

June 1, 2009

Mr. Robert Herz  
Chairman  
Financial Accounting Standards  
Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116  
UNITED STATES

Sir David Tweedie  
Chairman  
International Accounting  
Standards Board  
30 Cannon Street  
London, EC4M 6XH  
UNITED KINGDOM

Dear Mr. Herz and Sir Tweedie:

The Financial Instruments Reporting and Convergence Alliance is comprised of trade associations that represent every facet of the U.S. economy. Our members not only issue financial statements, but we also engage in significant investment activities, while providing jobs and services to millions of Americans. Indeed, our constituency includes financial institutions, lenders and investors who are critical to providing liquidity in the credit markets, as well as borrowers and other service providers who demand and benefit from access to credit. As such, our collective constituencies are well acquainted with the unprecedented difficulties every segment of the economy, domestic and international, has experienced, and continues to face, in recent months.

As policymakers implement several measures aimed at providing liquidity and facilitating lending, as well as accounting changes, policymakers must ensure that borrowers are able to obtain the credit they need to purchase or refinance a home or business, receive a student or car loan, or to protect their financial future, among other important services. Our members understand firsthand how the credit crisis

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has created a domino effect that impacts consumers and businesses that provide jobs and serve local communities, and we are committed to working with you on solutions that will strengthen our financial system and overall economy.

To this end, the Alliance urges policymakers to address consolidation and derecognition issues through a joint convergence project so that efforts are consistent with efforts underway to converge and harmonize international accounting standards and that implementation for the securitized credit markets occurs once and with limited disruption.

In its April 2009 meeting, the G-20 concluded, "Standard-setters should make significant progress towards a single set of high quality global accounting standards." The focus of this request suggests a more rapid convergence of financial standards related to financial instruments. We believe that such project should encompass a number of areas, including classification, measurement, and impairment of financial instruments as well as derivative accounting, hedge accounting, consolidation issues, and sales of financial instruments.

Currently, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) ["the Boards"] are working jointly to issue a comprehensive proposal later this year to improve and streamline the reporting of financial instruments. We commend this effort and offer our support for the project to accelerate the convergence of accounting principles related to financial instruments. As documents are made available to the public, we will provide comments to the Boards on a timely basis with the goal of achieving a worldwide consensus on the developed standards. In addition, from time-to-time, we may initiate recommendations to the Boards where we believe they might be helpful in the progressing of these standards. Pulling together all the participants and moving forward with a single set of high quality and robust international accounting standards for financial instruments, consolidation and derecognition will be a positive step forward for the eventual movement to international accounting standards.

Since the Boards have announced plans to work toward a single standard for financial instruments, consolidation and derecognition, we believe that it is both consistent and appropriate for the FASB and the IASB to combine their projects on consolidation and derecognition at the current time. One of the important tenets

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underlying accounting is the need for consistency in the application of accounting principles from period to period. From the standpoint of users of financial statements of companies under U.S. GAAP, it is unreasonable to go through a significant change to a new FASB standard, and then almost immediately have to digest and implement another new and separate international accounting standard. In our view, multiple changes will only serve to confuse users of financial statements and create additional uncertainty in our financial markets at an already challenging time. Likewise, it is not logical for U.S. preparers of financial statements to incur the millions of dollars in operating cost associated with implementing the proposed changes to FAS 140 and FIN 46(R) only to have to discard and duplicate this work in order to converge with new international standards for reporting financial instruments.

Accordingly, we urge you to support an acceleration of the convergence of U.S. and international accounting standards for financial instruments, giving high priority to converged standards for sales of financial instruments and consolidations, so that U.S. companies go through one accounting change with the least disruption.

Thank you for your consideration. We stand ready to assist you and would welcome the opportunity to discuss this pressing issue in greater detail.

Sincerely,

Commercial Mortgage Securities Association  
Group of North American Insurance Enterprises  
Mortgage Bankers Association  
Property Casualty Insurers Association  
The American Council of Life Insurers  
The Real Estate Roundtable  
The Financial Services Roundtable  
U.S. Chamber of Commerce