

November 13, 2008

Via Electronic Filing

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

Re: SEC Study of Mark to Market Accounting, SEC Rel. Nos. 33-8975; 34-58747; File No. 4-573

Dear Ms. Harmon:

The Investment Adviser Association¹ appreciates the opportunity to comment on the Commission's Study of Mark to Market Accounting.²

In the Emergency Economic Stabilization Act of 2008 (EESA), Congress called on the Commission to conduct a study of mark-to-market accounting standards in Statement Number 157 (FAS 157) of the Financial Accounting Standards Board (FASB), in consultation with the Board of Governors of the Federal Reserve System and the Secretary of Treasury. In particular, EESA specifies six issues on which the study should focus: the effects of FAS 157 on a financial institution's balance sheet; the impacts of FAS 157 on bank failures in 2008; the impact of FAS 157 on the quality of financial information available to investors; the process used by the FASB in developing accounting standards; the advisability and feasibility of modifications to FAS 157; and alternative accounting standards to FAS 157. The Commission must present administrative and legislative recommendations to Congress by January 3, 2009.

The Commission began the process of gathering input on the study through the public notice and comment period. As part of the study, the Commission has conducted and will conduct public roundtables to obtain input from investors, accountants, standard setters, business leaders, and other interested parties.

¹ The Investment Adviser Association (formerly the Investment Counsel Association of America) is a not-for-profit association that represents the interests of SEC-registered investment advisory firms. Founded in 1937, the IAA's membership today consists of more than 500 firms that collectively manage in excess of \$9 trillion in assets for a wide variety of individual and institutional clients. For more information, please visit our web site: www.investmentadviser.org.

² See *SEC Study of Mark to Market Accounting*, Rel. Nos. 33-8975; 34-58747; File No. 4-573 (Oct. 8, 2008).

In light of the financial crisis, some industry participants have urged the Commission immediately to override guidance issued by the FASB and Commission staff or effectively to suspend fair value accounting. Fair value accounting, however, is too important and complex an issue to address in such a hasty fashion. Rather, we agree with the approach required by Congress in the Act: the Commission should follow a deliberative, thoughtful process in reviewing FAS 157 and its usefulness in financial reporting. The Commission should not override the FASB's independent standard-setting process by eliminating or suspending FAS 157. If the Commission determines that it, Congress, or the FASB should take additional steps with respect to FAS 157, these determinations should be made after thoughtful consideration and examination of all the relevant issues as Congress intended. The aggressive deadlines set forth in EESA will ensure that the Commission's recommendations will be made in a timely manner.

We commend the Commission for its quick action in getting this important study underway and for providing all interested parties an opportunity to participate in the public roundtables to evaluate the important issues surrounding fair value accounting. We believe the October 29 roundtable provided very important information for the Commission to consider in its study, including alternatives to an all-or-nothing approach to FAS 157. In this regard, we recommend the Commission focus its upcoming November 21 roundtable on solutions-based discussions, including whether to make technical improvements to FAS 157 and whether viable alternative accounting approaches exist. We also commend the Commission for coordinating with international accounting standards setters on issues related to fair value accounting to help obtain a consistent global approach to the issue.

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The IAA greatly appreciates your consideration of our comments on the Commission's study of mark-to-market accounting and fair value measurements. Please do not hesitate to contact us if we may provide additional information or assistance to you regarding these matters.

Respectfully,



DAVID G. TITTSWORTH
Executive Director

cc: The Honorable Christopher Cox, Chairman
The Honorable Kathleen L. Casey
The Honorable Elisse B. Walter
The Honorable Luis A. Aguilar
The Honorable Troy A. Paredes