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File Reference: FSP FAS 115-2 and FAS 124-2

Dear Mr. Richards and Mr. Venter,

The International Swaps and Derivatives Association ("ISDA") is pleased to provide the following comments with respect to the above mentioned FSP issued by the Financial Accounting Standards Board ("FASB").

ISDA has over 840 member institutions from 56 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. As such, we believe that ISDA brings a unique and broad perspective to the work of the IASB and FASB.

In summary, ISDA members are strongly supportive of the joint IASB and FASB project to develop a less complex classification and measurement model for financial instruments and of the accelerated timetable for this complicated project.

ISDA previously noted in our comment letter to the IASB on the 'Reducing Complexity' project that the current AFS impairment model is flawed. In addition, certain of our members expressed this view to the IASB and FASB as part of the Financial Crisis round tables held in November and December 2008.

We believe that the most appropriate way to resolve the issues raised is as part of the development of an improved classification and measurement model for financial instruments. However, given the complexity of this project, we believe that even under an accelerated timetable the long term solution cannot possibly be in place by the end of 2009. Therefore, as noted in our comment letter to the FASB on this FSP, we support their short term action in this area and encourage the IASB to develop a similar short term solution for the AFS impairment model for IFRS reporters under an accelerated due process.

ISDA acknowledge that there are various differences between US GAAP and IFRS with respect to the definition of AFS instruments and the impairment rules for such instruments. We believe that full convergence in this area cannot be achieved until the broader classification and measurement project is completed. However, we also believe that the changes to the AFS impairment model proposed in the FSP, whereby credit losses are reflected in the profit and loss account whilst other declines in fair value are recognised through OCI, would improve the relevance of financial statements and so would accordingly represent a beneficial short term amendment to IAS 39. We do not believe that the full adoption of the US GAAP's 'other than temporary impairment' model would be required.

The change would help to resolve issues that have been identified in relation to the AFS impairment model in the short term and would aid convergence with US GAAP until the broader classification and measurement project is completed. We therefore support this short term solution with an accelerated due process in order to achieve mandatory adoption for Q3 reporting (for calendar year reporters) but with early adoption permitted.

We hope you find ISDA's comments useful and informative. Should you have any questions or would like clarification on any of the matters raised in this letter please do not hesitate to contact the undersigned.

Yours sincerely,

Charlotte Jones

Charlotte Jones
Deutsche Bank AG
Chair, European Accounting Policy Committee

Antonio Corbi

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International Swap and Derivatives Association
Risk and Reporting