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April 12, 2002

Mr. Edmund Jenkins
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

**Re: Proposed Interpretation of FASB Statement No. 94 and
Accounting Research Bulletin No. 51**

Dear Mr. Jenkins:

The Bond Market Association, the International Swaps and Derivatives Association, and the Securities Industry Association (the Associations) Joint Industry Working Group on SPEs (JIWG) has studied and analyzed the Board's tentative decisions reached at the April 3, 2002 Board meeting on the proposed Interpretation of FASB Statement No. 94, *Consolidation of All Majority-Owned Subsidiaries*, and Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, (the proposed Interpretation). We believe the Board's discussion at the meeting reflected an awareness of some of the important concerns the JIWG expressed in its April 1, 2002 letter to you. We hope the Board and FASB staff found the information contained in the letter and its related attachment helpful.

We are aware the Board is intent on resolving the issues surrounding the consolidation of SPEs quickly in light of the heightened scrutiny of off-balance-sheet financing. However, the Board has a responsibility to issue final guidance that is practicable of implementation and that advances the goal of enhancing financial statement usefulness. As you know, the Associations formed the JIWG to monitor and offer timely comment to the Board on this expedited project. Consistent with that mission, the JIWG met on April 5 to discuss the implications of the tentative decisions on the complex SPE structures commonly found in today's marketplace. We found that many of the tentative decisions created additional issues not addressed in the proposed Interpretation. Because this project will affect the accounting for a wide variety of transactions, we believe it is critical that its practical application be fully understood by both the Board and its constituents.

In this regard, the Associations would like to offer their assistance to the Board in the form of a full-day working meeting in Norwalk among Board members, FASB staff, and representatives of the Associations. The purpose of the meeting would be to "field test" the critical provisions of the proposed Interpretation on the complex SPE structures commonly found in today's marketplace in a productive, give-and-take forum. This field test would include structures such as credit-linked notes, repackaged securities, commercial-mortgage-backed securities, conduits, and collateralized debt obligations.

Such a meeting would provide Board members and FASB staff with an opportunity to analyze the complex accounting issues raised by the proposed Interpretation with business and accounting policy representatives who are experts in the financial markets and the various types of structures used in financial asset SPEs. We believe such a meeting would help the Board to develop practicable guidance on an expedited basis without sacrificing the industry input usually obtained by the Board in a more time-consuming, formal manner.

We recently received, but have not yet had an opportunity to review thoroughly, the draft proposed Interpretation circulated to EITF members and other interested parties. However, a preliminary review of that document reinforces our view that there remain numerous substantive, operational and implementation issues that require further discussion before an exposure draft of the Interpretation is issued for public comment. We therefore seek an opportunity to meet with you and your colleagues at your earliest convenience, but in any event before an exposure draft is issued. In view of the time-sensitive nature of our request and the importance of the matters we wish to discuss with you, we have taken the liberty of forwarding a copy of this letter to members of the EITF, for their information.

We view a meeting with Board members and FASB staff as a mutually beneficial endeavor that will provide the industry with a better understanding of the proposed Interpretation and will provide the Board with a better understanding of the economic incentives and risks associated with these transactions and the practicability and implications of the tentative decisions.

The Associations sincerely hope you will take advantage of our offer. We ask that you call George Miller, Senior Vice President and Deputy General Counsel, The Bond Market Association, at 212-440-9403 to schedule a meeting.

Sincerely,

/s/ George P. Miller
**The Bond Market
Association**
George P. Miller,
*Senior Vice President and
Deputy General Counsel*
212-440-9403

/s/ Stacey Carey
**International Swaps and
Derivatives Association**
Stacey Carey,
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212-332-1202

/s/ Gerard J. Quinn
**Securities Industry
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Gerard J. Quinn,
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