Letter of Comment No: 5
File Reference: 1100-163
Date Received: 6/21/02

Subject: SFAS 133 - Proposed Amendment

Director of Technical Projects and Technical Activities Financial Accounting Standards Board

File Reference No. 1100-163

Amendment of Statement 133 on Derivative Instruments and Hedging Activities

Statement of Certus Asset Advisors

Certus Asset Advisors (Certus) is a stable value investment manager representing over 2,000 benefit plans with approximately \$ 9 billion in stable value assets under management or administration (at 3/31/02). Certus is a registered investment adviser, and is wholly-owned by Mellon Financial Corporation. We have managed or consulted on stable value funds since 1983 and we participated in the development process for SOP 94-4.

Certus supports the exclusion from the scope of SFAS 133 of investment contracts accounted for under paragraphs 4 and 5 of AICPA Statement of Position 94-4. The existing valuation requirements of 94-4 have served the stable value market well since their inception, and accurately reflect account balances to be reported to plan participants. Participants under 401(k) plans are insulated from volatility in the value of their accounts by the benefit-responsive features of the contracts in the fund, whether they are traditional GIC contracts or synthetic GICs. To require fair value reporting for benefit-responsive synthetic GIC contracts at the plan or participant level is clearly inappropriate, since transactions in accordance with the plan's provisions will always be at contract/book value. Fair value reporting would distort actual participant account balances and mislead plan participants. Thus excluding these contracts from the scope of SFAS 133 is both appropriate and necessary, and we support the amendment as currently proposed on this issue.

We appreciate the opportunity to comment on the exposure draft.

Very truly yours,

Bruce F. Vane Senior Vice President Certus Asset Advisors 200 Park Avenue, 7<sup>th</sup> Floor New York, NY 10166 (212) 922-6495

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