separately?*

A Investment companies and other regulated entities which furnish reports to the Commission should be within the scope of the Roadmap and should be required to report under IFRS. This will improve consistency and comparability.

Q8 *Would a requirement that U.S. issuers file financial statements prepared in accordance with IFRS have any effect on audit quality, the availability of audit services, or concentration of market share among certain audit firms (such as firms with existing international networks)? Would such a requirement affect the competitive position of some audit firms? If the competitiveness of some firms would be adversely affected, would these effects be disproportionately felt by firms other than the largest firms?*

A The requirement that U.S. issuers file financial statements prepared in accordance with IFRS will not have an adverse effect on audit quality, the availability of audit services, or concentration of market share among certain audit firms. It is the Bank's opinion that the majority of U.S. firms, and all international firms serving in the U.S., are aware of, and well prepared for, the likely adoption of IFRS. The proposal to require conversion to IFRS on a staged basis (large accelerated filers first) will also delay conversion for smaller companies which would be the primary users of small, national firms.

Q9 *What are commenters views on the IASB's and FASB's joint work plan? Does the work plan serve to promote a single set of high-quality globally accepted accounting standards? Why or why not?*

A The IASB and FASB's work plan to date has served to promote a single set of high quality globally accepted accounting standards. The recent efforts towards convergence by the IASB and the FASB have made progress toward substantially similar standards.

The items which remain on the Boards' agenda, such as consolidation, derecognition and revenue recognition are the topics which may take the longest for the Boards and their constituents to agree on a single standard. These topics affect many industries and will require careful deliberation and ample comment periods. The Bank feels that it is likely that proposed convergence as outlined in

the work plan may not be achieved as currently planned and should not delay the Commission's adoption of IFRS.

Q10 How will the Commission's expectation of progress on the IASB's and FASB's joint work plan impact U.S. investors, U.S. issuers, and U.S. markets? What steps should be taken to promote further progress by the two standard setters?

A The Commission's expectation of progress on the Boards' joint work plan is a reasonable milestone. The continued work plan will promote further improvements to IFRS, but should not be a primary milestone in determining if U.S. filers should be required to use IFRS in the future. The Commission should set a date which requires filers to use IFRS regardless of the Boards' progress toward convergence.

Q11 The current phase of the IASB's and FASB's joint work plan is scheduled to end in 2011. How should the Commission measure the IASB's and FASB's progress on a going-forward basis? What factors should the Commission evaluate in assessing the IASB's and FASB's work under the joint work plan?

A If the Commission decides to use the joint work plans as a milestone, the Boards' progress should be evaluated through constant communication with both Boards, roundtables with investors and filers and monitoring of the Boards' progress against their own goals for 2011.

Q12 What are investors', U.S. issuers', and other market participants' views on the resolution of the IASB governance and funding issues identified in this release?

A It is the Bank's opinion that the issues concerning the IASB governance and funding structure identified in this release are being adequately addressed. Specifically in recent periods the IASB has adopted the following enhancements to the IASB's governance and funding structure:

- the establishment of the Monitoring Group, which is comprised of securities authorities and whose responsibilities include the oversights of the IASC Foundation Trustees;

- the creation of the Financial Crisis Advisory Group to advise the IASB and FASB on matters relating to the credit crisis;
- the reconstitution of the procedures and composition of the Standards Advisory Council;
- the continued progress made by the IASC Foundation towards securing stable and permanent funding sources. For example, in 2008, the IASC Foundation successfully secured 21% of an approximate \$21M of committed funding¹ through stable funding sources, such as levied or annual funding programs.

Additionally, the EU issued a proposal on January 27, 2009 which would provide an allocation of its budget to provide direct funding to various private sector bodies involved in accounting and auditing standard-setting. These boards include the IASCF (€5M annually), Public Interest Oversight Board (€300K annually) and the European Financial Reporting Advisory Group (€3M annually).

