



CENTER FOR CAPITAL MARKETS

C O M P E T I T I V E N E S S

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October 14, 2008

The Honorable Mark W. Olson
Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington DC 20006-2803

Dear Chairman Olson:

The United States Chamber of Commerce (“Chamber”) is the world’s largest business federation representing more than 3 million businesses and organizations of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness (“CCMC”) to promote a modern and effective regulatory structure for capital markets to fully function in a 21st century economy.

We urge the Public Company Accounting Oversight Board (“PCAOB” or “Board”) to issue guidance on how it will inspect the application of FAS 157, in light of the recent actions by the Securities and Exchange Commission (“SEC”) and the Financial Accounting Standards Board (“FASB”). PCAOB guidance will aid the uniform and effective implementation of these important steps

In recent weeks, we have witnessed an ongoing crisis in our financial markets. Even though the causes of the current situation may not be known, it is clear that accountants and auditors did not create the crisis, but accounting standards may have been an exacerbating factor. In recent weeks, the debate over accounting standards has been heated. While these standards need to be reviewed, it is equally important that other aspects of the regulatory structures, including the capital requirements of financial institutions, undergo a similar study.

Fair value accounting currently sits at the heart of the controversy. Supporters state that this valuation regime promotes transparency; while critics believe that the use of mark to market is inherently pro-cyclical forcing the drastic write down of assets and liabilities in an illiquid market. Amid this debate, the SEC and FASB took

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joint action to provide clarification and guidance to preparers and management on the use of mark to market principles.

On September 30, 2008, the Chief Accountant of the SEC and FASB staff issued a joint press release with a clarification of valuing assets in an illiquid market under FAS 157. One of the major points in the clarification is that management may use internal assumptions in measuring fair value when a relevant market does not exist. Following a FASB meeting two days later, FASB staff release guidance on the clarification of FAS 157 with final approval issued on October 10th.

While there has been conflicting views on the significance of these actions, we believe they do represent a considerable change in the methodology of valuing assets. Fair value is normally dependent on observable datum, however, business judgment and internal assumptions may now be used to value assets where a market no longer exists. The CCMC commented to FASB requesting further elaboration on the use of judgment, as well as a clarification of the definition of active and inactive markets.

While these joint actions, with the appropriate changes will give management and preparers the clarification and guidance needed to deal with difficult issues in an adverse environment, it is important that auditors be given guidance as well. Guidance for one part of the financial reporting process, but not the other may cause ambiguity and confusion clouding transparency. By not having the entire financial reporting structure on the same page, the joint SEC-FASB actions may go for naught, investors may find it more difficult to navigate the shoals of the current crisis and needless litigation may be instigated.

Accordingly, we would respectfully request that the PCAOB undertake the necessary actions to provide auditors with guidance under FAS 157. This guidance should be prepared to dovetail with the joint SEC-FASB clarification and guidance of FAS 157. This will insure the transparency needed for investors and the sound use of judgment by preparers in the difficult times.

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Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Murray", written in a cursive style.

Richard Murray

cc: Board of Directors, Public Company Accounting Oversight Board (PCAOB)