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Group Accounting Policy

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Ms. Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

20 April 2009

File No. S7-27-08, *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*

Dear Ms. Harmon:

UBS AG appreciates the opportunity to comment on the Securities and Exchange Commission's (the Commission's) Proposed Rule, *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* (the Proposal). We are grateful for the Commission's commitment to the "Roadmap" and leadership role in facilitating the ultimate establishment of a single set of high quality globally accepted accounting standards.

UBS, headquartered in Switzerland, is a global financial firm that has registered shares listed on the Swiss, New York, and Tokyo Stock Exchanges. UBS prepares its consolidated group financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). We also have several significant subsidiaries that are required to prepare financial statements in accordance with U.S. GAAP for U.S. regulatory purposes. As a preparer of financial statements under several accounting regimes, we are keenly aware of the need for a single set of high quality global accounting standards.

We have provided some general comments below and responses to specific questions in the appendix to this letter.

Global accounting standards

UBS supports the development of and movement to a single set of global accounting standards. We believe that in a global economy, it is detrimental to stakeholders to maintain different sets of accounting standards throughout the world. Inconsistent financial reporting impairs the ability of users to analyze financial information. It also increases the cost of capital by imposing additional compliance costs on cross-border preparers without clear benefit. Over 100 legal jurisdictions have decided that IFRS are the preferred global accounting standards. We believe this fact was acknowledged by FASB when they agreed in 2002 to work with the IASB to converge U.S. GAAP and IFRS. That effort resulted in the Memorandum of Understanding[1], further cementing the movement to a single set of global accounting standards.

[1] Memorandum of Understanding between IASB and FASB (the "Norwalk Agreement"), 29 October 2002.

Additionally, we believe the Commission and other bodies of the U.S. government have acknowledged the emergence of IFRS as the eventual single set of global accounting standards, for example, the Internal Revenue Service has gone so far as to begin making adjustments related to the use of IFRS-based financial information in tax filings. We believe that IFRS adoption for U.S. registrants is in the best interests of U.S. investors, U.S. issuers, and U.S. markets.

Convergence
We believe that the Proposal will aid the convergence of U.S. GAAP and IFRS by reinforcing the urgency with which the convergence efforts must be approached. The IASB and FASB have made tremendous strides toward converging their standards. Convergence continues today, but without a directive to fully converge, the standard setters may continue to promulgate similar, but not identical, standards. A fixed date of final convergence would encourage the issuance of identical standards and total convergence.

Early adoption
We support the Proposal's early adoption election but recommend that broader application be permitted. As indicated above, UBS as a consolidated group prepares its financial statement in accordance with IFRS. However, UBS has several subsidiaries that are required to comply with U.S. GAAP to satisfy regulatory requirements of the of the Commission and the Federal Reserve. This multiple accounting system results in additional compliance costs, without benefit, for UBS shareholders. A single global set of accounting standards also faciliates capital raising by U.S companies abroad. The Proposal currently applies "solely to U.S. issuers with respect to their periodic reporting requirements under Sections 13 and 15(d) of the Exchange Act, proxy and information statements under Section 14 of the Exchange Act and registration statements under Section 12 of the Exchange Act and Section 7 of the Securities Act" and does not apply to "investment companies under the Investment Company Act of 1940" or "other types of financial reports that are filed or furnished to the Commission... such as registered broker-dealers." We support broadening the scope of the early adoption to allow early adoption of IFRS for all U.S. companies, including subsidiaries of foreign parents that are currently IFRS compliant. In the case of UBS, this would allow for consistent reporting across the firm without the need to maintain parallel accounting for U.S. regulatory purposes.

Reversion to U.S. GAAP
In the Roadmap, the Commission considers its ability to revert to U.S. GAAP at some point subsequent to the early adoption date. We are concerned that the threat of reversion to U.S. GAAP after adoption will discourage early adoption of IFRS in the U.S. Very few companies will undertake the cost of converting to IFRS, under threat of being told that they have to revert to U.S. GAAP. If this risk is bourn by early adopters, then the early adoption election is not meaningful. The Commission should remove the risk of reversion for companies that early adopt under the Proposal.

