

July 22, 2010

Mr. Robert H. Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P. O. Box 5116  
Norwalk, CT 06856-5116

Sent by email to [rhherz@fasb.org](mailto:rhherz@fasb.org)

Dear Mr. Herz:

Financial Executives International (FEI) wishes to express its views on the effective dates for private companies of new accounting standards expected to be issued by the Financial Accounting Standards Board (FASB) over the next few years.

FEI is the leading advocate for the views of corporate financial management in the United States. It is a professional association of more than 15,000 CFOs, treasurers, controllers and other senior financial managers.

FEI strongly supports the ongoing work of the Blue Ribbon Panel on Standard Setting for Private Companies (BRP), recently formed by the Financial Accounting Foundation (FAF), the American Institute of Certified Public Accountants (AICPA), and the National Association of State Boards of Accountancy (NASBA), to address how accounting standards can best meet the needs of U.S. users of private company financial statements. FEI views the work of the BRP as critical to the future of the standards setting process for private companies, and we are keenly interested in the recommendations that will be included in its final report.

It is possible that the final, enacted recommendations of the BRP may render some of FASB's upcoming pronouncements (or certain portions of the upcoming pronouncements) inapplicable to private companies. Absent any other action, this could result in a scenario where private companies would implement certain new accounting standards and subsequently reverse the effects of such implementation as a result of the BRP's recommendations. FEI believes such a situation would create unnecessary confusion among constituents, particularly those users who for decision-making purposes need consistency in private company financial statements.

Therefore, FEI recommends that FASB defer for a minimum of three years the effective dates of all new accounting standards issued through 2012 (or beyond 2012, if the final convergence standards under the Memorandum of Understanding are issued beyond 2012) that are applicable to private companies. Such a deferral should enable the effective dates of the enacted recommendations of the BRP to pass, thereby providing clarity to private companies as to the ultimate applicability to them of the new standards to be issued by FASB and avoiding the potential for wasted effort and confusion.

Finally, FEI recommends that FASB should provide an option for early adoption (i.e. on the same effective date as public companies), to private companies that might prefer to decline the deferred effective dates.

Thank you for considering our comments. If you have any questions or wish to discuss this issue, please feel free to contact either me at (973) 765-1001 or [mhollein@financialexecutives.org](mailto:mhollein@financialexecutives.org) or Daryl Buck, Chair of FEI's Committee on Private Company Standards at (918) 456-1472 or at [dbuck@reasors.com](mailto:dbuck@reasors.com).

Sincerely,



Marie N. Hollein  
President & Chief Executive Officer

cc: John J. Brennan, Chairman, Financial Accounting Foundation  
Teresa S. Polley, President, Financial Accounting Foundation  
Rick Anderson, Chair, AICPA/FAF/NASBA Blue Ribbon Panel  
Judith H. O'Dell, Chair, Private Company Financial Reporting Committee  
Russell G. Golden, Technical Director, Financial Accounting Standards Board  
Jeffrey D. Mechanick, Assistant Director, Financial Accounting Standards Board