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August 12, 2008

Mr. Conrad Hewitt
Chief Accountant
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Conrad:

I am writing you about some concerns of the American Bankers Association (ABA) relating to accounting standard-setting. As you may recall, the ABA discussed with you the idea of establishing an oversight process for the calendar of proposals and effective dates, primarily because the number of standards-setters has increased in recent years (IASB and PCAOB) and because the volume of change seems to have dramatically increased.

Our purpose in writing is to ask you to examine the current standard-setting agendas, consider how they should be prioritized, and work with the IASB and the FASB to develop a prioritization list with a more realistic calendar for proposals and final standards. Without this, we are concerned there will be insufficient comprehensive input, lower quality standards, risks to financial reporting accuracy, potential for divergence from IFRS, and continued turmoil among industry and the markets responding to a stream of major adjustments to accounting rules and practices. The heavy and continuous change means heavy and continuous implementation efforts with very significant costs. Because of this, we believe consideration is appropriate as to whether proposed changes are truly warranted and necessary.

The same people must comment on the same issues at the same time that they are performing their regular duties – all at a time when their efforts and attention are under demand from many other important quarters. For example, many of the people who are needed to give quality input on new proposals and who are required to implement changes effectively are the same people who the regulators demand be giving their full attention to control and monitoring functions within our businesses. We recommend that prioritization of the issues consider the following:

1. whether the volume of change is really necessary and whether the accounting model is actually so “broken” so as to require so many changes within the time frames being provided;
2. whether sufficient time is being given for comments and whether there is too much overlap of comment periods;

3. whether the time periods provided for implementation are sufficient, including considering the volume of change;
4. whether the large number of important proposals within the same time period decreases the thoroughness with which they are vetted;
5. whether the volume of proposals inhibits the ability to assess adequately any issues that could arise from the interaction of the various proposals;
6. whether industry's views become diluted because entities do not have the resources to provide feedback on the large volume of proposals;
7. whether it is logical to require the U.S. GAAP changes now, considering the likely convergence with IFRS in the near term; and
8. what the most important issues are from a public policy perspective.

We believe many of the proposals now on the table and quickly approaching exposure stage are too important for the tight time frames provided. The overlap and proximity of comment periods as well as some relatively short comment periods may result in inadequate due process. For example, the following issues are extremely important:

- Comments were recently provided by our industry to the FASB about:
 - SFAS 140 revision
 - Problems relating to SFAS 157
- Industry implementation of accounting for loans on “day 2” under SFAS141R, which has not yet been resolved
- Comments are due in August for:
 - SFAS 5 disclosures
 - SFAS 133 hedging amendment
 - AICPA's AT 501 (with effective date of 2008) for management reporting on internal controls
- Comments are due in September for:
 - SFAS 140 disclosures
 - Conceptual Framework
 - Reducing Complexity in Reporting Financial Instruments
 - Financial Instruments with Characteristics of Equity
 - Reporting Entity
- On the short horizon, comments will be due on:
 - SFAS 140 and FIN 46 (R) interim disclosures
 - Revenue Recognition
- Before year-end, we will need to consider:
 - Financial Statement Presentation
 - Leases
 - IFRS for Private Entities

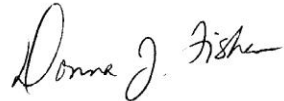
Additionally, a common thread in some of the issues listed above is fair value accounting, which has serious implications for our industry that have not yet been considered – and the shortcomings of which are daily becoming more obvious and alarming. Some issues on the list have regulatory capital implications that need to be fully and carefully evaluated. There are also other issues on the FASB and IASB agendas that are important (see attached agendas for FASB and IASB). It is

important to concentrate our efforts on those parts of the accounting literature that are truly broken in order to avoid continuous and unnecessary change followed by revisions and re-work.

If the SEC is in agreement, we believe it would be useful for you to work with the FASB, IASB, and AICPA to prioritize, provide sufficient time for comment, and coordinate calendars so stakeholders can focus on what is important – properly managing their entities and providing reliable and relevant financial information that strikes the right balance of costs versus benefits. The consequences of failure to do so are potentially very serious, not the least of which will be a serious degradation in the quality of public reporting.

Thank you for considering our recommendations. We would be pleased to discuss them further with you.

Sincerely,

A handwritten signature in black ink that reads "Donna J. Fisher". The signature is written in a cursive style with a large initial "D".

Donna Fisher

Enclosure

cc: Bob Herz, Chairman, FASB
Sir David Tweedie, Chairman, IASB
Mark Olson, Chairman, PCAOB
Robert C. Pozen, Chairman, SEC Advisory Committee on Improvements to
Financial Reporting

Extracts from the FASB and IASB websites:

FASB Project Updates and Technical Plan

Summaries of Agenda Projects

	2008		2009		
	3Q	4Q	1Q	2Q	2H
JOINT FASB/IASB PROJECTS:					
<u>Conceptual Framework Project</u> (Updated as of July 29, 2008)					
Objectives and Qualitative Characteristics (Phase A)	C			F	
Elements and Recognition (Phase B)					PV
Measurement (Phase C)				PV	
Reporting Entity (Phase D)	C				E
Presentation and Disclosure, including Financial Reporting Boundaries (Phase E)					
Framework Purpose and Status in GAAP Hierarchy (Phase F)					
Applicability to the Not-for-Profit Sector (Phase G)					
Entire Framework (Phase H)					
Standards Projects:					
<u>Earnings per Share</u> (Updated July 29, 2008)	E				F
<u>FAS 144—Reporting Discontinued Operations</u> (Updated May 27, 2008)	E		F		
<u>Financial Statement Presentation</u> (Updated July 23, 2008)					PV
<u>Revenue Recognition</u> (Updated July 11, 2008)					PV
<u>Liabilities and Equity</u> (Updated December 5, 2007)					R
<u>Income Taxes</u> (Updated February 1, 2008)				E	
<u>Leases</u> (Updated July 30, 2008)					PV
<u>Emissions Trading Schemes</u> (Updated June 5, 2008)					E
Research Projects:					

