LouisianaBankers
ASSOCIATION

March 31, 2009
Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
301 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

*FSPFAS157E*

LETTER OF COMMENT NO. 334

File Reference: Proposed FSP FAS 157-e, Determining Whether a Market is Not Active and a Transaction Is Not Distressed

Dear Mr. Golden,

The Louisiana Bankers Association appreciates the opportunity to comment on this proposal. We strongly support the Proposed FSP and commend the FASB's efforts to make improvements to the guidance for estimating market values in illiquid assets. This proposal is a significant step in the right direction, but we have the following recommendations to reduce any potential confusion that may remain:

- Guidance is needed on the use of discount rates and risk premiums. Specifically, we urge that the description of an "orderly transaction" be modified to ensure that risk premiums used in Level 3 valuation techniques reflect those of a normally active and functioning market.
- Guidance is needed to clarify issues with "inactive markets" as differentiation between a normally inactive market and a dislocated market is essential in order to properly evaluate bid price quotes.
- Entities should use reasoned judgment as to whether reliance on Level 3 is more appropriate than Level 2 and entities should be allowed to base this decision on whether the cost of estimating cash flows passes their internal cost/benefit analysis.

Thanks for your consideration in this matter.

Sincerely,

Joe Gendron
Director of Government Relations