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August 1, 2008



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

LETTER OF COMMENT NO. 18

**Re: File Reference Number 1590-100, Proposed Statement of Financial Accounting Standards, *Accounting for Hedging Activities, an amendment of FASB Statement No. 133***

Dear Mr. Golden:

Atlantic Capital Advisors LLC appreciates the opportunity to provide comments and observations on the Financial Accounting Standards Board's ("FASB") Exposure Draft of Proposed Statement of Financial Accounting Standards, *Accounting for Hedging Activities, an amendment of FASB Statement No. 133* (the "Exposure Draft"). We are managers of two mortgage REITs – ACM Financial Trust, Inc. and Hatteras Financial Corp. ACM Financial Trust, which is privately held, was founded by us in 1998. We formed Hatteras Financial Corp. in November 2007 and we took it public in April of this year. Hatteras currently trades on the NYSE under the symbol HTS. Both companies have only invested in Agency residential adjustable rate mortgage backed securities (RMBS). Our companies and their peers provide significant liquidity to the conforming residential mortgage market, a direct benefit to the average home buyer in the US. We currently manage about \$6 billion in RMBS. Our strategy is to manage interest rate risk, not credit risk, which is why we only invest in government-backed products. We use plain vanilla interest rate swaps and caps to manage this risk.

Although we strongly support the FASB's desire to simplify the accounting for hedging activities, resolve certain practice issues, and improve the financial reporting of hedging activities for users of financial statements, we do not believe that the Exposure Draft as currently drafted meets those objectives. Rather, we are concerned that certain of the proposed amendments will result in significantly increased complexity, increased costs, and less reliable and meaningful financial reporting.

Most significantly, we disagree with the decision to prohibit (except in the very limited circumstances provided for in the Exposure Draft) an entity from hedging individual risks.

Our company is very concerned that we will be unable to qualify for hedge accounting—even using a “reasonably effective” standard—for many of our most common and straightforward hedging strategies, including hedges of forecasted debt issuances and hedges entered into after the inception of the debt. We routinely fix the cost of our short term (30 day) debt which rolls at a new rate each month with interest rate swaps. There is little affordable longer term debt in the market at a fixed rate, so this is our opportunity to manage that risk on a predictable level. Even in situations in which we do qualify under the new model, we believe the associated earnings volatility often will be extreme and largely misleading. As a result, we are troubled that the proposed hedging model appears to be very inconsistent with how we manage our risks and will be unrepresentative of the effectiveness of our risk management activities.

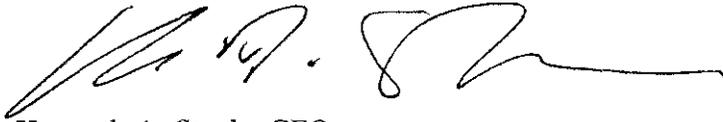
For example, we actively manage our interest rate risk and enter into derivative instruments that are extremely effective at managing that risk. However, those derivatives do not hedge credit risk and are not designed to hedge credit risk. Our company is not trying to hedge our own credit risk, and we are not interested in hedging that risk for many of the same reasons noted in the Alternative Views section of the Exposure Draft. In particular, we have serious concerns about the legal implications and potential accusations regarding self-dealing, concerns about the message that hedging one’s own credit risk signals to the marketplace, and concerns about the potentially very significant transaction costs if we could find a willing counterparty. Accordingly, we do not believe the proposed model is reasonable or operational in practice, and we strongly advocate that the FASB retain a “bifurcation-by-risk” approach to hedge accounting.

A related concern is that the new hedge accounting model is heavily based on unobservable and unreliable inputs. For many companies, including ours, reliable and up-to-date credit data is not readily available. In addition, for hedges of forecasted debt issuances, we have almost no information about the market supply and demand that will exist at the date we expect to issue our debt. We are concerned, therefore, about the complexities of trying to model theoretical transactions in theoretical markets. It is certainly not a simplification relative to the current bifurcation-by-risk model.

Finally, with the increased emphasis on converging with international standards, we do not believe that a significant change to the hedging model, especially one that diverges from the current international model, is justified at this time. We are concerned about changing the hedge accounting model now in the U.S. only to have to change again in the near future. Making significant changes to our systems, approaches, documentation, etc., as would be required by the proposed amendment, is very costly and usually underestimated. From our perspective, it seems that most of the practice issues and differences in interpretation surrounding hedge accounting have been resolved over the past several years, and we believe such a significant amendment to the hedge accounting model will only create a flood of new implementation questions and interpretation risk. Thus, we would strongly recommend either (1) dropping the current project and pursuing a joint plan to work with the International Accounting Standards Board to develop a hedging model that will eventually apply under both U.S. GAAP and IFRS or (2) at a minimum retaining a bifurcation-by-risk approach to hedge accounting.

We thank the Board for its consideration of our recommendations and would be pleased to discuss these issues in more detail with the Board or staff at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'K.A. Steele', with a long horizontal flourish extending to the right.

Kenneth A. Steele, CFO  
Atlantic Capital Advisors, LLC

*Manager for Hatteras Financial Corp and ACM Financial Trust, Inc.*