September 14, 2007

Mr. Russell G. Golden
Director TA&I-FSP
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: Proposed FSP on FASB Statement No. 140-d, Accounting for Transfers of Financial Assets and Repurchase Financing Transactions

Dear Mr. Golden:

We are pleased to comment on the Financial Accounting Standards Board’s (FASB or the Board) FASB Staff Position FASB Statement No. 140-d, Accounting for Transfers of Financial Assets and Repurchase Financing Transactions (FSP 140-d or Staff Position). Ernst & Young supports the issuance of this Staff Position to provide guidance for evaluating when to consider a repurchase financing transaction involving a previously transferred financial asset as a single transaction or separate transactions in applying the derecognition criteria of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (Statement 140). We are supportive of the issuance of this guidance and believe it will provide a framework that will lead to more consistent application in the accounting for these transactions. Although we support the Staff Position, we have the following comments.

Relevance of the Lapse of Time between the Original Transfer and the Repurchase Transaction

Paragraph 4 of the Staff Position indicates a requirement to continuously monitor all repurchase transaction activity to determine whether any of the assets involved were acquired through a transfer with the repurchase counterparty. Although we believe that the scope of transactions to be covered in this Staff Position should consider repurchase transactions that are entered into within a certain timeframe from the original transfer, we believe there should be a time limitation placed on the requirement to assess whether assets used for repurchase financing were originally obtained from the same counterparty. We believe that if the original transferee is subject to the risks and rewards of the transferred assets for a sufficient period of time, any subsequent repurchase financing of that transferred asset with the same counterparty should be viewed as an independent transaction. The requirement to track the source of each asset until maturity or disposal to determine whether to apply the guidance in this Staff Position appears to be overly burdensome when compared to the benefits of applying the Staff Position when the
original transferee has been subject to the risks and rewards of ownership of the underlying transferred asset for a sufficient period of time.

Clarify the Scope of Affiliate or Agent of the Counterparty

The criterion in Paragraph 7a of the Staff Position includes within its scope of analysis affiliates and agents of the counterparty to the transaction. We believe that clarification is needed on what constitutes an affiliate or agent of the counterparty when applying the guidance in this Staff Position to ensure consistent application. Certain industries and/or ownership structures apply different guidance when determining consolidation, and potentially would have differing views on what should be considered an affiliate or agent when determining the appropriate counterparties to include in the Paragraph 7a analysis.

Requirement that the Asset Subject to the Repurchase Financing be Categorized as Level 1 within the Fair Value Hierarchy of FASB Statement No. 157, Fair Value Measurements (Statement 157)

We believe the criterion in Paragraph 7c of the Staff Position requiring the financial asset subject to a repurchase financing to be a Level 1 measured asset within the Statement 157 hierarchy may be overly restrictive. This requirement would significantly limit the population of transactions that could be accounted for separately under the Staff Position, including eliminating a significant portion of transactions involving asset-backed securities and mortgage loans. Appendix A Paragraph A8 expresses the Board’s concern that the uniqueness of the asset would be a deciding factor for the transferee to execute the repurchase financing with initial transferor, indicating that the transferor’s specific knowledge of the asset could lead to a lower financing cost and thus compel the transferee to enter into the repurchase with the original transferor. We agree with this concept, however, we would recommend amending Paragraph 7c to include all assets measured with observable inputs, thereby including Level 2 measured assets (within the Statement 157 hierarchy) in the population eligible to meet this criterion. Including all assets with fair value measurements based on observable inputs would appear to meet the spirit of the 7c criterion as outlined in Paragraph A8, as we believe specific knowledge of the asset would only be relevant when that asset is measured using significant unobservable, or Level 3 inputs as defined by Statement 157.

If the Staff Position is revised to include Level 2 assets within the criterion in Paragraph 7c, we believe Paragraph 9 of the Staff Position should also be revised to include a reference to EITF Issue No. 96-11, “Accounting for Forward Contracts and Purchased Options to Acquire Securities Covered by FASB Statement No. 115” (EITF 96-11) for forward contracts that do not meet the definition of a derivative under FASB Statement No. 133, Accounting for Derivative and Hedging Activities (Statement 133).
Transition Provisions

We are generally supportive of the transition provisions outlined in the Staff Position. However, we would recommend delaying the effective date of the Staff Position to the beginning of the first fiscal year after November 15, 2008, to provide preparers sufficient time to establish the controls, processes and procedures necessary for implementation.

We appreciate the opportunity to present our comments and would be pleased to discuss any aspect of this letter with the Board or Staff at your convenience.

Sincerely,

Ernst & Young LLP