

September 21, 2012

Technical Director
File Reference No. 2012-200
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference: No. 2012-200 Proposed Accounting Standards Update: Financial Instruments (Topic 825) Disclosures about Liquidity Risk and Interest Rate Risk

Dear Financial Accounting Standards Board:

I appreciate the opportunity to comment on this Exposure Draft (ED) regarding enhanced disclosure requirements for liquidity and interest rate risks. As acknowledged in the ED, these proposed disclosures apply mainly to financial institutions. Accordingly, my response is written solely from the perspective of financial institutions that will shoulder the majority of the increased operational burden associated with preparing the new reporting requirements.

As the president of a community bank with assets of approximately \$400 million and knowledgeable in the aspects of liquidity and interest rate risk, I am concerned about the affects this ED may be misinterpreted by our financial statements readers.

I am also concerned about both the cost and the usefulness of the added disclosures. The proposal will require additional modeling and analyses that are not readily available.

This Bank is required by regulation to have liquidity and interest rate risk management processes that are commensurate with the complexity of their business activities. The processes used to evaluate these risks are typically carried out by qualified personnel, reviewed by senior management, and governed by the board of directors. We outsource (e.g. risk modeling, stress testing and analyses) to an independent third party function in order to receive information that is tested and provides for a reasonable estimate of our exposures. Periodically, our federal regulators perform a detailed review of the process to ensure the institution is operating in a safe and sound manner.

Please take into consideration that additional disclosures should be providing reasonable information that user should be able to rely upon and understand.

Thank you for your consideration to this matter.

Ann R. Lally, CPA

President