Once again, we greatly appreciate the opportunity to comment on the very important issues discussed in the Proposal. If you would like to discuss any comments that we have made, please do not hesitate to contact Ralph Odermatt at +41 44-234-8410 or John Gallagher, 203-719-4212.

Regards,

UBS AG

Ralph Odermatt	John Gallagher
Managing Director	Managing Director
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Appendix

1. 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?

Yes, UBS agrees that U.S. investors, U.S. issuers and U.S. markets would benefit from a single set of globally-accepted accounting standards. A single set of standards allows investors to compare companies from different exchanges and different markets according to the same set of rules. For issuers, a single set of standards eliminates the cost and burden of multiple GAAPs and allows those issuers to more easily access global markets. Additionally, investors need only to learn one GAAP to analyze all competing investments opportunities.

2. 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?

UBS believes it is appropriate for the Commission to require that certain milestones be identified, but believe that some of the milestones could be improved and does not believe that the milestones should be a prerequisite for adoption of IFRS.

For instance, the Commission has been pushing the use of U.S. GAAP XBRL while it insists that an IFRS XBRL taxonomy be developed. By taking this approach, the Commission would force U.S. companies to bear additional cost by first adopting U.S. GAAP XBRL and then requiring them to move to IFRS XBRL upon IFRS adoption. Information aggregators will also bear this dual cost structure as they develop the capability to use first one and then the other taxonomy. Issuers and their owners would be better served by a single XBRL taxonomy based on IFRS, thereby reducing the cost. Additionally, the IASCF has since released an updated IFRS XBRL taxonomy.

As far as the training and education milestone goes, a large portion of Europe was able to make the move without major disruption when the EU required the adoption of IFRS. Accountants and educators adjusted to the new requirements. In order to make it stick and ensure that the adoption and adaptation occur, the Commission should establish a mandatory conversion timeline. Without the mandatory requirement to adopt IFRS, there is a reduced incentive for stakeholders to address the milestones in the Proposal.

Lastly, the milestone related to an independent funding mechanism is being addressed around the world. Currently, the U.S. funding for the IASC is made through a voluntary group of 33 companies. The USD 3.6 million in contributions made by those companies represented more than ten percent of the IASC's funding for 2008. The SEC, through the Sarbanes-Oxley Act of 2002, taxes public companies and directs in excess of USD 22 million of those funds to support FASB. It would be helpful for the SEC to financially support the advancement of the permanent funding regime for the IASC and lead by example, directing some portion of its SOX levies to the IASC. The EU has approved a resolution to provide funding to the IASB beginning in 2011.

3. 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?

As noted above, UBS believes the determination to require IFRS should be made now. Any deferral of the requirement only represents a disincentive for convergence and the other milestones to be met.

4. What are commenters' views on the mandated use of IFRS by U.S. issuers beginning in 2014, on an either 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 statements 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?

UBS believes the proposed transition is appropriate and the timeline is adequate.

6. 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 its 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?

We believe that all public entities should be considered within the scope of the IFRS roadmap. IFRS outside of the U.S. does not distinguish by entity-type and within the U.S. there exists multiple industry-specific GAAPs that increase the complexity and volume of U.S. GAAP.

8. Would a requirement that U.S. issuers file financial statements prepared in accordance with IFRS have any affect 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?

Audits are not dependent on the accounting standards, so UBS does not believe that the conversion to IFRS would impact audits significantly. As noted above, the EU adopted IFRS on a large scale in 2005 without significant disruption. The EU legislation was introduced in 2001, approved in 2002, and IFRS was adopted in 2005 by approximately 7,000 publicly listed companies. This abbreviated time frame for adoption, roughly three years for all companies, did not derail the adoption of IFRS or audits of those companies.

9. 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?

We believe that the joint work plan promotes a single set of high-quality globally accepted accounting standards when it results in final standards that are the exact same with the exact same words, exact same examples, and exact same conclusions on those examples. Any time the standards differ in wording and example analysis, it invites differences in interpretation. Joint projects are most beneficial when it results in identical standards.

