

January 10, 2011

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

File Reference: No. 1900-100 *Reconsideration of Effective Control for Repurchase Agreements*

Dear Technical Director:

The American Bankers Association (ABA) appreciates the opportunity to comment on the exposure draft *Reconsideration of Effective Control for Repurchase Agreements* (ED). ABA represents banks of all sizes and charters and is the voice for our nation's \$13 trillion banking industry and its two million employees. The majority of ABA's members are banks with less than \$165 million in assets. ABA's extensive resources enhance the success of the nation's banks and strengthen America's economy and communities.

ABA understands the concerns regarding the necessity and usefulness of existing collateral maintenance guidance when determining whether a repurchase agreement should be accounted for as a sale or as a secured borrowing, especially in the midst of the current economic climate. ABA supports FASB's efforts to better focus the determinative criteria related to the assessment of effective control, and we support the proposal in the ED to remove specific collateral maintenance guidance from the criteria.

ABA agrees that collateral maintenance, while certainly a factor that supports the other criteria, should not be a determinative factor in determining whether a transferor has maintained effective control over the financial assets. An additional reason for our support is that it improves convergence with International Financial Reporting Standards.

Banks are currently assessing the impact of the proposed changes on existing funding facilities and related systems. However, the expected timing of a final Accounting Standards Update (ASU) is expected to be in the first quarter of 2011, a time when banks are normally busy with year-end financial reporting. As a result, we believe an additional quarter will be needed for implementation after the ASU is issued. Based on the FASB's current schedule, this means that the ASU would become effective during the quarter beginning July 1, 2011.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me (mgullette@aba.com, 202-663-4986) if you would like to discuss our views.

Sincerely,

A handwritten signature in black ink that reads "Michael L. Gullette". The signature is written in a cursive, flowing style.

Michael L. Gullette