



**Texas Society of
CPA Certified Public Accountants**

April 1, 2009



LETTER OF COMMENT NO.

333

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

RE: File Reference: Proposed FSP FAS 157-e

To Whom It May Concern:

One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing matters. The PSC has been authorized by the TSCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the TSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TSCPA. We appreciate the opportunity to provide input into your deliberations on the above-referenced FASB Staff Position (FSP), which provides additional guidance on fair value measurements.

The members of the PSC are unanimous in their opinion that this FSP should **not** be issued. We oppose the issuance of this document for a number of reasons. These reasons include: (1) ill-defined guidance on the use of judgment; (2) a "quick fix" is not the way to address such a significant issue; (3) lack of input from the International Accounting Standards Board (IASB) on an issue that has global implications; and (4) this "rush to judgment" will only lead to an *inconsistent application of the proposed guidance*.

The FSP proposes a two-step approach in deciding whether the market for a financial asset is "active." The first step involves the consideration of six factors that use terminology that has no defined basis for interpretation. Such terms as "highly correlated," "abnormal liquidity risk premiums," "demonstrably uncorrelated with recent fair values," "other nonperformance risk for the asset class," and "abnormally wide bid-ask spread" need to have some clarification, especially when step two requires the entity to consider the relevance of each factor and use its judgment in determining whether the market is active. We find such guidance lacks clarity and will not promote any consistency among entities in deciding whether the market for a financial asset is active.

The issues addressed by this FSP are critical in providing some stability regarding the current credit crisis. Yet, the document is exposed for only a two-week period and has a retroactive application date. The potential for manipulation, and deciding whatever valuation suits the desires of the reporting entity, seems rather great. The guidance currently in effect is not

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perfect, but we believe it should be maintained until a thorough consideration of the fair value issue is made and more applicable guidance is developed.

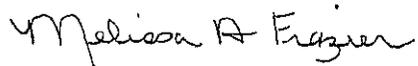
In an era to move to international accounting standards, we believe this issue has far-reaching implications that should include the input of the IASB in the deliberations.

Our final point is really a combination of points one and two in our response. However, we feel it is important to emphasize the "slippery slope" the Board is taking in rushing to get some guidance in place without considering the consequences of the guidance. We have made a conscientious attempt to fully consider the merits of this FSP. After this consideration, we can only conclude that the problems this "rush to judgment" will cause in accounting for financial assets far outweigh any benefits that may be gained.

We respectfully encourage the Board to reconsider this guidance and spend more time developing an approach that will enhance consistent application of the judgment required to properly value financial assets. We believe the time spent by the FASB and the IASB in "getting this issue right" will result in more stable financial markets and greater confidence in the financial reporting process.

We appreciate the opportunity to provide input into the Board's deliberations.

Sincerely,

A handwritten signature in cursive script that reads "Melissa A. Frazier".

Melissa A. Frazier, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants