November 11, 2008

James Kroeker
Deputy Chief Accountant
United States Securities and Exchange Commission
100 F Street
NE, Washington, DC 20549–1090

File No. 4-573

Dear Mr. Kroeker:

The American Institute of Certified Public Accountants (AICPA) is pleased to offer its comments on the Securities and Exchange Commission's (SEC) study of mark-to-market accounting applicable to financial institutions. We welcome this objective review of fair value reporting for public companies in inactive markets, while continuing to focus on providing relevant and transparent information for investors. With that in mind, we offer the following comments.

The AICPA believes strongly that any recommendations resulting from this study should be deliberated on and addressed by the Financial Accounting Standards Board (FASB), which is the independent, private sector body designated to set generally accepted accounting principles. We believe that the FASB, with appropriate oversight by the SEC given its investor protection mandate, is best able to decide what is the most appropriate financial reporting for the capital markets.

When setting or changing an accounting standard, the FASB, as a matter of standard procedure, calls for and considers the views of all participants in the overall financial reporting system. The notion of *transparency* is a guiding principle of accounting standards. Financial information must be presented neutrally, without regard to whether the information is good news or bad news for a company at a given point in time. That enables capital market participants to make efficient and effective capital allocation decisions, which ultimately helps result in the betterment of a society's standard of living.

We encourage the SEC and FASB to continue to work together with the International Accounting Standards Board and international regulators to promote converged accounting standards related to fair value for public companies.

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During this study, we suggest that the SEC seek the formal views of U.S. depository institution regulators on the topic of fair value to determine if the SEC's investor protection mandate needs reconciling to the depository institution regulators' mandate to protect the safety and soundness of the U.S. financial system and the deposit insurance fund.

Once the SEC's study of fair value is complete, the AICPA encourages the FASB to consider how the results of this study should apply to privately-held entities, given that those entities do not have investors that buy and sell securities on a regular basis. Differences in fair value accounting for private entities would be warranted only after deliberate consideration of user needs and the related costs and benefits to key constituents of that financial reporting.

The AICPA appreciates the opportunity to submit its comments and would be pleased to discuss them with you at your convenience.

Sincerely,

AICPA

Barry C. Melancon, CPA
President and CEO

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