



October 15, 2008



LETTER OF COMMENT NO. 6

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 140-e and FIN 46(R)-e (the "Proposed FSP")

Dear Mr. Golden:

Thank you for the opportunity to comment on the Proposed FSP. This letter is being submitted jointly on behalf of the American Securitization Forum (ASF)¹ and the Securities Industry and Financial Markets Association (SIFMA)². We applaud FASB's efforts to bring greater transparency to financial reporting. As we have stated in prior correspondence, we strongly support enhanced disclosures as an interim measure while FASB and affected constituents consider permanent improvements to financial reporting for securitizations. Consequently, we support the overall objectives of the Proposed FSP, as laid out in paragraphs 16A, 16B and 22A.

Our only concerns relate to usefulness and practicality. We are concerned that the additional disclosure requirements are overly detailed and prescriptive and may frequently result in disclosures that are confusing to users of financial statements or irrelevant to the reporting entity as a whole. We believe that an FSP that was limited to the principles-based guidance set out in paragraphs 16A, 16B and 22A would better enable reporting entities to tailor their disclosure to

¹ The American Securitization Forum (the "ASF") is a broadly-based professional forum of participants in the U.S. securitization market. Among other roles, the ASF members act as issuers, underwriters, dealers, investors, servicers and professional advisors working on securitization transactions. This comment letter was developed principally in consultation with the ASF's Accounting Committee, with input from other ASF members, subforums and committees. More information about the ASF, the Accounting Committee and their respective members and activities may be found at the ASF's internet website, located at www.americansecuritization.com.

² The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

highlight information that is meaningful to their particular financial condition. Going forward, we encourage FASB to use the main FAS 140 and FIN 46(R) amendments to streamline and rationalize the existing disclosure requirements, which were in many instances developed with different objectives in mind. We provide further color on these suggestions below.

Scope of the Proposal

As to transferors, we believe the scope of the quantitative disclosures should be limited to situations where there is significant continuing involvement, rather than extending to situations where a transferor merely has “continuing involvement” (as proposed in paragraph 17i). Similarly, we believe that sponsors of variable interest entities (VIEs) should only be required to provide disclosures if they have significant variable interests. We are concerned that including information on transactions where ongoing involvement is not significant is likely to cause information overload, making it harder for users to recognize and analyze material involvements. We note the statement on page 9 of the Proposed FSP that its provisions “need not be applied to immaterial items.” We assume that for these purposes materiality should be measured in the context of the transferor’s or sponsor’s financial statements.

If the Board is concerned about potential exposure to losses that might result from reputational risks accruing to a sponsor, we believe that factor can be considered in determining the significance of a variable interest. At a minimum, we believe that any disclosure requirements relating to VIEs in which a sponsor does not have a significant variable interest should be limited to a qualitative description of the sponsor’s involvement. This will help to differentiate significant and less than significant involvements.

In addition, the Proposed FSP would significantly expand both the quantitative and qualitative disclosures required for VIEs that are *consolidated* by an entity. This suggests that FASB recognizes the difference between VIEs consolidated under FIN 46R and voting interest entities consolidated under other guidance. We agree that there are important differences in some cases, which is why we have consistently advocated a linked presentation for some or all VIEs. We continue to believe that a linked presentation provides greater transparency than consolidation of VIEs. So long as FASB instead requires consolidation, it is appropriate for reporting entities to disclose the special status of the VIE assets and liabilities. However, we believe that the footnote disclosure that will be helpful to investors is similar to the on-balance sheet information that would be provided by linked presentation – e.g., the presence of asset restrictions and the entity’s maximum exposure to the VIEs.

Finally, we are uncertain as to the intended scope of the additional Statement 140 disclosures relating to restrictions on assets. We assume that FASB only intends those additional disclosures to apply to entities and transactions already within the scope of Statement 140 – i.e. transferors and transfers of financial assets. However, some of the wording of the Proposed FSP could be read more broadly (e.g., paragraph 6(b) of the Proposed FSP itself and proposed paragraphs 16A(b) and 17(a) of Statement 140 (as set out in Appendix B to the Proposed FSP)). We would appreciate clarification that these additional disclosures are limited to entities and transactions already within the scope Statement 140.

