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Technical Director
File reference 1250-001
Financial Accounting Standards Board
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Dear Sir

Exposure draft on the fair value option for financial assets and financial liabilities

The British Bankers' Association is the principal representative body for banks operating in the United Kingdom. Our members comprise some 260 domestic and international institutions, many of which are registered with the SEC and are required to provide a reconciliation statement from IFRS to US GAAP.

We wish to comment solely in respect of the effective date and transitional arrangements proposed in the exposure draft. Paragraph A19 explains that:

"The Board decided that this Statement should be effective as of the beginning of each reporting entity's first fiscal year that begins after December 15, 2006, with earlier adoption permitted as of the beginning of an entity's earlier fiscal year that begins after the issuance of this Statement (thereby resulting in an earlier effective date)."

In the event that the Board, in consultation with key stakeholders, determines that it should proceed with the proposed introduction of a fair value option, we would strongly favour it permitting earlier adoption. This would remove or reduce the need for organisations reporting under IFRS to reconcile to US GAAP in this area for one year only - 2006 - and would constitute a significant transitional relief in keeping with the SEC's commitment to converge with IFRS.

Yours faithfully

Paul Chisnall