



October 7, 2008

Via Email: [director@fasb.org](mailto:director@fasb.org)

Mr. Russell G. Golden  
FASB Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
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File Reference: Proposed FSP FAS 157-d

Dear Mr. Golden:

Systems United Corporate Credit Union (SunCorp) wishes to comment on the proposed FASB Staff Position No. FAS 157-d, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active* (the "Proposed FSP").

SunCorp is a wholesale credit union providing investment and financial products to over 400 natural person member credit unions. SunCorp provides investments, financial and payment products and services to our members in Colorado, Utah, Nebraska and Wyoming. We hold approximately \$813 million in bonds and securities that were acquired at a AAA or AA rating. Our balance sheet is \$2.2 billion as of August 31, 2008. With sizable holdings of securities in this dislocated marketplace, we are interested in the discussions surrounding the determination of fair value for these instruments in today's illiquid market.

Given the unprecedented market conditions facing us today, simply clarifying the mechanics of fair value determination does not go far enough. The Proposed FSP should address the following in the definition of fair value:

1. For available-for-sale (AFS) securities where management has demonstrated the intent and ability to hold, the FSP should allow current severe liquidity risk premiums to be adjusted in the determination of fair value to levels observed during periods of normal market activity. Credit risk premiums should continue to be based on the best available information from market participants and not from the most conservative information found.

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2. For held-to-maturity (HTM) securities, the FSP should allow, at a minimum, current severe liquidity risk premiums to be adjusted in the determination of fair value to levels observed during periods of normal market activity. This is of great importance when determining the amount of potential other-than-temporary impairment charges. Credit risk premiums should continue to be based on the best available information from market participants.

We believe that in light of the unprecedented market conditions that currently exist, consideration must be given to changing the current ultra-conservatism of auditors. Just this week, leaders of both Lehman and AIG noted the death-spiral that was created with the current perceived requirements of their accountants and auditors. The market is looking to the accounting estimates and the accounting estimates are looking to the markets creating an ever-lower valuation in a down market while over estimating valuation in a bull market.

For a fair presentation of fair values, the Proposed FSP should distinguish between two different categories of securities. With regard to AFS or HTM securities for which the investor has the intent and ability to hold to maturity or recovery, the focus should be fair values that reflect normal liquidity risk premium levels, not the current "fire-sale" pricing or most conservative approach most often used. Failure to distinguish or to allow for these normal liquidity risk premium differences will cause continued and further distortions in financial statement presentation. Undervaluing assets and lowering equity may create a distortion so great that management cannot agree to the representation required by independent auditors in the application of this pronouncement. Thus creating a dilemma between management, which is responsible for fair presentation, and auditors, for their independent opinions.

For trading securities and AFS securities for which the investor does not have the intent nor ability to hold to recovery, the focus on incorporating the current severe liquidity risk premiums, may be appropriate.

Your urgent action on these clarifications is warranted.

Respectfully,



Thomas R. Graham  
President and CEO  
SunCorp Corporate Credit Union