

LETTER OF COMMENT NO.

To: Adrian Mills; Diane Inzano; Joseph Vernuccio; Kevin Stoklosa; Kristofer Anderson; Mark Trench; Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning

Subject: FW: Revision of mark-to-market accounting rules

From: eandrews09 [mailto:eandrews09@amherst.edu] Sent: Thursday, March 26, 2009 4:52 PM To: Director - FASB Subject: Revision of mark-to-market accounting rules

Dear Director,

I write intrigued about the change of asset accounting rules I read today in the news. Although I realize you will almost certainly not respond to me (or even read this), I still have a few questions and comments. I don't claim to have any expertise of any sort, save that of a common undergraduate economics major, but hope that if my words seem rational they will at least be pondered.

At root, I see mark-to-market accounting as having an inherent "pro" and an inherent "con": On the one hand, it reflects the value of what the asset will actually sell for right now, thus maintaining objectivity, but on the other, by being pegged to markets (with their behavioral bubbles and bursts) it amplifies boom prices and bust prices and thereby increases asset price volatility. Given our current crisis, I'd say that the downside risk of this "boom and bust amplification" outweighs the benefits of objectivity, and thus I'm happy that a revision to these rules is now underway. Could you, however, provide me (or point me to where I can find) the new accounting rules that will now be used/ are being considered? It is my hope that both the inherent "pro" and "con" are taken into account.

If these new rules have not yet been fully formulated or fleshed out, I'd like to suggest one of my own, creatively (ha!) titled mark-to-"moving-average" market: Asset prices are set objectively as the average of their market values from this day back to some day in the past, where that date is dependent upon the liquidity of the underlying asset (more liquid assets have a shorter look-back period, more illiquid, longer). Is anything like this being considered? To me, this rule seems to strike a good balance between the "pro" and "con" mentioned above while also being simple to implement.

Thanks for your time and reading my two cents. Best of luck working to help get us out of this quagmire.

Sincerely, Erik Andrews