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15 October 2008

LETTER OF COMMENT NO. 24

Proposed FSP No. 140-e and FIN 46(R)-e, Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities

Dear Mr. Golden:

We appreciate the opportunity to comment on Proposed FASB Staff Position No. FAS 140-e and FIN 46(R)-e, *Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities* (the Proposed FSP). Capital markets are experiencing extraordinary events. Hence, we fully understand the Board's rationale for issuing the Proposed FSP. We believe that improving financial statement disclosures increases transparency, which is critical in contributing to the restoration of healthy and strong capital markets.

As an entity that prepares its Group accounts pursuant to International Financial Reporting Standards (IFRS) and prepares accounts of certain large subsidiaries pursuant to US GAAP, we are familiar with the differences that exist between those two sets of standards. We are a vigorous supporter of current efforts to converge those standards. Both the IASB and the FASB are currently working on improvements to disclosures related to off-balance-sheet activities. We recommend that both Boards make every effort to require the same disclosures. Based on information available in the Proposed FSP and IASB observer information (dated October 2, 2008) on the topic, we believe that differences exist. Given that users around the world would be expected to have similar informational needs, we believe that producing two standards with different requirements is a disservice to both users and preparers. We believe that current market conditions raise the bar ever higher for IASB-FASB cooperation and require that the Boards work together to issue a joint standard that has the same wording and requirements.

We have a significant number of US-based subsidiaries with stand-alone reporting requirements. If the IASB and the FASB demand different sets of disclosure requirements, then those US-based subsidiaries would be required to produce different sets of information for Group reporting and stand-alone reporting. To reiterate, we believe that the Boards should work jointly to produce the same wording and requirements.

We support the use of principles-based disclosure objectives. We believe that such disclosure objectives provide flexibility and allow for judgment in determining the appropriate information to disclose. Further, we think that disclosures prepared in accordance with such objectives result in higher quality information that is more useful to shareholders and other users of financial statements. Striking the right balance between disclosure objectives and their detailed requirements is difficult because too many detailed requirements nullify the need for judgment and result in providing information that may not improve

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understandability. We strongly encourage both Boards to work jointly to strike the right balance between objectives and detailed requirements.

The detailed reporting requirements in the Proposed FSP will require significant system changes. Data compilation processes for such information may not be automated. We believe that insufficient time is being provided to make system and other process changes to ensure that such information is of the highest quality possible. Consequently, we urge the Board to make this standard effective for interim or annual periods ending on or after May 15, 2009.

We are pleased to have this opportunity to participate in the Board's robust due process. We consider that process to be a necessary ingredient for high quality accounting standards. If you have any questions regarding our comments on the Proposed FSP, please contact John Gallagher at (203) 719-4212 or Mike Tovey at (203) 719-8164.

Kind regards

**UBS AG** 

John Gallagher Managing Director Accounting Policy and Support Mike Tovey Executive Director Accounting Policy and Support