

MEMO# 23000

October 17, 2008

SEC Requests Comment on Mark-to-Market Accounting in Connection with Congressionally-Mandated Study

[23000]

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 12-08
EQUITY MARKETS ADVISORY COMMITTEE No. 55-08
SEC RULES COMMITTEE No. 72-08 RE: SEC REQUESTS COMMENT ON MARK-TO-MARKET
ACCOUNTING IN CONNECTION WITH CONGRESSIONALLY-MANDATED STUDY

Section 132 of the Emergency Economic Stabilization Act of 2008 requires the SEC, in consultation with the Federal Reserve and the Treasury, to conduct a study on mark-to-market accounting standards as provided in FAS No. 157 and report to Congress within ninety days. The SEC recently issued a release requesting comment on mark-to-market accounting in connection with the Congressionally-mandated study. [\[1\]](#) Comments are due to the SEC by November 13, 2008.

The Study must consider at a minimum:

1. The effects of such accounting standards on a financial institution's balance sheet;
2. The impacts of such accounting on bank failures in 2008;
3. The impact of such standards on the quality of financial information available to investors;
4. The process used by the FASB in developing accounting standards;
5. The advisability and feasibility of modifications to such standards; and
6. Alternative accounting standards to those provided in FAS No. 157.

The Institute is considering responding to the Commission's request for comment. Such comment letter could address mark-to-market accounting from the perspective of funds as

investors (i.e., the use of fair value in corporate financial reporting) or funds as issuers (i.e., the application of FAS 157 to valuation of fund portfolios). If you have issues that you would like the Institute to consider addressing in a possible comment letter, please contact the undersigned (202/326-5851 or smith@ici.org), Ari Burstein (202/371-5408 or aburstein@ici.org), or Bob Grohowski (202/371-5430 or rcg@ici.org) by October 31, 2008.

Gregory M. Smith
Director - Operations/Compliance & Fund Accounting

endnotes

[1] See SEC Study of Mark to Market Accounting, SEC Release Nos. 33-8975 and 34-58747 (October 8, 2008) available on the SEC's website at <http://www.sec.gov/rules/other/2008/33-8975.pdf>.

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