



Consumer Federation of America



CENTER FOR AUDIT QUALITY

Serving Investors, Public Company Auditors & the Markets



COUNCIL OF
INSTITUTIONAL
INVESTORS



Investment Management Association
ima
Representing the managers of
£3½ trillion of customers' savings



November 14, 2008

The Honorable Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street, Mail Stop 1070
Washington, DC 20549

Dear Chairman Cox:

Over the past several months there have been requests of the Securities and Exchange Commission to suspend or revise accounting standards issued by the Financial Accounting Standards Board (FASB). Such requests imply that the current economic crisis can be alleviated by simply de-recognizing economic events from financial statements. We recognize that the global financial system is experiencing levels of stress unprecedented since the Great Depression. The great insight and wisdom shown by Congress in creating the SEC during that time of severe economic distress lies in the Commission's mission of protecting investors, and maintaining fair, orderly, and efficient markets through full disclosure of the information that materially affects investment decisions. That mission has our strong and undivided support, and we hope it will be reflected in the Congressionally-mandated study of mark-to-market accounting.

If reported financial information is going to be believed, trusted, and used by investors and the business community, it is critical that the standards used to prepare that information are set by bodies that are **truly independent**.

An independent standard setter makes it more likely that accounting standards will serve the needs of those who read and review financial reports, not those that are responsible for creating them. Those responsible for creating financial reports may recommend accounting rules that, intentionally or unintentionally, obfuscate an objective reporting of the real performance and condition of a company at the expense of outside shareholders. Accounting standards should be promulgated to serve the interests of investors and the capital markets.

In adopting the Sarbanes-Oxley Act of 2002, Congress recognized the benefits of having accounting standards set by an independent and adequately funded body, and wisely endorsed the current standards-setting process. Further political intervention by Congress or the Commission runs the risk of impeding the FASB's ability to promulgate and issue standards for financial reporting, which serves investors and the capital markets of the United States. Accounting standards must faithfully represent the economic substance of business transactions and provide information that meets the needs of investors in a neutral manner to all financial market participants.

In the specific case of fair value reporting, investors require an accounting standard that reports a relevant and useful value of financial instruments regardless of the direction of markets. Fair

value accounting with robust disclosures provides more reliable, timely, and comparable information than amounts that would be reported under other alternative accounting approaches.

We acknowledge that disclosures about the application of fair value reporting may be improved, particularly with respect to the absence of liquid markets for a broad cross section of securities. Making those improvements, however, will require a partnership among standard setters, common shareowners, other investors, preparers and regulators, to bring full transparency and the highest integrity to the standards, as well as to the processes by which those standards are developed. Those goals can be achieved only through your steadfast support of investor interests. We look forward to working with you as you complete your study.

Sincerely,

/s/

Cindy Fornelli
Executive Director, Center for Audit Quality

/s/

Jeff Diermeier, CFA
President and CEO, CFA Institute

/s/

Barbara Roper
Director of Investor Protection, Consumer Federation of America

/s/

Jeff Mahoney
General Counsel, Council of Institutional Investors

/s/

Liz Murall
Director of Corporate Governance and Reporting, Investment Management Association

Cc:

- Hon. Harry Reid, U.S. Senate Majority Leader
- Hon. Christopher Dodd, Chairman, U.S. Senate Committee on Banking, Housing and Urban Affairs
- Hon. Charles Schumer, U.S. Senate Committee on Banking, Housing and Urban Affairs
- Hon. Barney Frank, Chairman, U.S. House Committee on Financial Services
- Hon. Richard Shelby, Ranking Member, U.S. U.S. Senate Committee on Banking, Housing and Urban Affairs
- Henry Paulson, U.S. Treasury Secretary
- Guido Mantega, Brazil Minister of Finance
- Henrique Meirelles, Governor of the Brazil Central Bank
- Luis Aguilar, U.S. Securities and Exchange Commission
- Kathleen Casey, U.S. Securities and Exchange Commission
- Conrad Hewitt, U.S. Securities and Exchange Commission
- Troy Paredes, U.S. Securities and Exchange Commission
- Elisse Walter, U.S. Securities and Exchange Commission