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Mr. Tim Lucas
Director of Research and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 207-A

Dear Mr. Lucas:

The Bond Market Association (the "Association") appreciates the opportunity to comment on the Proposed Statement of Financial Accounting Standards, Accounting for Certain Derivative Instruments and Certain Hedging Activities (an amendment to FAS 133). The necessarily short exposure period prevents the Association from methodically deliberating implementation issues that preparers might encounter in applying the provisions of the amendment. Instead, member firms may choose to comment individually on issues that they wish to bring to the Board's attention.

Based on our general discussions, however, the Accounting Policy Committee of the Association (the "Committee") concurs with the objective of the amendment - to ease implementation difficulties for a large number of entities. The Committee believes that the exposure draft satisfies the Board's objective and in general supports the issuance of a final standard. The Committee also commends the Board for addressing these issues so expeditiously.

Finally, during our general discussions, a number of members expressed disappointment that the exposure draft fails to "grandfather" pre-1999 intercompany derivatives used as hedges. These members generally believe that the affected derivatives positions satisfy economic hedge objectives, and that the costs of replacing the large number of affected contracts outweigh any perceived financial reporting benefits. We encourage the Board to give further consideration to "grandfathering" pre-1999 intercompany derivatives.

If you have any questions or seek clarification of the matters discussed herein, please do not hesitate to contact me at 212.357.8437, or Wendy Fried of the Association staff at 212.440.9431.

Sincerely,

/s/

Esther Mills, Goldman, Sachs & Co.
Chair, Accounting Policy Committee
The Bond Market Association