Q13 What steps should the Commission and others take in order to determine whether, U.S. investors, U.S. issuers, and other market participants are ready to transition to IFRS? How should the Commission measure the progress of U.S. investors, U.S. issuers, and other market participants in this area? What specific factors should the Commission consider?

A The Commission may find it difficult to measure the progress of U.S. issuers – and, as a result, U.S. investors and other market participants – when then population of issuers allowed to file IFRS statements early is so restrictive. Of the U.S. issuers who are permitted to file IFRS statements under this proposal, the Commission may find that few issuers will make that election given that the costs are high, incentives few and the possibility exists that the Commission may require issuers to revert to U.S. GAAP.

Q14 Are there any other significant issues the Commission should evaluate in assessing whether IFRS is sufficiently comprehensive?

¹ www.IASB.org 2008 Funding Commitments. Amounts converted to USD at 12/31/08.

A No, it is the Bank's opinion that the Commission is evaluating more issues than necessary in assessing whether IFRS is sufficiently comprehensive. The Bank does not believe that all of the milestones, such as convergence and education need to be completely resolved before a decision is made to require IFRS financial statements. It is the Bank's opinion that these items will be more quickly and definitively resolved once a timeline for adoption is laid out.

Q15 *Where a standard is absent under IFRS and management must develop and apply an accounting policy (such as described in IAS 8, for example) should the Commission require issuers to provide supplemental disclosure of the accounting policies that they have elected and applied, to the extent such disclosures have not been included in the financial statements?*

A Yes, the Commission should require filers to disclose accounting policies developed and applied by management in the case that a standard under IFRS is absent. This will lead to greater transparency and comparability.

Eligibility Requirements for Early Use of IFRS

Q17 *Do commenters agree with the proposed criteria by which the comparability of an industry's financial reporting would be assessed? If not, what should the criteria be?*

A The Bank does not agree with the proposed criteria by which the comparability of an industry's financial reporting would be assessed. The requirements are too restrictive and will prevent filers from early conversion, thereby leaving the Commission with insufficient data to analyze whether IFRS should be generally accepted in the U.S. More significant data would be obtained if the Commission permits all filers willing to early convert to do so.

Q18 *Which eligible U.S. issuers have the incentive to avail themselves of the proposed amendments, if adopted? Are there reasons for which an issuer that is in a position to file IFRS financial statements under the proposed amendments would elect not to do so? If so, what are they?*

A Any U.S. issuer competing in a global market with other IFRS filers has the incentive to avail themselves of the proposed amendments. An issuer who is otherwise eligible to early adopt may choose not to due to perceived costs of conversion or speculation around when and if the Commission will require IFRS adoption. Filers may also choose to wait for others to adopt first so that there is more experience in the marketplace (auditors, tax preparers, changes in regulatory standards) before their conversion.

Through the Bank's participation in Industry Roundtables and other non-Banking Industry events, we received many inquiries about the costs and benefits of conversion, as well as general guidance requests from U.S. filers interested in the prospect of conversion to IFRS. Since the Commission's announcement of the roadmap, those inquiries have disappeared. We infer from this that the provisions of the roadmap, including the requirements of the proposal and the possibility of converting and then subsequently having to revert to U.S. GAAP, have discouraged U.S. filers from converting in the near term.

Q19 *Is limiting the proposal to the largest 20 competitors by market capitalization an appropriate criterion? Should it be higher or lower? Should additional U.S. issuers be eligible to elect to report in IFRS if some minimum threshold of U.S. issuers (based on the actual number or market capitalization of U.S. issuers choosing to report in IFRS) elects to report in IFRS under the eligibility requirements proposed? To the extent additional U.S. issuers are not permitted to report in IFRS even if such a minimum is met, are such non-eligible U.S. issuers placed at a competitive disadvantage vis-à-vis U.S. issuers reporting in IFRS?*

A The Bank does not believe that limiting the proposal to the largest 20 competitors by market capitalization is an appropriate criterion. The threshold should be lowered or eliminated so that more filers are considered eligible. The number of filers who elect to adopt IFRS under the proposed criteria should not be used as data to allow additional filers because the criteria are too restrictive to provide information about the true demand for early IFRS conversion. It is our opinion that disallowing smaller filers to early adopt puts them at a competitive disadvantage by restricting the timing and approach of their conversion, whereas larger companies which qualify have no restriction.

