

RE: Adding AMERIBOR[®] to FASB's List of Benchmark Interest Rates for Fair Value Hedge Accounting

Via electronic mail

September 16, 2020

Richard R. Jones
Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Chairman Jones:

We the undersigned are CEOs of banks that are members of the American Financial Exchange (AFX).

AFX has more than 200 members in all 50 states and Puerto Rico and provides access to more than 1,100 U.S. banks through its membership and downstream correspondent program (out of 5,300 banks in the U.S.); furthermore, AFX member banks represent approximately \$3 trillion in total assets of approximately \$20 trillion total assets of the U.S. banking sector.

We use the AFX to borrow and lend funds to other banks and financial institutions. In this process we have established a new overnight unsecured interest rate benchmark called AMERIBOR[®] (American Inter-Bank Offered Rate).

AMERIBOR has been reviewed by an independent third party and AMERIBOR has been determined to meet IOSCO's 19 Principles for Financial Benchmarks.¹

The member banks want to do fair value hedge accounting with AMERIBOR indexed loans, debt, and deposits. Since AMERIBOR is not on FASB's list of benchmark interest rates for fair value hedge accounting, we are subject to accounting procedures which artificially cause volatility in income statements. This adversely impacts our financial reporting and capital requirements.

Due to the adverse impact on income volatility, financial reporting and capital, we need a timely solution and respectfully request that AMERIBOR be quickly added to FASB's list of permissible interest rates for fair value hedge accounting while FASB studies a principles-based approach.

¹ The International Organization of Securities Commission (IOSCO) Principles for Financial Benchmarks are intended to promote the reliability of benchmark determination and address benchmark governance, quality and accountability. IOSCO's nineteen principles are considered the global standard for benchmarks in the financial sector.

