From: Dan Jackson
To: Director - FASB
Subject: Response to Exposure Draft of Proposed Accounting Standards Update on Topics 825 and 815
Date: Wednesday, September 01, 2010 12:39:08 PM
Attachments: ATT00001..bmp

To whom it may concern,

In response to the Exposure Draft of Proposed Accounting Standards Update of Financial Instruments (Topic 825) and Derivatives and Hedging (Topic 815), I would like to convey my disapproval for the following reasons:

- If loans were marked to potentially volatile market prices, banks would be less likely to accept the risk of longer-term loans. Loans held for collection or payment of contractual cash flows differ from short-term assets. Current market prices are not meaningful in assessing their value. It's hard to imagine how marketing these assets to market would simplify and improve financial reporting.
- Institutions would recognize changes in fair value under "other comprehensive income" on the balance sheet, incurring huge swings in the book values of the assets, particularly for large institutions. This type of volatility is not conducive to a well-functioning global capital market. Downward swings in loan demand would mean lower values for assets and, of course, reduced capital ratios.
- A state goal of FASB is to reduce inconsistencies in the reporting of financial instruments. Yet assumptions that establish the fair value of assets, especially those with no ready market, are neither precise nor are they interpreted and applied consistently. Fair value assumptions for loans can vary from institution to institution.
- Banks would be required to accelerate recognition of credit losses and periodically calculate the value of core deposits. This would call for tedious software changes and significant additional costs.
- The new rule would exacerbate downturns. Just last year, the industry asked FASB To loosen its fair value rules because they worsened the effects of the financial crisis. Because there was no market for assets, their market value was zero. Inevitably, this played havoc with capital ratios and clogged credit pipelines.

Please take these points into consideration and take subject proposal off the table. Our industry, and the economy as a whole, cannot afford additional capital constraints or costs as a result of new regulatory/accounting rules. We need to be deploying capital to stimulate the economy. Tax payers bear the brunt of failed institutions and the proposed change to "mark-to-market" will most certainly result in more failed institutions in the near term. I understand the reasoning behind the effort to install additional safeguards to avoid another financial meltdown but the subject proposal along with more governance is not the solution. The root of the problem is really greed and no amount of rules will eliminate its existence in our society. Thank you for the opportunity to respond and for your consideration.

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other important and confidential information.