For convergence efforts to continue during the transition period referred to above, we recommend that the IASB and FASB concentrate solely on finalizing the joint projects on consolidation, derecognition, leases, and revenue recognition.

12. 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?

We agree that in order to remain independent, it will be necessary for the IASB to develop an independent funding source. The trustees of the International Accounting Standards Committee Foundation (IASCF), the IASB's parent organization, have been exploring that issue. We urge the Commission to take the necessary steps that will enable the U.S. to make a long-term funding commitment for its equitable portion of the IASCF's and IASB's operating costs. That type of commitment will promote and enhance the IASB's independence. As part of the IASCF's efforts, China, Hong Kong SAR, and India all introduced funding systems and grew their respective contributions as well. Australia, Korea, and New Zealand all maintained their level of financial support. Japan increased its contribution. Italy, Luxembourg, the Netherlands, and Spain each established either levy or national payment systems. In North America, funding in the United States continued to increase, and a possible levy is under consideration. Lastly, the Canadian standard-setting authority has agreed to facilitate a broad Canadian contribution in 2009.[2] The EU has also committed to provide EUR 5 million per year beginning in 2011 for the international standard setter.

As far as governance, the IASCF trustees announced an initiative in 2008 to establish an oversight body responsible for approval of trustees and review of IASCF performance against its constitutional objectives. The effort to establish what has come to be known as the Monitoring Board has moved forward and is in advanced stages identifying members and a Memorandum of Understanding was submitted to the IASCF in January 2009. The first meeting of this group is tentatively scheduled for 2009.

We believe that these issues do not require full resolution prior to the adoption of IFRS in the U.S. Substantial progress toward these goals, as evidenced above, should be sufficient to allow adoption.

16. Do commenters agree that certain U.S. issuers should have the alternative to report using IFRS prior to 2011? What circumstances should the Commission evaluate in order to assess the effects of early adoption on comparability of industry financial reporting to investors?

We agree that U.S. issuers should be able to early adopt IFRS. We believe that the limits to early adoption should be eliminated. The advantages to U.S. issuers being able to raise capital at a reduced cost worldwide and the enhanced comparability with companies worldwide would also improve investors' ability to make decisions across a broader spectrum of entities due to a consistent measurement and reporting regime.

[2] From *Information for Observers: Agenda Paper 3*, IASCF Meeting, 15-16 January 2009, New Delhi, India. <http://www.iascf.org>

UBS files IFRS statements for its consolidated group, but also prepares stand alone U.S. GAAP financial statements for some of its wholly-owned subsidiaries to comply with regulatory and industry-specific requirements. The early adoption should be expanded to cover all subsidiaries of IFRS consolidated groups. Otherwise, the early adoption does not apply to those companies for which it makes the most sense and offers the most benefit. The existing stand-alone U.S. GAAP requirements add cost and burden without an equivalent benefit for users. In UBS's case, we do not believe that users that invest in UBS benefit from seeing small pieces of UBS presented on a U.S. GAAP basis.

19. 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 threshold is met, are such non-eligible U.S. issuers placed at a competitive disadvantage vis-a`-vis U.S. issuers reporting in IFRS?

If a U.S. issuer is competing with IFRS issuers, it should not matter what size the company is. If it is in the best interest of the issuer and users to adopt IFRS and therefore, improve comparability and consistency, then those issuers should be permitted to adopt IFRS. To do otherwise is to risk a competitive disadvantage in raising capital.

21. What impact will the Commission's determination to allow an industry to qualify as an ''IFRS industry'' without majority IFRS use have on the Commission's objective of promoting comparability for U.S. investors? How will this impact U.S. investors, U.S. issuers, and U.S. markets? Is the use of IFRS more than any other set of financial reporting standards the right criterion? Should it be higher or lower?

We do not believe there should be a limit for early adoption based on size. We believe that broadening the availability of early adoption is appropriate from a long-term perspective. Capital markets and companies will continue to expand across the globe and allowing the early adoption now acknowledges this movement and will allow for enhanced comparability in the long-term. By applying a majority test, the SEC is taking a short-term view of comparability such that as more companies adopt IFRS worldwide and non-U.S. companies grow and compete with U.S. companies, U.S. investors will be less able to easily compare the financial results of U.S. companies to those of foreign competitors because the U.S. companies will be on a legacy accounting regime while the rest of the world is moving toward IFRS.

