

Technical Director

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Re : **Disclosure of Financial Instruments DUE 7-31- 2009**

By : Dr. Joseph S. Maresca CPA, CISA

Colleagues,

Thank you for the opportunity to critique this issuance. The Standard deals with the requisite disclosures for financial instruments. Generally, there is agreement with the following provisos noted:

(1) P. 10 IN3

This part discusses the management of risk. There should be a reference made to volatility as measured by the VIX index to provide better information for readers of the financial statements. An added concern is business interruption and insurance thereof, as well as risks due to Acts of G-d like hurricanes in Asian zones and elsewhere.

3(a) The reference to joint ventures should provide a discussion on the governing legal venue and international law applicable in individual circumstances.

(2) P. 12 should make reference to rights , obligations and RECOURSE under insurance contracts.

(3) P. 14 discusses loan receivables, surplus or deficit and the disclosure of credit risk. There should be a reference to recourse (the party who bears the risk ultimately) as well as whether or not courts have historically disturbed the contractual relationship in order to redirect risk to the originating parties. The local legal counsel should be cognizant of how the courts will interpret risk given a well defined set of circumstances. (stare decisis)

(4) Collateral: The Statement should provide guidance on volatility concurrent with the fair value of collateral held. pp. 17

Defaults and Breaches : Add disclosure on guidance for Loans to Executives, Loans under Prime or Non-Accrued Loans that are not Concessionary Loans in nature.

(5) pp. 25 When "sensitivity analysis" is unrepresentative of the financial environment, there should be a discussion of contingencies which trigger or can foreseeably result in risk to financial stakeholders.

DEFINITIONS: There should be a disclosure of the impact of **renegotiated rates** due to government mandate or Court mandate or even changes in the host country regulatory environment or host country bourses.

148C: This part should make reference to the Quasi-Reorganization with respect to capital requirements and adherence to new or re-defined missions or court supervised adherence to the current mission.

by Dr. Joseph S. Maresca CPA, CISA