205

THE RISK MANAGEMENT ASSOCIATION
Serving the Financial Services Industry

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RECEIVED DEC 29 2008 OFFICE OF THE SECRETARY

December 18, 2008

Ms. Florence E. Harmon
Acting Secretary Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SEC Study of Mark-to-Market Accounting, File No. 4-573

Dear Ms. Harmon:

The Risk Management Association (RMA) is a financial services industry association dedicated to the advancement of sound risk management practices. RMA is nearly 100 years old and represents approximately 3,000 institutional and 20,000 individual members. Largely domiciled in North America, we also have members throughout the world.

As we have watched the capital markets meltdown during the past two years, we have closely monitored the role of accounting practices as a potential contributing factor. We have heard much feedback from our membership on FAS 157 pertaining to fair value accounting. Accordingly, we would like to provide input to the SEC as it considers what, if any, changes to make to this guidance.

RMA is not opposed to the practice of fair value treatment. We believe it is an important element of financial statement transparency for investors, depositors and regulators. That said, we do feel there are areas where its application could be enhanced. Specifically, we encourage the SEC to consider the following with regard to securities owned with no current intent to sell:

- Segregate impairment values between permanent, credit-related charges and temporary, market-driven impairments. The former is already guided under FAS 114 and is an established practice in the financial services industry. FAS 114 recognizes the known loss content from a credit perspective. This impairment is driven by discounting of cash flows and recognized by a charge against current earnings.

- Differences between the permanent (credit-driven) loss and the estimated value calculated under FAS 115 would determine the temporary impairment driven by market forces. Such temporary impairments would be recognized in other comprehensive income until the underlying security is sold or matures.

RMA believes this approach has multiple benefits.

- It aligns FAS 114 and FAS 115 by eliminating disparate treatment of cash flows between loans on a stand-alone basis and loans held within a security.

- It recognizes the reality of permanent credit-driven impairment and the possibility of temporary market-driven impairment. Investors and other interested parties would be able to differentiate between the two, enhancing their understanding of the firm's financial statements. Further, it will enhance comparability of valuations between competing firms.

- It achieves accounting transparency sought under FAS 157 by the SEC while avoiding issues related to the regulatory capital banks must maintain. This, in turn, may: assist in reducing the pro-cyclicality of FAS 115 and FAS 157; provide protection for existing shareholders who might be diluted through unnecessary capital raising activities, and; give banks a greater level of confidence in their capital structures from which credit granting activity arises.

We appreciate the opportunity to comment on this important matter and encourage the SEC to give our recommendations favorable consideration.

Sincerely,

Kevin M. Blakely

Kevin M. Blakely

KMB/may