

Mark to Market

It is widely acknowledged that mark to market rules may be exacerbating the current financial crisis, and the calls to modify these rules continue to gain steam. Modifications to mark to market rules could help to restore certainty to our capital markets.

The Securities and Exchange Commission (SEC) reported that accounting modifications could increase transparency, leading to better investment decision making practices. While the Financial Accounting Standards Board (FASB) had originally indicated that it would not issue guidance until July of this year, proposed modifications were issued for public comment on March 16th.

Financial institutions are struggling during and continue to wait for the SEC and FASB to issue meaningful guidance that will help them apply mark to market accounting with certainty. On March 10th, Federal Reserve Chairman Ben Bernanke said guidance is needed: "Given what is going on in the world, we should look to identify the weak points of mark-to-market and try and make some improvements on a more expeditious basis."

Republicans will continue to work to ensure the Financial Services Committee performs regular oversight of the SEC and FASB to ensure that they are serving the needs of investors and market participants. It's disappointing to many members of Congress that as evidence mounts that common sense modifications to mark to market rules are needed quickly; the SEC and FASB do not recognize the urgency.

The bottom line is that our regulatory structure must be modernized. We need dynamic regulators to respond to changing market conditions in order to protect investors and market participants. As we begin work to modernize our regulatory structure, we need to evaluate the accounting standard setting process, including the role of FASB, and how it can better meet the needs of all investors.

Additional Resources:

Congressman John Campbell gave this YouTube commentary following the Capital Markets Subcommittee hearing on mark to market accounting.

Rep. Gary Miller issued this statement: [Rep. Gary Miller's Statement on Mark-To-Market](#).

Rep. Spencer Bachus gave this YouTube statement; and issued these statements: [Bachus Urges FASB to Act Expeditiously During Mark-to-Market Hearing](#); [Bachus, Blunt Urge SEC to Protect Taxpayers, Family Savings by Adopting Commonsense Accounting Rules](#). Last year, Ranking Member Bachus sent this [letter to Chairman Frank](#) urging hearings on mark to market, and sent this [letter to the SEC](#).

