STATE OF NEW YORK
BANKING DEPARTMENT
ONE STATE STREET PLAZA
NEW YORK, NY 10004

April 17, 2009

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

*By email*

Dear Ms. Murphy:

The New York State Banking Department (the "Department") has reviewed the proposal, "Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers," and appreciates the opportunity to share our thoughts. We regulate not only U.S. banking organizations and non-bank lenders and their holding companies, but also the U.S. branches and agencies of foreign banking organizations whose home country financial statements may be prepared in accordance with International Financial Reporting Standards ("IFRS"). Consequently, we make extensive use of financial statements of banks and their holding companies, and we would be directly affected by any decision of the Securities and Exchange Commission (the "SEC") to allow U.S. issuers to prepare their financial statements in accordance with IFRS.

While the Department continues to support the long-term goal of consistently applying high-quality global accounting standards, we are disappointed that some of the concerns raised in our November 14, 2007 comment letter on the same subject have not been addressed. We recommend that the SEC revisit the previous comment letters, since some with similar experiences may decide to forgo another opportunity to respond, and others may not respond due to the demands of current economic conditions.

We have several points of emphasis and additional concerns:

* Substantial convergence between U.S. generally accepted accounting principles ("GAAP") and IFRS should be the goal that dictates a timetable rather than having a timetable dictate events. If the SEC retains the proposed

approach of deciding how to proceed in 2011, then substantial convergence between GAAP and IFRS must be added as an explicit milestone. (This also responds to question # 2.) To do otherwise may mean that for publicly-traded companies GAAP is being replaced by IFRS without any evidence that IFRS is an accounting regime of at least equal quality. It also would mean the de facto bifurcation of accounting standards for publicly-traded and privately-held companies. The Department strongly opposes such bifurcation.

* The proposal uses comparability as a primary reason for convergence. Since IFRS is a more flexible principles-based approach, however, comparability between U.S. companies will likely be weakened. Two related quotations from the proposal raise additional questions:

~ Page 17: "This benefit is dependent upon use of a single set of high-quality standards globally and financial reporting that is, in fact, consistently applied across companies, industries and countries." Consistently applying principles-based standards which require extensive judgment within the context of varied traditions of local accounting regimes is unlikely.

~ Page 43: "IFRS is not as developed as U.S. GAAP in certain areas. IFRS also is not as prescriptive as U.S. GAAP in certain areas and in certain areas permits a greater amount of options than in U.S. GAAP" (footnotes omitted). These reasons provide more weight to requiring substantial convergence between GAAP and IFRS before committing to a broad adoption of IFRS.

* On the proposed early adoption of IFRS, we doubt that sufficiently broad knowledge of IFRS exists within the U.S. to allow many U.S. companies to have 2009 year-end financial statements under IFRS. Also, the methodology provided for determining an "IFRS industry" is questionable. The examples given on pages 55-56 show that an industry where 20% of the twenty largest companies using IFRS can be considered an IFRS industry while another industry where 35% use IFRS would not be. Under the SEC's methodology, 10% usage of IFRS could be considered an IFRS industry. We suggest the SEC require that more than 50% of companies use IFRS to qualify as an IFRS industry.

* On the alternative proposals for GAAP reconciling information (question # 34), the Department prefers Proposal B. As described, this should help financial statement users better understand the differences between GAAP and IFRS, and increase the likelihood that issuers maintain GAAP records in the event they must return to GAAP. Since "The Proposal A requirement to provide only the reconciliation under IFRS 1 would not appear to promote the ability of U.S. issuers to revert back to U.S. GAAP" (page 74), we question why this approach would be allowed.

* For principles-based standards to succeed in the U.S. may require legal reforms and regulatory practices which provide external auditors with the confidence to use their judgment rather than depend on detailed rules.

If you would like to discuss our letter, please call me at (212) 709-1532 or email me at john.mcenerney@banking.state.ny.us.

Very truly yours,

John McEnerney
Chief of Regulatory Accounting