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Director of Research and Technical Activities
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

RE: File Reference No. 167-B; Amendment of FASB Statement No. 125

Dear Sir or Madam:

PSA The Bond Market Trade Association ("PSA") is pleased to have this opportunity to comment on the Financial Accounting Standards Board's ("FASB" or the "Board") exposure draft on the Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125 (an amendment of FASB Statement No. 125) (the "Exposure Draft"). PSA appreciates the Board's willingness to be responsive to PSA's previous requests for a one-year delay of the effective date of FASB Statement No. 125 (the "Statement") with respect to repurchase agreement, securities lending, and dollar roll transactions, due to the significant challenges implementation of the Statement poses for PSA member firms active in these markets. The Exposure Draft reflects the Board's thoughtful consideration of the arguments for a one year delay made in previous comment letters as well as the presentation to the Board by PSA staff and PSA member firms on October 16, 1996. PSA strongly supports FASB's adoption of the Exposure Draft as a final statement.

Although PSA wholeheartedly supports the Exposure Draft, we continue to have concerns about the substantive provisions of the Statement previously expressed in our comment letters and at the public hearings on the Exposure Draft of the Statement. PSA stands willing to continue to work with the Board to address any further issues regarding the impact of the Statement on the repurchase agreement, securities lending, dollar roll and buy/sellback markets.

Should you have any questions or require further information, please feel free to call Patricia Brigantic of PSA staff at (212) 440-9454.

Sincerely yours,

Debra Hess
Chair, Accounting Policy Committee

cc: Halsey Bullen, Scott Marcello, FASB

*PSA The Bond Market Trade Association represents approximately 275 securities firms and banks that underwrite, trade and sell debt securities, both domestically and internationally.