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January 14, 2011

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

**RE: Proposed Accounting Standards Update, "Transfers and Servicing (Topic 860), Reconsideration of Effective Control for Repurchase Agreements" (File Reference No. 1900-100)**

Dear Technical Director:

We appreciate the opportunity to respond to the proposed Accounting Standards Update, "Transfers and Servicing (Topic 860), Reconsideration of Effective Control for Repurchase Agreements" (the proposed ASU). We support the Board's objective and the proposed changes to improve the accounting for repurchase agreements by focusing the assessment of effective control on the transferor's contractual rights and obligations. We believe the proposed amendments to eliminate the requirement within ASC paragraph 860-10-40-24(b) for the transferor to obtain cash or other collateral that is sufficient to fund substantially all of the cost of purchasing a replacement financial asset during the contract term as one of the conditions necessary to conclude that a transferor has effective control and preclude sale accounting will be helpful in achieving greater comparability in the accounting for repurchase agreements. Our responses to the Board's specific questions on the proposed ASU are set forth below.

***Would the proposed amendments represent an improvement and simplification to the assessment of effective control for agreements that both entitle and obligate the transferor to repurchase or redeem the financial assets before their maturity? Are the proposed amendments clear and appropriate? Will the proposed amendments result in financial reporting that provides users with decision-useful information?***

We believe that eliminating the requirement within ASC paragraph 860-10-40-24(b) will result in more consistent application of the accounting guidance for repurchase agreements within ASC Topic 860, *Transfers and Servicing*, as that criterion has been the source of past diversity in practice.

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***Are there any significant operational issues that the Board should consider in determining the appropriate effective date for the final amendments?***

We are not aware of any significant operational issues that would present challenges to financial statement preparers when adopting the amendments in the proposed ASU on a prospective basis during the first quarter of 2011.

***Do you agree with the Board's assessment that the benefits of the proposals outweigh the cost? Why or why not?***

We agree with the Board's assessment that the benefits of the proposed amendments outweigh their cost. As stated above, we believe that one of the main benefits is that the removal of the requirement within ASC paragraph 860-10-40-24(b) will result in more consistent accounting for repurchase agreements. Additionally, we do not anticipate that the proposed amendments will require significant implementation efforts because the provisions of the proposed ASU will only apply prospectively to new or modified transactions and will require consideration of fewer conditions than the current requirements of ASC Topic 860.

***Should the amendments in this proposed Update be different for nonpublic entities (private companies and not-for-profit organizations)? If the amendments in this proposed Update should be applied differently to nonpublic entities, please provide a rationale for why.***

We believe that the proposed amendments and their effective date should be the same for public and nonpublic entities. We are not aware of any reasons that the proposed amendments should not be applied by both public and nonpublic entities.

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or David Reavy at (212) 909-5496.

Sincerely,

KPMG LLP