

COUNCIL OF INSTITUTIONAL INVESTORS

Suite 500 • 888 17th Street, NW • Washington, DC 20006 • (202) 822-0800 • Fax (202) 822-0801 • www.cii.org

Via Hand Delivery

August 6, 2008

Christopher Cox
Chairman
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: August 4th Roundtable on Performance of IFRS, U.S. GAAP During Subprime Crisis

Dear Mr. Chairman:

I am writing to thank you for allowing me to participate on behalf of the Council of Institutional Investors (“Council”) at the August 4th roundtable on performance of IFRS, U.S. GAAP during the subprime crisis (“Roundtable”). The Council is a nonprofit association of more than 140 public, union and corporate pension funds with combined assets that exceed \$3 trillion.

Council member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers. The Council strives to educate its members and the public about good corporate governance, shareowner rights and related investment issues, and to advocate on our members’ behalf.

As I indicated in my concluding remarks at the Roundtable, the Council commissioned two white papers that address some of the issues that were raised by Roundtable participants. I have attached the white papers to this letter for your review and consideration.

The first white paper, entitled “International Convergence of Accounting Standards: What Investors Need to Know,” was authored by Professor Donna L. Street, Mahrt Chair in Accounting, University of Dayton. Of particular note, pages 24 to 26 of the white paper describe reasons why investors should support permitting U.S. companies to use international financial reporting standards (“IFRS”). In contrast, pages 26 to 30 of the white paper explain investor concerns with permitting U.S. companies to use IFRS.

The second white paper, entitled “Fair Value Accounting: Understanding the Issues Raised by the Credit Crunch,” was authored by Stephen G. Ryan, Professor of Accounting and Peat Marwick Faculty Fellow, Stern School of Business, New York University. Of particular note, the white paper states that “it is absolutely clear that the subprime crisis that gave rise to the credit crunch was primarily caused by firms, investors, and households making bad operating, investing, and financing decisions, managing risks poorly, and in some instances committing fraud, not by accounting.” The white paper concludes that, although some of the recent criticisms about fair value accounting might be valid, fair value accounting provides more useful information to investors than other existing approaches.

August 6, 2008

Page 2 of 2

As I also indicated in my concluding remarks at the Roundtable, there appears to be little disagreement among Council members and other U.S. investors that the Financial Accounting Standards Board (“FASB”) should continue to work cooperatively with the International Accounting Standards Board (“IASB”) toward a common goal of convergence to a single set of high quality accounting standards that meet the needs of the customers of financial reports. We, however, believe that there is significant disagreement among U.S. investors about when, and under what circumstances, if any, U.S. generally accepted accounting principles (“GAAP”) and the FASB should be replaced by IFRS and the IASB.

There is little doubt that the replacement of U.S. GAAP with IFRS for U.S. reporting purposes would be one of the most significant changes in accounting and reporting in the history of the U.S. Securities and Exchange Commission (“Commission”). We, therefore, believe that the Commission has an obligation to Council members and all U.S. investors to carefully and thoroughly evaluate and expose for public comment an analysis of the costs and benefits of any such change from the perspective of the customers of financial reports. In our view, that analysis should also include a national plan describing in some detail the goals or milestones that first must be met before we begin replacing U.S. GAAP and the FASB with IFRS and the IASB.

As always, we stand ready to assist you in any way we can, including providing you with additional input on this very important matter. Please feel free to contact me at jeff@cii.org or at 202.261.7081.

Sincerely,



Jeff Mahoney
General Counsel

Attachments

cc: Commissioner Luis A. Aguilar
Commissioner Kathleen L. Casey
Commissioner Troy A. Paredes
Commissioner Elisse B. Walter
Director, Division of Corporation Finance, John W. White
Chief Accountant, Office of Chief Accountant, Conrad Hewitt