

September 24, 2010

Mr. Russell Golder
Technical Director
IASB
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Reference: No 1810-100 Accounting for Financial Instruments and
Revisions to the Accounting for Derivative Instruments and
Hedging Activities

As a banker in a small community which has been in business for over 85 years,
I feel fair value accounting ~~is~~ will not be beneficial to our readers.
We are a private held stock company and our readers of the financial
statements are mostly interested in our ^{net} interest ~~rate~~ margin. Readers
are familiar with current accounting standards and fair value would
require reeducation of the public. Fair value accounting is
not relevant to the commercial banking business model, it will
undermine the reliability in bank capital levels and decrease comparability
between banks. It introduces complexity where complexity is neither
needed nor desired. Fair value will require significant costs to banks
with little benefit to users. It changes the concept of comprehensive
income within FASB's Conceptual Framework. It complicates efforts
to converge GAAP with IFRS and creates a competitive disadvantage
to U.S. banks. Fair value accounting will add unnecessary
procyclicality to the financial system. Again, I feel this will
not benefit the average user of most financial statements. Please
do not adopt fair value accounting.

Sincerely,
George J. J.