22. 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?

We do not believe there should be a "hard" cutoff for early adoption. We believe it should be open for U.S. issuers until the required adoption date. This enables limited resources, such as audit and consulting firms, to be deployed over a broader window of time, thereby reducing the concentrated demand associated cost.

27. 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?

Early adopters should not face the risk of reversion, this only serves to discourage early adoption. U.S. issuers, U.S. investors, U.S. auditors, and U.S. markets will bear the cost of reversing any adjustments to accommodate IFRS if the SEC decides to reverse its decision with regard to permitting IFRS. The unnecessary costs of reversal would be enormous and the threat of reversal should be eliminated.

28. Is it appropriate to exclude investment companies, employee stock purchase, savings and similar plans and smaller reporting companies? Are there other classes of issuers or certain industries that should be excluded?

As a foreign entity with dual reporting requirements for certain subsidiaries, we believe it is appropriate to permit subsidiaries of foreign companies to adopt IFRS. Permitting early adoption for other industries and classes would enable those entities to adopt IFRS if it is beneficial and, at the very least, causes no harm to U.S. stakeholders.

35. 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?

Other than their use in the initial year of transition to communicate the differences between the accounting regimes, U.S. GAAP books should not continue to be required for U.S. issuers.

36. 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?

We believe that a reconciliation requirement after the initial transition is an unnecessary cost and should not be imposed on companies that adopt IFRS.

37. Under either Proposal, would investors find the U.S. GAAP information helpful in their education about IFRS or in being able to continue to make financial statement comparisons with U.S. (and non-U.S.) issuers that continue to prepare U.S. GAAP financial statements? Would one alternative be more helpful to U.S. investors, regulators, or others in understanding information prepared under IFRS or to continue to make comparisons with issuers who prepare U.S. GAAP financial statements?

The Commission recently removed the reconciliation requirement for foreign private issuers based on the risk and benefits. Requiring U.S. companies to maintain a reconciliation after adoption of IFRS would be forcing them to absorb an unnecessary cost.

38. 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?

Neither Proposal is appropriate and the Commission's consideration of reversion should be eliminated. Allowing a reversion takes a very short-term view of the movement to a single global set of accounting standards and puts U.S. companies at a competitive disadvantage in the long-term.

43. Should the option to report under IFRS, whether under Proposal A or Proposal B, automatically terminate as of a date certain? If so, should that date be a set period of time? For example, should it be three years following the effective date of an adopting release? Should it be a longer or shorter time period? Should it be measured from another date (e.g., the first permissible compliance date or the date of the first letter of no objection issued)? What considerations should be part of our decision as to the date or duration?

As noted above, we do not believe there should be a window of early adoption. Once the Commission decides to allow the adoption of IFRS and sets a deadline for adoption, companies should be permitted early adoption as they see fit in order to mitigate the demands placed on the resources engaged for adoption, i.e., staffing, external experts, etc.

49. 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?

The U.S. does not have the same legal requirements that exist within the European Union and, therefore, should not encounter the legal issues present during the European adoption. Auditors have sufficient resources to ensure that they will be able to accommodate client needs as they relate to IFRS. They went through a similar process during the European adoption.

70. Would the proposed amendments, if adopted, promote efficiency, competition and capital formation? Commenters are requested to provide empirical data and other factual support for their views if possible.

We believe the availability of an early adoption election for foreign private issuers, with regards to their U.S. subsidiaries that currently prepare U.S. GAAP statements to comply with U.S. regulations, would allow those foreign companies to eliminate the cost and burden of filing U.S. GAAP financial information. This would allow them to compete on equal footing with companies that do not bear this burden. We believe that allowing companies to apply the same set of accounting rules enables users to make better decisions improving the efficiency of economic resource allocation. It would also decrease the global cost of capital inter alia by reducing unnecessary regulations that require the reporting of information that is not used by investors in their decision making.