From: Yin Kon [mailto:yinkon@yahoo.com] **Sent:** Saturday, July 17, 2010 5:49 PM

To: Director - FASB

Subject: Financial Instruments Exposure Draft Feedback

Dear Sir / Madam,

I am a member of the CFA Institute and Fellow of the Institute of Chartered Accountants in Engalnd and Wales. I am a former auditor and a former global financial services sector equity analyst at State Street Global Advisors in Boston covering banks, brokers, and insurance companies domiciled in the US, Europe, Asia and Latin America. I humbly submit that I predicted the onset of the financial crisis of 2008.

I think the very recent financial instruments exposure draft points the US accounting standards in the right direction. However, I am of the strong opinion that deposits and loans should be remain measured at amortised or historical cost convention on the balance sheet. Fair value adjustments to these 2 broad items can be presented in the footnotes. As a compromise and additionally, the maturity buckets (< 3 months, 3 months to 1 year, etc.) of deposits, loans and other interest earning financial assets and interest bearing liabilities should be disclosed in the footnotes. I suggest adopting a philosophy of allowing analysts to analyse information and use them in which way they will, and facilitating this by making that information available to them. I do not support a standard where important infomation is filtered down into a few numbers (for example: OCI, FV adjustment, PV of total assets, PV of liabilities) and fed to analysts - even if it increases the relevance of the numbers, credibility is lost because the resultant number was not was not computed by the analyst - the institutional investor's most reliable resource.

While it has been the CFA Institute's position that it is a misconception that "fair value accounting is pro-cyclical and caused the financial crisis", I only agree with its position with regard to the second part of this statement but not the first. FV accounting is in very sense of the word pro-cyclical because of the use of short historical time horizon input assumptions in deriving FV, and other practical factors. One key disadvantage of FV is the fact that many input factors and assumptions are involved in its derivation, which are subjective and opaque from a public investor's viewpoint - so while FV is relevant, its reliability is questionable, especially when making comparisons across companies. Reliability influences credibility and in public equity markets, credibility is crucial.

Sincerely,

Yin