MBNA

MBNA Corporation
Wilmington, Delaware 19884

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OFFICE OF THE SECRETARY

September 30, 2004

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Re: File Number S7-32-04

Dear Mr. Katz:

MBNA Corporation ("MBNA"), a bank holding company, would like to thank the Securities and Exchange Commission (the "SEC" or "Commission") for the opportunity to comment on the proposed rule dated September 1, 2004, entitled Temporary Postponement of the Final Phase-In Period for Acceleration of Periodic Report Filing Dates (the "Proposal"). Through its principal subsidiary MBNA America Bank, N.A., a national bank, MBNA is the largest independent credit card lender in the world with \$60.8 billion in total assets, and \$87.7 billion of outstanding securitizations that it has originated and services, as of June 30, 2004.

We strongly support the Commission's proposal to delay the implementation of the final step of the accelerated filing phase-in plan. We applaud the Commission for responding to the practical needs of registrants as they work diligently to comply with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") by evaluating and assessing the effectiveness of their internal controls over financial reporting.

Donald T. Nicolaisen, the Commission's Chief Accountant, has commented publicly on numerous occasions in recent months about the critical importance of the Section 404 assessments and the priority this requirement should take over other emerging regulatory and generally accepted accounting principle ("GAAP") developments. That sentiment is echoed in the Proposal.

The Chief Accountant has stated that the Commission will be protective of registrants' abilities to meet the deadlines imposed by Section 404 by supporting delayed effective dates for new standards issued by the Financial Accounting Standards Board (the "FASB") and/or seeking safe harbors related to the implementation of such rules. For example, there have been several recent comments concerning the planned January 1, 2005 effective date of the FASB's proposed amendments to the accounting for stock options and other share-based compensation.

Mr. Nicolaisen's comments and this Proposal are good indications that the Commission is sensitive to the significant burden that public companies face today. We believe, however, that merely delaying by one year the acceleration of the 10-K and 10-Q filing dates to 60 and 35 days, respectively, by itself, does not provide adequate relief.

Registrants are facing the Section 404 assessments for the first time this year, but those assessments will continue to be required every year thereafter. In addition, the following challenges will compound the accounting and disclosure burden for public companies:

1. *A proliferation of new FASB standards*. New standards on a wide variety of issues including stock-based compensation, asset securitization, fair value measurements, business combinations, revenue recognition, income taxes and a host of short-term projects designed to promote convergence between FASB and international accounting standards are currently in process. Each of these standards includes incremental disclosure requirements.

2. *Continued calls for greater financial statement transparency*. Recent examples of SEC rules designed to promote increased disclosure or that impact existing disclosure practices include proposed or final rules on critical accounting policies, off-balance-sheet arrangements and contractual obligations, purchases of certain equity securities by the issuer and others, conditions for use of non-GAAP financial measures and disclosure of equity compensation plan information. While providing potentially useful information for investors, the implementation of each of these rules has increased the time needed by registrants to produce the necessary financial report disclosures while less time is now available to do so.

3. *Greater complexity of transactions and structures*. Off-balance sheet financings, qualifying special purpose entities, hedging transactions and business combinations, all of which are increasingly more common now than ever before, are examples of transactions and structures about which there is high degree of complexity. The growing complexity of business transactions increases the difficulty of ensuring that the accounting and reporting obligations are properly interpreted and applied.

4. *Impact of CEO and CFO certification*. Given the requirements for CEO and CFO certifications of periodic reports, public companies have intensified their reporting processes designed to prevent or detect financial misstatements or reporting errors. This focus has caused additional levels of review to be instituted which requires more time to complete and places further demands on those involved in the accounting and reporting processes.

5. *Impact of increased auditor liability*. The rules promulgated by the Public Company Accounting Oversight Board ("PCAOB") can be reasonably expected to result in more audit work and greater levels of documentation being done by registered public accounting firms. This, in turn, will require more of the issuers' resources in responding to auditor inquiries. Quite often, the people involved in working with the auditors are the same people responsible for the accounting and reporting functions, thus further stretching already limited resources.

6. *Principles-based accounting standards*. The principles-based nature of current accounting standards developments by the FASB pursuant to Section 108 of Sarbanes-Oxley will make application of new GAAP more challenging. Principles-based standards will introduce significantly more subjectivity and individual judgment into the application of accounting standards as issuers and auditors attempt to interpret and apply them appropriately. As seen with FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, even the development of a principles-based standard that can be readily understood and applied can be difficult. Complications in applying that standard resulted in the issuance of a series of FASB Staff Positions to provide implementation guidance and a rewrite of the Interpretation within one year of its issuance.

7. *International accounting standards*. For global enterprises, the application of international accounting standards places additional demands on accounting and reporting functions. Despite the ongoing efforts of the FASB and IASB to achieve harmonization between U.S. and international accounting standards, numerous differences exist. Thus, for international operations, two sets of accounting standards, each subject to periodic changes, must be understood and implemented.

8. *Other regulatory requirements*. Various industries have specific incremental disclosure requirements that are important to consider in the overall scheme of regulatory burdens. For banks, the implementation of a new and highly complex capital adequacy system under U.S. bank regulatory guidance, pursuant to the new Basel Capital Accord, will represent an enormous undertaking by U.S. banks. Implementation will place additional demands on various functional areas of those enterprises including their financial reporting departments.

While we commend the SEC for taking this step in proposing to delay the implementation of the final phase of accelerated filing - and we agree it is necessary - we believe that consideration of the items listed above highlights the need for the Commission to reevaluate the feasibility of issuers ever being able to reasonably produce financial disclosures of the necessary high quality within the fully-accelerated time frames which would be applied after this one-year delay. We question whether the further reduction of annual and quarterly reporting times by 15 and 5 days, respectively, can be achieved without compromising the quality and accuracy of the information presented. The regulatory burden is significant for both issuers and their auditors, and its growth appears almost certain to continue.

We appreciate the opportunity to share our comments. We continue to support the Commission's efforts to balance the market's need for accurate and high-quality information with the time companies reasonably need to provide it. We hope that our comments will be useful as those efforts continue.

We urge the Commission to consider these comments in further analyzing the proposed rule. If you have any questions on the comments contained in this letter, please contact me at (302) 432-1103.

Sincerely,

Kenneth A. Vecchione
Chief Financial Officer
MBNA Corporation

Vice Chairman
MBNA America Bank, N.A.