Q20 Would the use of different industry classification schemes as proposed be unclear or create confusion in determining whether an issuer is IFRS eligible? Should we require that all issuers use a single industry classification scheme? Why or why not?

A The Bank does not feel that using different industry classifications from those outlined would have a great effect on the outcome of the proposal.

Q22 Should the Commission permit additional industries to qualify as IFRS industries, and thus additional U.S. issuers to become early adopters, as more countries outside the U.S. adopt IFRS? Alternatively, should the group of potential industries and early adopters be limited to those that qualify at the time the Commission determines to permit early adoption?

A If the Commission decides to use IFRS Industry designation as a criterion, the Bank believes that companies should be able to continually assess whether IFRS is used by the majority of industry participants with the largest market capitalization in that industry.

Q24 Currently, some public companies in the U.S. public capital market report in accordance with IFRS and others in accordance with U.S. GAAP. Today, however, this ability to report using IFRS exists only for foreign companies. What consequences, opportunities or challenges would be created, and for whom, of extending the option to use IFRS to a limited number of U.S. companies based on the criterion of improving the comparability of financial reporting for investors?

A Extending the use of IFRS to a limited number of U.S. companies will have adverse affects on those who are eligible and elect to adopt early, those who are ineligible to early adopt, and users of financial statements. Those who elect to early adopt will not have the benefit of a larger peer group adopting at the same time, which will not drive the same attention from audit firms, tax, regulatory and other specialists. This may lessen the response time to address concerns and issued raised by the conversion. Filers ineligible to early adopt will not be afforded the same choice and flexibility in the timing of their adoption of IFRS. Lastly, users of financial statements will suffer from an extended period of

conversion. While a staggered approach may have benefits, a two year conversion process is unnecessarily lengthy.

Q25 Do commenters agree that the criterion of enhanced comparability is the correct one? Are there other criteria that should be used? For example, should issuers be eligible based on their size or their global activities? If a size criterion were used to include the largest U.S. issuers, what should the cut-off be? Should there be a criterion based on the absence of past violations of the federal securities laws or based on shareholder approval?

A The criterion of enhanced comparability is both correct and necessary, but additional criteria should be considered. The Commission should consider that the development of IFRS as a global set of accounting standards will continue through the work of the IASB and those countries which fund and help govern that body. It is imperative that U.S. regulators, companies and professional service firms turn their focus from U.S. GAAP to IFRS to ensure the role they play in the development of those standards.

Q27 What are commenters' views on the accounting principles that should be used by those U.S. issuers that elect to file IFRS financial statements if the Commission decides not to mandate or permit other U.S. issuers to file IFRS financial statements in 2011? Should the Commission require these issuers to revert back to U.S. GAAP in that situation?

A U.S. issuers that elect to file IFRS financial statements if the Commission decides not to mandate or permit other U.S. issuers to file IFRS in 2011 should not be required to revert back to U.S. GAAP as that task would be too onerous and would penalize those who decided to early convert. Additionally, U.S. GAAP is less likely than IFRS to become the single set of global accounting standards in the future.

Transition

Q29 Should we limit the first filing available to an annual report on Form 10-K, as proposed? If not, why not? Is the proposed transition date of fiscal years ending on or after December 15, 2009 appropriate? Should it be earlier or later, and why? What factors should be considered in setting the date?

A The first filing available should be limited to an annual report on Form 10-K, as proposed. This will aid in consistency and comparability among filings and additional information for investors through full footnote disclosures. The proposed transition date of fiscal years ending on or after December 15, 2009 is appropriate.

