1810-100
Comment Letter No. 2109

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June 7, 2010

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

File Reference: No. 1810-100 *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

I am writing to express my concerns and opposition to the proposal that requires all financial instruments to be marked to market. In your proposal, banks must record loans on the balance sheet at their market value. I believe the focus on mark to market is not relevant for loans that are not being sold. With individualized payment terms, collateralization, and guarantee structures, the majority of commercial bank loans have no reliable market in which they could be sold, which further questions the reliability of using fair value as the basis for financial statements. Even if there were active markets, fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive. As a result of your proposal, bank capital will be affected by market swings that cannot reasonably be expected to be realized by the bank.

Also a consideration is that investors desire to hold equity securities generally decline as volatility increases. Some investors may likely put pressure on banks to reduce the volatility, and, this could result in shifting to products that are more sheltered from market volatility. An unintended consequence may be the accounting directing the business model.

Another concern is the costs and resources that would be required to produce and audit such data. I expect these requirements would necessitate banks to hire more staff or consultants without an opportunity to offset the expense.

For the aforementioned reasons, I respectfully request that you drop the proposal to mark loans to market. Thank you for your consideration.

Sincerely,

Steve Miller, CEO
Peoples Bank