



Securities Industry Association

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April 19, 2001

Ms. Arleen Thomas
Vice President – Professional Standards and Services
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

Re: *Fair Value Project*

Dear Ms Thomas:

The Securities Industry Association's¹ Dealer Accounting Committee understands that the AICPA has been asked to increase its efforts at providing guidance in valuation methodologies and the audit of those methodologies as part of an expanded role for "Fair Value" in accounting standards. In our view, greater utilization of Fair Value in accounting would be very beneficial in providing improved transparency to investors and to the marketplace as a whole.

The securities industry has extensive experience in applying Fair Value to financial instruments, and we believe that it could provide valuable assistance to standard setters in expanding its use in accounting. Our Committee is prepared to offer you our help in that effort. We believe that a coordinated effort between industry and the AICPA would prove mutually beneficial in this regard.

The Committee has been working with FASB on an initiative to use Fair Value accounting for certain trading/market making activities. For your information, I have

¹ The Securities Industry Association brings together the shared interests of more than 740 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. The U.S. securities industry manages the accounts of more than 50-million investors directly and tens of millions of investors indirectly through corporate, thrift, and pension plans. The industry generates more than \$300 billion of revenues yearly in the U.S. economy and employs more than 600,000 individuals. (More information about the SIA is available on its home page: <http://www.sia.com>.)

enclosed a copy of a presentation on Fair Value that the Committee recently made to some FASB Board members and staff with respect to this subject.

If you have any questions about our letter or would like to follow-up on our offer of assistance, please feel free to contact me at 212-761-8167 or our staff adviser, Jerry Quinn (212-618-0507).

Sincerely,

Joanne Pace, Chair
SIA's Dealer Accounting Committee

Attachment

C: Lynn E. Turner
Edmund L. Jenkins