Q33 To facilitate the transition to IFRS, should we add an instruction to Form 10-K and Form 10-Q under which an issuer could file two years, rather than three years, of IFRS financial statements in its first annual report containing IFRS financial statements as long as it also filed in that annual report three years of U.S. GAAP financial statements? Under such an approach, an issuer could, during its third year after beginning its IFRS accounting, choose to file a Form 10-K/A with IFRS financial statements covering the previous two fiscal years. For the current (third) fiscal year, the issuer could then file quarterly reports on Form 10-Q and Forms 10-K for the 2010 and 2011 fiscal years. In 2012, that issuer would have the option of filing a Form 10-K or a Form 10-K/A with IFRS financial statements for 2010 and 2011, which would allow it to use IFRS in its quarterly reports during 2012, or continuing to use U.S. GAAP. In either case, the Form 10-K covering the 2012 fiscal year would include three years of IFRS financial statements.

A First-time U.S. filers should be allowed to submit two years, rather than three years, of IFRS financial statements in its first annual report because other first-time filers (foreign private issuers) were afforded that accommodation. The reason that this is important is that managing the process of quarterly and annual reporting under U.S. GAAP whilst simultaneously collecting and performing quality assurance procedures on IFRS information is not trivial. Therefore, limiting the number of quarters for which this is necessary is an important cost and quality consideration.

Alternative Proposals for U.S. GAAP Information

Q34 *What are commenters' views on Proposals A and B in relation to U.S. GAAP reconciling information? Which Proposal would be most useful for investors? Is there a need for supplemental information provided by Proposal B? Would the requirement under Proposal B have an effect on whether eligible U.S. companies elect to file IFRS financial statements? To what extent might market discipline (i.e., investor demand for reconciliation information) encourage early adopters to reconcile to U.S. GAAP even in the absence of a reconciliation requirement?*

A The one-time reconciliation to U.S. GAAP as described in Proposal A is sufficient information for investors and other financial statement users. As mentioned in the proposal, this is the requirement under IFRS 1 which has been generally accepted on a global basis as sufficient information. Proposal A is also consistent with the reporting requirements for foreign private issuers using IFRS. Investor demand for continuing annual reconciliations as described in Proposal B has not been experienced worldwide and furthermore could be provided by filers on an optional basis should that demand arise.

Q35 *What role does keeping a set of books in accordance with U.S. GAAP play in the transition of U.S. issuers to IFRS? What impact will keeping U.S. GAAP books have on U.S. investors, U.S. issuers, and market participants?*

A As a foreign private issuer who is still required to keep IFRS and U.S. GAAP books for certain local reporting purposes; the Bank is able to comment on how onerous the task would be for U.S. issuers. Maintaining both sets of books is a costly exercise which adds no value to the organization. The length of time in which U.S. issuers are required to report under both sets of standards should be minimized, but requires coordination with, and agreement of, other U.S. regulators, such as the Federal Reserve, the Treasury Department, the New York Stock Exchange and the IRS.

Q36 *How valuable is reconciliation to U.S. investors, U.S. issuers, and market participants? How valuable is reconciliation to global market participants? Are*

there some financial statements (such as the statement of comprehensive income) which should not be required to be reconciled to U.S. GAAP?

A The Bank believes that global and U.S. investors are knowledgeable enough about IFRS such that annual reconciliations should not be made mandatory, as they are not required, nor commonly requested, in the global markets outside of the U.S.

Q38 *Should we be concerned about the ability of U.S. issuers that elect the early use of IFRS to revert to U.S. GAAP? Would either Proposal be preferred to facilitate such a reversion, should that be appropriate or required as described above?*

A The Commission should not be concerned with the possibility of reverting to U.S. GAAP as this option is highly unlikely, contrary to the global trend of adopting IFRS and punitive to those who voluntarily adopted early.