[Financial Instruments](#) C
(Updated April 30, 2008)

[Accounting for Insurance Contracts](#)
(Updated May 30, 2008)

[Consolidations: Policy and Procedures](#)
(Updated March 13, 2008)

	2008		2009		
	3Q	4Q	1Q	2Q	2H
FASB PROJECTS:					
ARB 43—Accounting for Trading Inventory (Updated May 1, 2008)	F				
FAS 117—Not-for-Profit Endowments and UPMIFA (Updated June 24, 2008)	F				
FAS 133/FIN 45—Disclosures about Credit Derivatives (Updated June 5, 2008)	F				
FAS 157—Measurement of Liabilities (Updated May 23, 2008)	F				
Postretirement Benefit Obligations including Pensions (Phase 2) (Updated April 29, 2008)					
FAS 132(R)—Disclosures about Plan Assets (Updated July 29, 2008)	F				
Reconsideration of Interpretation 46(R) (Updated June 18, 2008)	E	R,F			
Statement 140 Implementation: Transfers of Financial Assets (Updated July 22, 2008)	E	R,F			
Technical Corrections to FASB Statements	E	F			
Contingency Disclosures (Updated June 27, 2008)	C	R,F			
Statement 133 Hedging (Updated June 9, 2008)	C	F			
Mergers and Acquisitions by a Not-for-Profit Organization (Updated July 3, 2008)					
Mergers and Acquisitions		F			
Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition		F			
Fair Value Option (Phase 2) (Updated October 22, 2007)					
FAS 2—IPR&D Acquired in an Asset Acquisition (Updated March 6, 2008)					
Loan Loss Disclosures (Updated April 10, 2008)					

	2008		2009		
	3Q	4Q	1Q	2Q	2H
OTHER TECHNICAL ACTIVITIES:					

[XBRL](#)

(Updated June 19, 2007)

FASB Accounting Standards Codification™

(Updated January 15, 2008)

Valuation Resource Group

(Updated May 21, 2008)

Codes:

C – Comment Deadline

E – Exposure Document

F – Final Document

PV – Preliminary Views

R – Roundtable

IASB Work Plan - Projected timetable as at 30 June 2008

	Last document issued	Estimated publication date					Estimated issuance of final document
		2008 Q3	2008 Q4	2009 H1	2009 H2	2010	
ACTIVE AGENDA							
New standards and major projects							
Common control transactions							TBD
Consolidation [Note 2]			ED		IFRS		
Emissions trading schemes [Note 2]					ED	IFRS	
Fair value measurement guidance [Note 1]	DP			ED		IFRS	
Financial statement presentation [Notes 1,2]		DP				ED	2011
Government grants [Note 3]							TBD
IFRS for Private Entities [SME]	ED			IFRS			
Income taxes [Notes 1,2]			ED			IFRS	
Insurance contracts	DP				ED		2011
Leases [Notes 1,2]			DP			ED	2011
Liabilities [Note 4]	ED					IFRS	
Management commentary	DP		ED		CG		

Post-employment benefits(including pensions)	DP				ED		2011
Revenue recognition [Notes 1,2]		DP			ED		2011
Amendments to standards							
Annual improvements		ED		IFRS			
Earnings per share: treasury stock method (IAS 33) [Note 2]		ED			IFRS		
Financial instruments: eligible hedged items (IAS 39)	ED	IFRS					
First-time adoption of IFRSs (IFRS 1): additional exemptions		ED			IFRS		
Joint ventures	ED			IFRS			
Non-current assets held for sale and discontinued operations (IFRS 5) [Note 2]		ED		IFRS			
Related party disclosures (IAS 24)	ED		IFRS				
Share-based payment: group cash-settled share-based payment transactions (IFRS 2 and IFRIC 11)	ED			IFRS			
Conceptual Framework							
Phase A: Objectives and qualitative characteristics	ED			Final chapter			
Phase B: Elements and recognition					DP	ED	2011
Phase C: Measurement				DP		ED	2011
Phase D: Reporting entity	DP				ED		TBD
Phase E: Presentation and disclosure							
Phase F: Purpose and status							
Phase G: Application to not-for-profit entities							
Phase H: Remaining Issues							
RESEARCH AGENDA							

Derecognition [Notes 1,2]							TBD
Extractive activities			DP				TBD
Financial instruments (replacement of existing standards) [Notes 1,2]	DP						TBD
Intangible assets [Note 6]							TBD
Liabilities and equity [Notes 1,7]	DP				ED		2011

Key to abbreviations

- **CG** - Completed guidance
- **DP** - Discussion Paper
- **ED** - Exposure Draft
- **IFRS** - International Financial Reporting Standard
- **TBD** - To be determined

Notes

1. This project is part of the **Memorandum of Understanding** that sets out the milestones that the **FASB** and the IASB have agreed to achieve in order to demonstrate standard-setting convergence.
2. Project is being conducted as a joint project with the FASB.
3. Work on this project has been suspended.
4. The project on **Liabilities** deals with proposed amendments to IAS 37.
5. The IASB and the FASB will amend sections of their conceptual frameworks as they complete individual phases of the project.
6. In December 2007, the IASB decided not to add this project to its active agenda.
7. Project is being conducted as a 'modified joint' project with the FASB.