



October 8, 2008

Mr. Russell G. Golden
FASB Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Dear Mr. Golden:

The Securities Industry and Financial Markets Association's¹ Dealer Accounting Committee appreciates the opportunity to comment on the proposed FASB Staff Position No. FAS 157-d, "Determining the Fair Value of a Financial Asset in a Market That Is Not Active" (the "FSP").

The members of the Dealer Accounting Committee have extensive experience in applying the provisions of SFAS 157. We believe the proposed FSP is consistent with the requirements of SFAS 157 and does not change our current practices. We believe the example provided in the FSP properly illustrates some of the concepts of SFAS 157, and we therefore support the issuance of the FSP.

We offer the following specific comments for your consideration:

Paragraph 7. In the first line, "financial assets" should be changed to "financial instruments". We believe the concepts discussed in the FSP apply to both assets and liabilities, and more particularly to derivative instruments which could be assets in one period and liabilities in another. You may wish to make conforming changes throughout the FSP.

Paragraph 9a: At the end of this paragraph, the parenthetical phrase "(an exit price)" must be added. We believe this is the fundamental principle of SFAS 157 which cannot be over-emphasized.

¹ The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

Paragraph 11 (paragraph A32B added to SFAS 157): We suggest editing the fourth sentence so that it reads as follows:

That determination was made considering that there were few observable transactions for the collateralized debt obligation security or similar collateralized debt obligation securities, the prices for those transactions that have occurred are not current and the observable prices for those transactions vary substantially either over time or among market makers, thus reducing the potential usefulness of those observations.

We believe these changes better illustrate the limited circumstances when it is appropriate to place less reliance on actual market transactions.

In addition, in the last sentence, we suggest deleting the phrase, "...because significant adjustments are required to determine fair value at the measurement date." We do not believe that significant adjustments, *per se*, are a criterion for determining the level in the hierarchy under SFAS 157.

Conclusion:

We hope you find these comments helpful. Should you have any questions or wish to discuss these matters further, please contact me (212-357-8437), or the Committee's Staff Advisors, Kyle Brandon (212-313-1280) or Jerry Quinn (212-313-1207).

Sincerely,

A handwritten signature in black ink that reads "Matthew L. Schroeder". The signature is written in a cursive style with a large, stylized 'M' and 'S'.

Matthew L. Schroeder
Chairman
Dealer Accounting Committee