Q39 *Under Proposal B, should the proposed U.S. GAAP financial information be audited? Is the proposed role of the auditor appropriate? Should the proposed U.S. GAAP financial information be filed as an exhibit to the Form 10-K annual report, instead of as part of the body of the report? Is the proposed treatment of the information appropriate? For example, should the information be deemed “furnished” and not “filed” for purposes of Section 18 of the Exchange Act? Should we require that the supplemental U.S. GAAP information be contained in the annual report that is prepared pursuant to Exchange Act Rule 14a-3(b)? Should the supplemental U.S. GAAP information appear as a note to the financial statements? Is the proposed role of the auditor appropriate?*

A The Bank does not support Proposal B, but does not feel that the reconciliation or supplemental information should be audited if enacted.

Q41 *Under either Proposal, should we require that the issuer’s “Management’s Discussion and Analysis of Financial Condition and Results of Operations” prepared under Item 303 of Regulation S-K contain a discussion of the reconciliation and differences between IFRS and U.S. GAAP?*

A The transition requirements for U.S. filers should be the same as those required by IFRS as issued by the IASB. IFRS 1 requires that “an entity shall explain how the transition from previous GAAP to IFRS affected its reported financial position, financial performance and cash flows.” While this does not specifically require a discussion in the MD&A, it is helpful and expected that this is included in the MD&A.

Proposed Amendments to Existing SEC Rules (Regulation S-X, the Securities Act and the Exchange Act)

Q46 Are the criteria for issuers eligible to file financial statements in accordance with IFRS as issued by the IASB clear from the proposed definitions of “IFRS issuer?” If not, in what way is the definition unclear, and what revisions would be necessary to eliminate any lack of clarity?

A The definition of “IFRS issuer” is sufficiently clear and does not require revision.

Q47 Is there any ambiguity in the proposed amendments regarding the reasons for the distinction between “IFRS issuer” and foreign private issuer, and application of the rules to each? If so, what is the nature of the ambiguity and what would be necessary to provide clarity?

A There is no ambiguity in the proposed amendments regarding the reasons for distinction between “IFRS issuer” and foreign private issuer. This distinction adds clarity to the rules.

Q48 Is the application of Regulation S-X and Regulation S-K to financial statements prepared in accordance with IFRS as issued by the IASB clear from the proposed amendments, or are there other items within those regulations that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as issued by the IASB? If so, how would the application of Regulation S-X and Regulation S-K be unclear if there were no changes to those other than those proposed? What changes would be suggested in order to make them clear?

- A Under Item 503(d) of Regulation S-K, issuers must present a ratio of earnings to fixed charges for five years. The proposed rule provides that in response to Regulation S-K item requirements (229.10 through 229.915) amounts may be presented based on IFRS as issued by the IASB. However, IFRS issuers adopting IFRS as issued by the IASB for the first time will not have five years of data available to compute this ratio. Therefore, Regulation S-K, Item 503(d) should be revised to allow an IFRS issuer preparing its financial statements in accordance with IFRS as issued by the IASB for the first time to present the ratio of earnings to fixed charges for its three most recent fiscal years, building up to five years in each of its two subsequent fiscal years.

Application of Revised Rules

Q49 Is there any reason why an issuer would be unable to assert compliance with IFRS as issued by the IASB and obtain the necessary opinion from its independent auditor?

- A The Bank does not foresee any reason that an issuer would be unable to assert compliance with IFRS as issued by the IASB or obtain the necessary opinion from its independent auditor.

Q50 Is the application of Articles 1 through 12 of Regulation S-X to IFRS financial statements clear from the proposed Rule 13-02? If not, what further clarification is necessary? Are there other rules contained in Articles 1 through 12 that do not, or may not, apply to financial statements prepared in accordance with IFRS as issued by the IASB and that are not addressed in proposed Rule 13-02? If so, what are they and how should they be addressed?

- A The application of Articles 1 through 12 of Regulation S-X to IFRS financial statements is clear from the proposed Rule 13-02. The Bank did not observe any rules within Articles 1 through 12 that were not sufficiently addressed in the proposed Rule 13-02.

