

Ms Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
United States of America
Rule-comments@sec.gov

22 January 2008

Dear Ms Morris

CONCEPT RELEASE ON MECHANISMS TO ACCESS DISCLOSURES RELATING TO BUSINESS ACTIVITIES IN OR WITH COUNTRIES DESIGNATED AS STATE SPONSORS OF TERRORISM

This is the British Bankers' Association's response to the above concept release. The BBA is the leading UK banking and financial services trade association and acts on behalf of its members on domestic and international issues. Our 230 banking members are from 60 different countries and collectively provide the full range of banking and financial services. Many of our members are foreign private registrants or are active in the US banking sector and so we have a keen interest in this proposal.

We wish to make clear at the outset that we have serious reservations about the measures proposed in the concept release and cannot support its adoption. There is a very real chance that the proposed web tool will, in effect, be viewed by investors and others as a *de facto* blacklist of issuers and create misleading impressions of what will, in the great majority of instances, be legitimate activities. This will disproportionately affect institutions domiciled outside the United States which are not prevented by either national or international law from engaging in legitimate business activities with countries designated by the United States as 'State Sponsors of Terrorism', for instance Cuba. There is also a real possibility that the decision to implement the proposed web tool will undo recent moves by US authorities to increase the attractiveness of US capital markets to foreign private issuers.

The concept release correctly identifies the short-comings of the prototype portal. In our view the two most significant issues are the mechanisms to make editorial decisions about which information should be included and the means to ensure that the information is constantly up-to-date. Both would need to be satisfactorily addressed before the Commission could proceed.

We are not convinced by the suggestion that XBRL provides the means to negate these short-comings, especially at this early stage in its development. Although XBRL is developing remarkably quickly, the taxonomy has focused on readily available and identifiable financial data (such as balance sheet lines or executive compensation) not on the qualitative information that would be necessary to guide investors to disclosures regarding business activities in countries designated as state sponsors of terrorism. As such, either the Commission will be required to exercise editorial judgement when developing the taxonomy or the firms applying the taxonomy will have to make judgements about which data should be tagged and how. This raises further questions. At present XBRL is voluntary, will the firms not participating in the project be required to comply? If so, will firms

British Bankers' Association
Pinners Hall
105-108 Old Broad Street
London
EC2N 1EX

T +44 (0)20 7216 8800
F +44 (0)20 7216 8811
E info@bba.org.uk
www.bba.org.uk



INVESTOR IN PEOPLE

be required to tag data based on materiality or would another standard apply and how would the Commission review firms' judgements? The Commission must also be mindful of the additional burden this will place on firms. We question whether the benefit for investors would outweigh the cost, particularly as the information is already available in firms' annual reports.

Even if a suitable web tool could be developed to extract appropriate and complete information, which could then be presented in a way that mitigated the possibility of it becoming a *de facto* blacklist, the frequency of updates would still be a real concern. Foreign private issuers file their financial statements less frequently than companies domiciled in the United States and so the relevance of the information published by the Commission regarding foreign private issuers will lag behind that of domestic US firms. The Secretary of State may also periodically amend the list of countries designated as State Sponsors of Terrorism. As above, we question whether the benefit of the web tool to investors outweighs the cost of keeping the information up to date.

In conclusion, we would once again highlight the potentially serious consequences of the proposal, particularly for foreign private issuers, and the substantial implementation issues to be overcome.

We urge the Commission not to proceed with the proposal.

Yours sincerely,

A handwritten signature in black ink that reads "Paul Chisnall". The signature is written in a cursive, flowing style.

Paul Chisnall
Executive Director

Direct Line: 020 7216 8865
E-mail: paul.chisnall@bba.org.uk