

February 1, 2010

Accounting Standards Board
5th Floor, Aldwych house
71-91 Aldwych
London
WC2B 4HN

By email to: ukgaap@frc-asb.org.uk

For the attention of: Peter Godsall

Re: Consultation Paper – Policy Proposal: The Future of UK GAAP

Dear Sirs

Bank of America appreciates the opportunity to comment on the Accounting Standards Board's ("the Board") August 2009 Consultation Paper – Policy Proposal: The Future of UK GAAP (the "Consultation Paper").

Bank of America is one of the world's largest financial institutions, providing a diverse range of financial services and products on a global basis. Our operations include significant businesses in the UK, operated through many subsidiaries that are required to prepare financial statements under UK GAAP. We are therefore keenly interested in this important initiative.

Our main concerns with the Board's proposals relate to the timing, the disclosure requirements and the form of IFRS to be adopted.

In terms of timing, we believe that the mandatory adoption date for the Board's proposals should be co-ordinated with the mandatory adoption date of significant IASB initiatives including, in particular, the full implementation of IFRS 9. (Detailed response in question 16.)

On disclosures, we strongly recommend that the exemptions currently incorporated in UK GAAP for wholly-owned subsidiaries should remain available for such companies, regardless of whether they report under full IFRS or the IFRS for Small and Medium-sized Entities ("SMEs"). While the information required by these disclosures for wholly-owned subsidiaries will only be available on a consolidated basis at the parent company level, we believe that this level of detail is sufficient for the users of the financial statements of any such company. (Detailed response in questions 4 and 6.)

With regard to the form of IFRS that should be applied, we believe that wholly-owned subsidiaries should have the option to apply either EU adopted IFRS or IFRS as issued by the IASB. We recommend this approach in order to allow global firms to implement IFRS on a consistent basis within their consolidated financial statements. Failure to allow UK subsidiaries of global firms to apply IFRS as issued by the IASB could result in significant cost implications and negate some of the benefits of conversion. (Detailed response in question 3.)

Our detailed responses to the questions set out in the Consultation Paper are below.

Question 1 – Which definition of Public Accountability do you prefer: the Board’s proposal (paragraph 2.3) or the current legal definitions (paragraph 2.5)? Please state the reasons for your preference. If you do not agree with either definition, please explain why not and what your proposed alternative would be?

We prefer the Board’s definition of Public Accountability as set out in paragraph 2.3 of the Consultation Paper as it is based on an assessment at the reporting entity level. We believe that performing the assessment at this level is more appropriate as it focuses on the nature of the activities of the reporting entity rather than either its size or its relationship with other entities within a group.

In addition, in the context of further convergence of UK reporting with IFRS, we believe that the Board’s definition is more appropriate as it is broadly consistent with the definition of publicly accountable in the IFRS for SMEs (with the exception of the inclusion of “deposit-taking entities” in the Board’s definition, which we support).

Question 2 – Do you agree that all entities that are publicly accountable should be included in Tier 1? If not, why not?

We agree that all entities that are publicly accountable should be included in Tier 1.

Question 3 – Do you agree with the Board’s proposal that wholly-owned subsidiaries that are publicly accountable should apply EU adopted IFRS? If not, why not?

We believe that entities should be able to choose whether to apply IFRS as issued by the IASB or EU adopted IFRS.

As a firm that currently applies US GAAP, Bank of America would adopt IFRS as issued by the IASB, when and if required. Similarly, convergence of US GAAP and IFRS will be based on IFRS as issued by the IASB. Moreover, a requirement to apply EU adopted IFRS would create differences between our UK subsidiaries and those in other jurisdictions, such as the Asia-Pacific region, which also apply IFRS as issued by the IASB. In addition, if differences between EU adopted IFRS and IFRS as issued by the IASB continue to evolve, requiring EU adopted IFRS could, at least partially, negate some of the benefits of the Board’s proposals. Therefore, from our perspective, it would clearly be preferable for UK subsidiaries to be able to apply IFRS as issued by the IASB in order to ensure consistency in reporting throughout the Firm.

Question 4 – Do you still consider that wholly-owned subsidiaries that are publicly accountable should be allowed reduced disclosures? If so, it would be helpful if you could highlight such disclosure reductions as well as explaining the rationale for these reductions.

We believe that wholly-owned subsidiaries that are publicly accountable should be allowed reduced disclosures, provided that full IFRS disclosures are included in the consolidated financial statements of the parent company.

As UK company law requires financial statements to be prepared and filed with the Registrar of Companies for *all* UK companies, the requirement to prepare full IFRS disclosures for every publicly accountable UK company would be expensive and time consuming for what we would consider little benefit.

Moreover, the information required in the disclosures for individual entities would be provided in the group financial statements of the parent company. We believe that the consolidated disclosures would provide sufficient information for any users of the financial statements, and hence that any additional benefit to users of full IFRS disclosures at the subsidiary level would be outweighed by the costs of preparing such disclosures.

