

December 8, 2006



LETTER OF COMMENT NO.

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Director of Technical Application & Implementation Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Proposed Statement 133 Implementation Issue No. B40

"Embedded Derivatives: Application of Paragraph 13(b) to Securitized Interests in Prepayable Financial Assets"

We appreciate the opportunity to comment on this issue. BB&T Corporation and its subsidiaries offer full-service commercial and retail banking and additional financial services such as insurance, investments, retail brokerage, corporate finance, treasury services, international banking, leasing and trust. With over \$116 billion in assets, BB&T Corporation is the nation's ninth largest financial holding company.

We support the FASB on its efforts to clarify that a securitized interest in prepayable financial assets would not be subject to the conditions in paragraph 13(b) of Statement 133 if it meets specified criteria. We strongly agree with the conclusion set forth in the proposed DIG Issue; however, we recommend clarifying certain provisions to address implementation questions that may result from this guidance.

In Example 5, Inverse Floater CMO, the current wording implies that the embedded derivative related to inverse interest rate risk always requires bifurcation. The determination of bifurcation is driven by the relevant facts and circumstances. Paragraph 178 of Statement 133 provides several examples of inverse floaters, some require bifurcation and some do not. We recommend you clarify the example by stating the inverse floater requires analysis under paragraph 13(b) to determine if it is subject to bifurcation because it contains an embedded interest rate derivative that does not result solely from the embedded call options in the underlying assets.

Also, while implied by the context, consider clarifying the *Conclusion* to *Example 5* by stating that the holder should exclude the effect of prepayment risk when assessing the paragraph 13(b) conditions of the embedded derivative related to the inverse interest rate risk.

Thank you for the opportunity to express our views. If you would like discuss our comments, please contact Jay Cochrane at 336-733-2737.

Very truly yours,

Henry R. Sturkie, III

Senior Accounting Policy Manager