



July 24, 2012

Ms. Leslie Seidman
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Fast track implementation of June 20 FASB decision on “own credit”

Dear Ms. Seidman:

The Dealer Accounting Committee of the Securities Industry and Financial Markets Association (SIFMA)¹ welcomes FASB’s June 20, 2012 decision to present in other comprehensive income (OCI), unrealized changes in fair value attributable to changes in “own credit” for financial liabilities measured at fair value – net income under the fair value option (FVO). SIFMA also welcomes the related decision to record changes in own credit in net income only upon the settlement of the liability.

As you know, changes in fair value attributable to changes in own credit are currently reported in net income and are disclosed under *Topic 825*. As the Board is well aware, since the advent of the credit crisis, many SIFMA member firms have reported substantial unrealized gains and losses attributable to changes in own credit related to liabilities measured at fair value – net income under the FVO. These gains and losses often appear prominently in earnings releases and are backed-out by preparers and users to arrive at a more accurate picture of financial performance. The problem is widely acknowledged and needs no further explanation.

Given the substantial improvement in financial reporting that will result from the Board’s decision, SIFMA believes implementation should be “fast tracked” from the Board’s broader project on the accounting for financial instruments (AFI). Unlike AFI, where many decisions are interdependent and impact many types of entities, the decision on own credit is narrow, can be easily separated, and – most significantly – impacts a limited number of entities who strongly support this letter.

SIFMA also believes the Board’s decision enjoys substantial support from all important constituencies. Consequently, a short exposure draft comment period should suffice, for example, 30 days. We would expect that only a similarly short redeliberation period would be necessary following the end of the comment period.

¹ The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

SIFMA therefore requests that the decision on own credit be implemented with an effective date of fiscal years beginning after December 15, 2012 (January 1, 2013 for calendar year companies).

Regarding transition, SIFMA supports full retrospective application to all prior periods presented. SIFMA believes member firms can implement that method within the requested effective date. Users will therefore have relevant, fully comparable financial information within a relatively short period of time. We see no reason why this improvement in financial reporting should be delayed for several years until the AFI project is completed and becomes effective.

We trust the Board finds our request for fast-track implementation with retrospective application a compelling proposition.

Thank you for the opportunity to provide our views. Please contact me at 212-357-8437 if you have questions or comments about our letter.

Regards,

A handwritten signature in black ink that reads "Matt Schroeder". The signature is written in a cursive, flowing style.

Matthew L. Schroeder
Chairman, SIFMA Dealer Accounting Committee

Copy to:

Paul Beswick, Acting Chief Accountant, Office of the Chief Accountant, SEC

Susan Cospers, Technical Director, FASB

Mary Kay Scucci, PhD, CPA, Managing Director, SIFMA