

Bachus Statement on Mark to Market

March 10, 2009

WASHINGTON - Congressman Spencer Bachus (R-AL), the top Financial Services Committee Republican, issued this statement on mark-to-market accounting:

"Thursday's hearing on mark-to-market accounting, which I first requested last October, will be one of the most important hearings that the Financial Services Committee will hold this year, and it could not be more timely. Last fall, I worked with Congressman Roy Blunt to add a provision to the economic rescue legislation requiring the Securities and Exchange Commission (SEC) to conduct a comprehensive study of mark-to-market issues. I have twice requested hearings on this subject and am pleased to see the Committee taking action.

"Federal Reserve Chairman Bernanke is to be commended for his remarks today regarding the negative pro-cyclical effects of the mark-to-market accounting rules. It is now widely acknowledged that these accounting rules can have unintended consequences, and have made the current crisis worse than it otherwise might have been. Chairman Bernanke's call for further review of these standards and for modifications that can 'reduce their pro-cyclical effects without compromising the goals of disclosure and transparency' is an important and helpful recommendation.

"The time for review and study is past and action is needed now. The SEC report, which was issued last December as required by the provision we authored, recommended that additional measures should be taken to improve the application of fair value standards, and directed the Financial Accounting Standards Board (FASB) to issue guidance. However, FASB and the SEC have not yet acted to provide relief from these accounting rules. Likewise, the banking regulators must seriously consider regulatory capital relief in light of the impact that mark-to-market accounting rules have had on bank capital during this financial crisis.

"Action to provide relief from the negative effects of mark-to-market accounting is long overdue. Accordingly, I will be calling on the SEC and FASB at Thursday's hearing to act swiftly to address legitimate concerns about the application of mark-to-market in the current economic climate, including adopting those accounting changes already recommended by our bank regulators and in the SEC report."

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NOTE: Click [here](#) to view an October, 2008 Washington Post article highlighting Bachus' role in commissioning the SEC study on mark-to-market accounting issues.