Q52 With regard to specific references to U.S. GAAP in our regulations, should we amend the references to U.S. GAAP pronouncements to also reference appropriate IFRS guidance, and, if so, what should the references refer to? Would issuers be able to apply the proposed broad approach to U.S. GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the U.S. GAAP references for definitional purposes?

A When SEC regulations make specific references to U.S. GAAP, specific references to IFRS should also be made. The same clarity afforded U.S. GAAP filers should be available to foreign filers and “IFRS filers.” Over time, U.S. GAAP references should be removed.

Q53 With regard to general references to U.S. GAAP, is our proposed approach appropriate and sufficiently clear? If not, how should these matters be addressed differently and why?

A The proposed approach to keep general references to U.S. GAAP, which is interpreted as U.S. GAAP for those filing U.S. GAAP financial statements and IFRS for those permitted to file IFRS financial statements is reasonable given this is how the language has been interpreted for foreign filers.

Q54 Is our proposed approach sufficiently clear on how to address general caption data, segment data and schedule information outside the financial statements? If not, what changes would we make? Are there other places in our regulations that need to be addressed?

A Allowing “IFRS filers” to provide caption data, segment data and schedule information outside of the financial statements is appropriate and significantly clear when stated within Rule 13-03(c) and Regulation S-X.

Amendments to Selected Financial Data

Q55 Will three years of selected financial data based on IFRS be sufficient for investors, or should IFRS issuers be required to disclose in their selected

financial data previously published information based on U.S. GAAP with respect to previous financial years or interim periods?

- A Consistent with the requirements for foreign private issuers, IFRS issuers should provide three years of selected financial data based on IFRS and should not be required to disclose in their selected financial data previously published information based on U.S. GAAP with respect to previous financial years or interim periods.

Market Risk and Safe Harbor Provisions

Q56 *Should the Commission address the implication of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7? For example, would some kind of safe harbour provision or other relief or statement be appropriate?*

- A The SEC should address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7 via some type of safe harbour provision.

Other Considerations Relating to IFRS and U.S. GAAP

Q60 *Is the application of the proposed rules to the preparation of financial statements and financial information described in Sections V.D and V.E above sufficiently clear? If not, what areas need to be clarified? Are any further changes needed for issuers that prepare their financial statements using IFRS as issued by the IASB?*

- A The application of the proposed rules to the preparation of financial statements and financial information described in Sections V.D and V.E of the proposal is sufficiently clear.

Q61 *Under the proposed rules, an IFRS issuer or foreign private issuer may file financial statements of an entity under Rule 3-05, 3-09 or 3-14 prepared in*

accordance with IFRS as issued by the IASB even though the entity does not meet the definition of “IFRS issuer.” Should we also accept financial statements required under Rule 3-05, 3-09 or 3-14 prepared in accordance with IFRS as issued by the IASB without regard to the status of the issuer as an IFRS issuer or foreign private issuer? Should our acceptance depend on characteristics of the entity whose financial statements are being provided, such as that the entity already prepares financial statements or the entity principally operates outside the United States?

A The Bank supports the Commission’s suggestion to allow both IFRS issuers and foreign private issuers to file financial statements under Rule 3-05, 3-09 or 3-14. Requiring that issuers provide financial statements under IFRS for some entities and U.S. GAAP for others will be onerous and will decrease transparency. Additional consideration should be given to the principal GAAP used by an entity and the number of financial statements that must be prepared under IFRS or other local GAAPs which are expected to convert to IFRS.

Q62 *Are there any rules in Regulation S-X that should be specifically amended to accommodate our proposal? If so, how would the application of those rules be unclear if there were no changes to those rules, and what changes would be suggested in order to make them clear?*

A The Bank did not note any other rules in Regulation S-X that should be specifically amended to accommodate the Commission’s proposal.

Costs and Benefits of Conversion

Q67 *Do you agree with our assessment of the costs and benefits as discussed in this section? Are there costs or benefits that we have not considered? Are you aware of data and/or estimation techniques for attempting to quantify these costs and/or benefits? If so, what are they and how might the information be obtained?*

A As a large global bank which has converted from U.S. GAAP to IFRS, we are able to comment on the Commission’s estimated monetary costs of conversion.

