



LETTER OF COMMENT NO. 35

PM

**Subject:** FW: File Reference: Proposed FSP FAS 107-a

-----Original Message-----

From: ed.bankole@structuredriskanalytics.com  
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Sent: Thursday, January 15, 2009 9:09 PM  
To: Director - FASB  
Cc: structuredriskanalytics@comcast.net  
Subject: File Reference: Proposed FSP FAS 107-a

As structured risk experts, we at Structured Risk Analytics ("SRA") share the FASB's goal of transparency and comparability in financial statements.

Structured securities, by their nature, are complex and the internal cash flow allocations and loss recognitions in asset classes may vary significantly. Thus, common platform comparisons are difficult and, over time, transparency diminished as new structures and assets mushroomed. The resulting risk is that users of financial statements may panic in difficult times because of lack of easy answers to simple questions like "is this financial security money good?" We therefore contribute these answers to the FASB's questions:

1. Yes; requiring disclosure promotes transparency and will help guide future innovations in structures and asset classes. It will also reduce management liability fears about asset valuation disclosures in times of economic stress. But we should be careful to allow for some time to develop generally accepted framework on valuation processes.
2. We agree that it is too early to include financial assets measured at fair value in the Statement of Financial Position with changes in fair value recognized as earnings. Doing so at this time will distort earnings comparisons, until we can distil various valuation methods into fewer methods.
3. Yes; disclosure should be required for net income, shareholders equity, and loss reserves for previously stated reasons but only after valuation methods are reduced.
4. No - reconciliations may be impossible and may cause issuers of financial statements to focus on reconcilable valuation methods rather than prudential valuation methods.
5. The proposed effective date should be 2011. The existing variety of opinions on valuation in the current environment may further add to confusing financial statements as each issuer of financial statements becomes more hawkish to avoid liability.

We hope to continue helping to improve risk management, valuation and disclosure standards in the global structured securities market.

Ed Bankole, President  
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