LETTER OF COMMENT NO. 131

Kristina K. Williams
Chief Financial Officer

March 27, 2009

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FAS 157-e

Dear Mr. Golden:

The Federal Home Loan Bank of Pittsburgh (the "Bank") appreciates the opportunity to comment on the proposed FASB Staff Position FAS 157-e, "*Determining Whether a Market is Not Active and a Transaction is Not Distressed*," (hereinafter referred to as the "proposed FSP"). The Bank believes the proposed FSP is an improvement over the existing guidance in FSP FAS 157-3, "*Determining the Fair Value of a Financial Asset When the Market for That Asset is not Active*." However, we believe that the following modifications to the proposed FSP will permit it to be more operational and provide the users of the financial statements more relevant information.

We believe that SFAS 157 (and the proposed FSP) needs to incorporate additional guidance to assist management in selecting appropriate discount rates. For held-to-maturity securities (HTM), we believe that the discount rate guidance should result in discount rates that are reflective of normal, functioning markets. This is best evidenced by historical data over market cycles. Simply developing discount rates assuming an orderly transaction in today's nonfunctioning market is not indicative of a fair discount rate on a security that an entity has both the intent and ability to hold to maturity (i.e., HTM). Instead, utilizing normal market conditions will provide those entities holding securities to maturity, the ability to provide a fair value that is representative of a security that the entity has no intention of selling in this nonfunctioning market.

Lastly, many entities obtain values for their investment securities from third party sources, including, but not limited to, market transactions, broker quotes, and pricing services. It would be helpful if FASB specifically provided a definition of what constitutes a quoted price, and how those third party pricing sources fit into that definition.

Based on the timing (April 2, 2009) of the planned FASB action on this FSP, we believe it is prudent to provide preparers an ability to adopt immediately or within six months of the effective date of the FSP. Some preparers may need time to enact the provisions of the FSP and will not be in a position to adopt it immediately.

We thank the Board for its consideration of the FHLBank's views and welcome the opportunity to discuss this matter with the Board and its staff. Please do not hesitate to contact me at 412-288-5117.

Sincerely,

Kristina K. Williams
Chief Financial Officer

cc: Robert H. Herz, Chairman, Financial Accounting Standards Board