U.S. issuers that have global operations are already, in some instances, required to report in both U.S. GAAP and IFRS as they might be required to

report in IFRS for foreign subsidiaries. As mentioned in the Commission's proposal and in this letter, this is an expense which could be eliminated by using one global GAAP.

As recognised in the Commission's assessment, the costs of transition to IFRS are influenced by the complexity of the business operations. In our experience the areas which represented significant cost areas as we prepared for and transitioned to IFRS were as follows:

- IT development:

Costs will be incurred in the development of changes to the general ledger systems required to capture the IFRS information for the opening IFRS balance sheet and quarterly information for the comparative year while primary reporting remains under U.S. GAAP. During the Bank's conversion to IFRS it was anticipated that ongoing U.S. GAAP reporting would be required for the U.S. GAAP reconciliation which at that time was required by the Commission. Although this ongoing U.S. GAAP reconciliation requirement no longer exists, significant IT development to the general ledger is still required to enable the conversion and to rebuild and update general ledger accounts and mappings to meet the IFRS requirements.

Other system changes may be required to core financial systems where for example, revenue recognition is different to that supported by U.S. GAAP compliant systems.

- Project management and steering:

During the run up to conversion to IFRS and immediately afterwards, a significant project structure and team will be required to manage the conversion. This will require dedicated change management experts, project management experts along with accounting specialists who will most likely be a combination of internal and external resources. The scale and cost of such a project structure will be dependent on the complexity of the organization and its business.

- Accounting expertise and analysis:

Cost will be incurred in developing the necessary IFRS expertise and understanding how the differences between IFRS and U.S. GAAP will affect business and results. At an accounting policy level, the organization needs to

determine how its U.S. GAAP policies will be changed and these policies need to be developed and communicated. Transactions, business lines and activities need to be analyzed to establish how they should be treated and reported under IFRS. Dedicated specialist resources will be required to undertake this analysis and facilitate the change for the future. Business decisions may be required ahead of the transition date and the finance function needs to be equipped with sufficient IFRS skills and tools to report and manage under IFRS through, and following, conversion. In addition, a process will need to be established to gather and adequately assure the quality of IFRS information for the opening balance sheet and the quarterly results for the comparative year.

- Senior management review and external communication:

Time is required with senior management and investors to ensure both are appropriately informed of how the conversion affects the organisation.

Consideration of Impact on the Economy, Competition and Capital Formation

Q68 We solicit comment on whether the proposed rules would impose a burden on competition or whether they would promote efficiency, competition and capital formation. For example, would the proposals have an adverse effect on competition that is neither necessary nor appropriate in furtherance of the purposes of the Exchange Act?

A The Commission's proposal would not have an adverse effect on efficiency, competition or the capital markets that should prevent the Commission from moving forward with this or a revised proposal. It is the Bank's opinion that nearly any Roadmap toward conversion, which limits the period under which multiple GAAPs (U.S. GAAP and IFRS) are used, will benefit the measures of capital efficiency described above. As the world becomes more globalized, all companies in all countries will benefit from reporting financial results within one set of standards.

Q69 *Would the proposals create an adverse competitive effect on U.S. issuers that are not in a position to rely on the alternative or on foreign private issuers that do not report in IFRS?*

A No, the Bank does not anticipate that a large enough volume of filers will make the election to early adopt under the provisions of this proposal thus creating a competitive disadvantage for those who still file under U.S. GAAP.

Q70 *Would the proposed amendments, if adopted, promote efficiency, competition and capital formation?*

A It is the Bank's view that the proposed rules, and the general movement toward IFRS adoption by the Commission, will promote efficiency, competition and capital formation in the U.S. markets. The adoption of IFRS will create greater comparability between U.S. Companies and other global companies. This will allow global investors who are increasingly familiar with IFRS to make investment decisions based on a single set of accounting standards.