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14 November 2008

LETTER OF COMMENT NO. 30

## Proposed SFAS, Accounting for Transfers of Financial Assets (Amend of Stmt 140)

Dear Ms. Donoghue:

We appreciate the opportunity to provide comments on the Exposure Draft of a Proposed Statement of Financial Accounting Standards, Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140. We support the FASB in its efforts to deal with the very complex issues of consolidation and transfers of financial assets. As a global financial services firm, we deal with those issues regularly.

Our financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (the IASB). We also have regulated subsidiaries that are required to prepare stand-alone financial statements under US GAAP. Thus, we are keenly aware of differences between IFRS and US GAAP. Our key message for the Board is to reach a converged solution on accounting for transfers of financial assets.

The credit crisis and its consequent market upheaval have highlighted that differences between IFRS and US GAAP are not supportable in global capital markets. They have proven again that accounting standards must provide a level playing field in which reporting entities' key objective is to provide information that faithfully represents their respective financial position and performance. Unlevel playing fields impair the credibility of standard setters, weaken confidence in the accounting standards themselves and damage the trust that users of financial statements place in financial reporting to faithfully represent an entity's economic condition.

We recognize that the proposed Statement eliminates one major inconsistency between IFRS and US GAAP: the notion of a QSPE and its exclusion from consolidation. However, more is needed. Currently, the IASB is developing a revised model of accounting for transfers of financial assets. That model was presented to the FASB at its recent joint meeting with the IASB. We believe that those efforts represent the most efficient and effective way to establish a single standard, which uses the same language, on transfers of financial assets. We strongly encourage the FASB and the IASB to achieve the goal of issuing a joint exposure draft in the first quarter of 2009.

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We wish to reiterate that differences in accounting standards are the chief causes of unlevel playing fields that damage the trust that capital market participants place in high quality accounting standards. We thank the Board for this opportunity to participate in its due process. If you have any questions regarding our comments, please contact John Gallagher at (203) 719-4212 or Mike Tovey at (203) 719-8164.

Kind regards

**UBS AG** 

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