Objectives Based Disclosures

We note that many of the quantitative disclosures currently required by Statement No. 140 – and in particular, those detailed in paragraph 17h – were developed specifically to provide information regarding interests retained by a transferor in a securitization transaction. The original objective was to provide information regarding the valuation of such interests because such valuation directly impacted the calculation of the transferor’s gain on sale. However, we note that if an entity previously carried its transferred assets at fair value, either pursuant to a fair value option election under Statement No. 159 or pursuant to other GAAP (such as assets held for sale at the lower of cost or market), the gain on sale is typically *de minimis*. In such cases, this disclosure is irrelevant and likely to contribute to information overload.

Also, some of these disclosures, such as the sensitivity analyses required in paragraph 17i(5), do not lend themselves easily to other types of continuing involvement, such as derivatives. At a minimum, we request that FASB exempt derivative instruments whose underlyings are market interest rates or currency exchange rates from the required sensitivity analyses. FASB has already recognized in paragraph B14 of FIN 46(R) that rights and obligations under these instruments are generally unlikely to cause the holder to be the primary beneficiary of a VIE. Paragraph 13 of FSP 46R-6 indicates that these types of derivatives are unlikely even to be variable interests, if they have a senior claim on the VIE’s cash flows.

Finally, many of these disclosures were developed prior to the issuance of FAS No. 157, *Fair Value Measurements*, which addresses some of the disclosure requirements in the Proposed FSP (such as the requirement to provide descriptions of valuation techniques, and key inputs and assumptions used in measuring fair value, as detailed in paragraphs 17g(3) and 17h(4)).

In a similar vein, proposed new paragraph 22C(a)(2) of Interpretation 46R would require reporting entities to disclose “Significant assumptions and judgments made and whether a different assumption or judgment could have reasonably been made that would result in a different conclusion.” Because these determinations tend to be highly judgmental, taking into account many factors, it will be difficult to provide this disclosure in a way that will be meaningful to investors.

Accordingly, we strongly encourage FASB to take a more general principles-based approach in this interim guidance and, in completing the permanent amendments to Statement 140 and Interpretation 46R, step back and reassess these very specific previous disclosure requirements. Those that are effectively covered by other GAAP, adequately addressed by overall principles-based objectives or not appropriate to the new objectives should be eliminated. For example, the detailed quantitative information required by paragraphs 17i(6) and (7) regarding cash flows, total principal amounts outstanding, outstanding delinquencies, and credit losses, may be relevant, or may not; but we believe that the individual preparer should have the latitude to determine whether that information is meaningful in light of the overall objectives of the Proposed FSP and its particular business construct.

In short, we are concerned that if FASB merely adds on to existing disclosure requirements, and does not reassess the requirements holistically and in light of the overall stated disclosure objectives, then disclosures may become confusing or overwhelming.

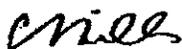
Effective Date

The ASF and SIFMA strongly support additional disclosure, both as a permanent feature of financial reporting and as an interim improvement while FASB and affected constituents consider substantive changes to the accounting standards. Nevertheless, there are limits to how rapidly reporting entities that are already burdened with substantial new year-end reporting requirements can implement new disclosure requirements, especially if FASB adopts many of the very specific, proposed quantitative disclosure requirements, or expands the scope to VIEs where an entity has insignificant continuing involvement. We therefore request a phased implementation in which expanded disclosures are encouraged for year-end 2008 but not required until the reporting entity issues its financial statements for the first quarter of 2009.

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Again, we thank you for the opportunity to provide input related to the Proposed FSP. Please contact any of the undersigned, or George Miller, Executive Director of the American Securitization Forum at 212.313.1116, or Kyle Brandon, Managing Director of the Securities Industry and Financial Markets Association at 212.313.1280 with any questions or comments.

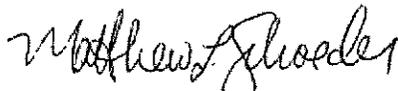
Sincerely,



Esther Mills, Chair,
ASF Accounting Committee



Lisa-Filomia Aktas, Deputy Chair, ASF
Accounting Committee



Matthew L. Schroeder, Chair,
SIFMA Dealer Accounting Committee