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international

1250 Headquarters Plaza

West Tower, 7th Floor

Morristown, NJ 07960

973.765.1000 | Fax 973.765.1018

Marie N. Hollein, CTP (CD)
President & Chief Executive Officer

April 19, 2011

Ms. Leslie Seidman
Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Leslie and Sir David,

I am writing on behalf of Financial Executives International in response to the recent joint announcement by the Boards on the timetable for completion of the MOU projects. FEI applauds the Boards' joint decision to allow more time to complete these projects. The standards that will result from these MOU projects share a common set of characteristics: they are complex, will have a pervasive effect requiring changes to be made by nearly all reporting companies, and the proposals seek fundamental changes that will have a profound and long-lasting impact on both accounting and business practices. Accordingly, it is critically important that the standards produced under this process are clear, understandable, operational, cost-effective to apply and will provide investors and other financial statement users with better information for making rational investment and credit decisions. We are pleased to offer our advice and assistance to the Boards as they enter the final and crucial phase of due process related to these standards.

We note that in each of the major projects, the Boards have made significant decisions that depart from the principles of the proposed standards exposed for public comment. We further observe that, while such changes may have been in response to constituent comments, it is necessary and appropriate to re-expose the revised standard to ensure that the new guidance achieves the desired result and does not introduce new issues or otherwise create unintended consequences for constituents.



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We understand that members of the Board and staff have engaged in extensive outreach with constituents in face to face meetings and conference calls. We support such interactions as a valuable way to more quickly identify key issues with the Board's tentative conclusions. However, it is important to remember that the specific language of the proposed standard is what ultimately determines the future path of interpretations, implementation and compliance. In the absence of consideration of the actual guidance in the proposed standard, it is more likely that such interactions will be less productive and potentially miss important matters that can only be identified and analyzed based on the words in the standard. In the regulatory environment in the United States, we have robust and highly developed mechanisms for the application, control and review of accounting information that ensure compliance with US GAAP. As a result, if the Board issues a standard that requires, for example, the calculation of an amount based on probability-weighted cash flows, that is precisely what will be done. Similarly, if the Boards' require an accounting model that requires extensive analysis and data gathering at the individual transaction level (e.g., for individual leases), it will be done as required, regardless of what may be considered acceptable in other jurisdictions. It is therefore imperative that ample time and great care will be devoted to ensuring that the literal words of the final standards in each of these areas are capable of high quality application on a consistent and repeatable basis at a reasonable cost.

We therefore recommend that for each of these projects, the Boards issue revised Exposure Drafts and allow a comment period of 90 days for each. FEI members stand ready to assist the Boards in whatever means are necessary to help identify potential issues with the revised proposed standards and to ensure that these documents are both operational and capable of cost-effective application in the U.S. environment.

Based on our understanding of where deliberations on each of these projects stand, we believe that this process will require potentially more time than is suggested in the joint announcement by the Boards. We wish to stress that the quality and thoroughness of the due process, not the adherence to a timetable, is what is most important to the Boards' constituents. We therefore ask that the Boards to take whatever steps are necessary to ensure that the final standards to be issued meet the specifications we discuss above, even if it means that the revised standards will be issued after December 31, 2011.



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We sincerely appreciate the important step the Boards have just taken and we look forward to the opportunity to use our technical resources to ensure that the resulting standards can stand the test of time.

Sincerely,

Marie N. Hollein
President and Chief Executive Officer
Financial Executives International

Cc: Mary L. Schapiro, SEC Chairman
James Kroeker, SEC Chief Accountant
Hans Hoogervorst, Chairman-Elect, IASB

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