In our view, the areas in which the reduced disclosure option should be available should be the same as under current UK GAAP, i.e. cash flow statements, related party disclosures, segmental reporting and financial instruments. We believe that due to the way in which a subsidiary operates and is funded within the group, some of the disclosures for which exemptions are currently provided, e.g. cash flow statements, would provide little meaningful information for a user of the financial statements. Similarly, the extensive disclosures required for financial instruments at the subsidiary level would include many intercompany transactions. Information about these transactions would be burdensome to accumulate and, in our view, would be of limited benefit to the users of the financial statements.

Question 5 – Do you agree with the Board’s proposal that the IFRS for SMEs should be used by ‘Tier 2’ entities?

We agree with the Board’s proposal that the IFRS for SMEs should be used by ‘Tier 2’ entities. We also agree with the Board’s proposal that entities within ‘Tier 2’ should be permitted to apply full IFRS in their financial statements if considered by management to be more appropriate.

Question 6 – Do you agree with the Board’s proposal that the IFRS for SMEs should be adopted wholesale and not amended? If not, why not? It would be helpful if you could provide specific examples of any amendments you think should be made, as well as the reason for recommending these amendments.

We believe that similar exemptions from disclosures as proposed in question 4 above should also apply to entities reporting under the IFRS for SMEs, provided that full IFRS disclosures or full IFRS for SMEs disclosures are provided in the consolidated financial statements of the parent company.

Our reasons for recommending these amendments are as detailed above in our response to question 4 and would apply to companies reporting under the IFRS for

SMEs regardless of whether the Board permits such exemptions for publicly accountable, wholly-owned subsidiaries reporting under full IFRS.

Similarly, the areas in which the reduced disclosure should apply are the same as those proposed in our response to question 4 for publicly accountable, wholly-owned subsidiaries reporting under full IFRS, i.e. cash flow statements, related party disclosures, segmental reporting and financial instruments.

Question 7 – Do you agree with the Board’s proposal that large Non-Publicly Accountable Entities should be permitted to adopt IFRS for SMEs? Or do you agree that large entities should be required to use EU adopted IFRS? Please give reasons for your view.

We agree with the Board’s proposal that large Non-Publicly Accountable entities should be permitted to adopt IFRS for SMEs. We believe that requiring full IFRS solely based on the size of the entity would undermine the principle that the reporting requirements should be based on public accountability.

Question 10 – Do you agree with the Board’s current views on the future role of SORPs? If not, why not?

Although Bank of America is not significantly affected by the majority of SORPs, we agree with the Board’s current views on the future role of SORPs.

Question 15 – If you are an entity whose basis of preparing financial statements will change under these proposals, what are the likely effects of applying those new requirements? Please indicate both benefits and costs and other effects as appropriate. If you are a user of financial statements (such as an investor or creditor) what positive and negative effects do you anticipate from the implementation of the proposals set out in this paper?

We believe that the benefit of the Board’s proposals for Bank of America will be relatively limited in the short term because US companies are not permitted/required to report under IFRS. Upon global adoption, more significant benefits will be realised as the UK subsidiaries would be able to use the same reporting requirements as the ultimate parent company.

In the absence of conversion, the Board’s proposals would reduce the number of accounting bases applied within the group as IFRS is already used by our subsidiaries in certain other jurisdictions. However, in practice, the preparation of UK GAAP financial statements would not be any more onerous than the preparation of IFRS financial statements. Moreover, due to the differences between UK GAAP and IFRS in certain areas e.g., pensions, the transition from UK GAAP to IFRS is still likely to involve additional costs.

Notwithstanding the above, we do recognise the broader benefits of the proposals to the Board of no longer having to maintain UK GAAP separately from IFRS. We also recognise that as IFRS and US GAAP continue to develop and evolve, there is a risk of UK GAAP becoming increasingly outdated and less relevant.

We have not yet determined the scope of our conversion project and so at this stage are not able to estimate the cost of implementing the Board's proposed changes. We would note that the total costs of the conversion project could be significantly impacted by the Board's response to the comments it receives from the current consultation process, particularly in relation to the disclosure requirements that are ultimately required (see our comments above in response to questions 4 and 6).

Question 16 – What are your views on the proposed adoption dates?

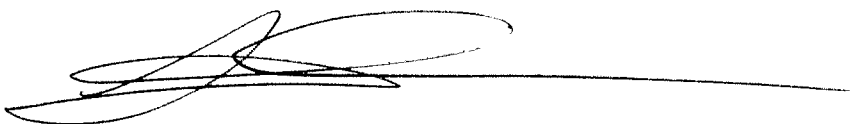
We believe that the mandatory adoption date for the Board's proposals should be co-ordinated with the mandatory adoption date of other significant initiatives that are being undertaken by the IASB, in particular, the full implementation of IFRS 9.

However, we believe that the Board should provide an option for companies to early adopt the final proposals so that institutions that early adopt IASB initiatives can co-ordinate the adoption of those requirements with the transition to IFRS for their UK subsidiaries.

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Bank of America appreciates the opportunity to express our views in this letter. Should you have any questions, please feel free to contact me at +44 (0) 207 996 7984 or Andrew Wallace at +44 (0) 207 996 2111.

Yours faithfully



Lizbeth Applebaum
First Vice President
Accounting Policy Executive

cc: Randall J. Shearer
David Moser