

# THE FINANCIAL SERVICES ROUNDTABLE



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*Impacting Policy. Impacting People.*

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## **VIA EMAIL**

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

Dear Chairman Cox:

Recent market conditions continue to highlight the problems associated with the use of fair value accounting in an illiquid market. Many companies and observers believe reformed guidance in the use of fair value accounting would be as important to the economy as the passage of the Treasury's Trouble Asset Relief Program legislative proposal.

The Securities and Exchange Commission is in a position to provide timely guidance on the use of fair value accounting under these market conditions. As evident by your comments at the Senate hearing yesterday, I know you recognize the urgent need for such guidance.

The Roundtable supports the use of fair value accounting and recognizes the importance of such accounting when there is a readily identifiable value established in the market for a particular asset or liability. We are not in support of a return to historical cost accounting, nor are we in support of a blanket ban on fair value accounting.

Companies should not be required to rely on an illiquid market to price long term, non-trading assets or to create an educated guess of such an asset's value. As such, the Roundtable *urges* that in illiquid market conditions, rather than a blanket application of fair value exit pricing, investors should be able to use alternative definitions of fair value that focus on the value to the investor if the security does not require immediate liquidation. In our previous letters to the Commission, the Roundtable has provided details on this proposal.

Thank you in advance for your assistance in this matter. We would be happy to meet with you at your convenience to help shape this guidance. Please feel free to contact me directly at [steve@fsround.org](mailto:steve@fsround.org) or 202-589-2417.

Sincerely,

Steve Bartlett  
President and CEO

cc: President's Working Group  
Mr. Barry Jackson, Asst. to the President for Strategic Initiatives and External Affairs  
Financial Services Roundtable Representatives