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March 4, 2009

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Dear Friends,

I appreciate your taking the time to send the letter that you did to myself and my colleagues in leadership positions on the committees that deal with financial institutions. I agree with you that we should not be legislating a change in financial accounting standards and I have strongly resisted any efforts to do so. My approach in many ways corresponds to that which you outlined in the third paragraph of your letter in which you say "We should not confuse the independent private sector Financial Accounting Standards Board's role...with the role and responsibilities of the regulatory bodies..." What I have strongly suggested is that we consider giving some flexibility to the regulators in the consequences that follow after a mark to market reassessment. That is, I do not think we should try in any way to interfere with the mark to market rules by legislation, but there are areas it seems to me where the consequences that follow from that are too automatic and I will be exploring with various interested parties what we could do not to undermine the fair value accounting, but to provide some flexibility in how we react to those. Any thoughts you have on this subject will be very welcome.


BARNEY FRANK