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BY EMAIL ONLY

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Financial Accounting Standards Board
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Subject: File Reference 1082-200
Consolidation of Certain Special Purpose Entities

COMMENTS:

1. Any enterprise, established under state or federal law (such as a bank or a registered broker/dealer), supervised by a recognized state or federal regulatory authority and in compliance with applicable regulatory capital requirements, should not be subject to the Interpretation.

2. A narrow business focus for an entity with a limited number of purchasers of the entity's services should not be an indicator of an SPE. Limited purpose banks such as credit card banks, cooperatives and other industry utilities with such characteristics are legal forms of business and should not be cast under the net of SPEs because of a limited business focus. It appears that FASB is acknowledging this reality in paragraph 3.

3. In Appendix A paragraph A2e, it should be clarified that derivatives, as a variable interest, refer to some form of credit enhancement for or guarantee of the equity of an SPE.

4. In paragraph 5 under the Introduction on page 2, the first two sentences should be changed in order to permit an SPE to capitalize itself with forms of equity other than common stock, which, collectively, would be sufficient for funding independent of variable interest holders. Other forms would include preferred stock or different classes of common.

5. In paragraph 9b. on page 4, for purposes of permitting other equity issuances to capitalize the SPE, it should be made clear that the references to "equity investments" means the investments of all equity owners that together are sufficient to finance the SPEs operations without support from the variable interest holders. The first loss requirement should apply to the "equity investments", i.e., the set of all equity suppliers included in the group, needed to meet the sufficiency test. (This could therefore include preferred stockholders or other classes of equity, which commonly may have different allocations of first loss).

6. In paragraph 9 and 12, and elsewhere, if an enterprise is supervised by a recognized regulatory authority, the capitalization requirements established by its regulatory authority should prevail.