committee on corporate reporting

November 14, 2024

Mr. Jackson M. Day
Technical Director
Financial Accounting Standards Board
801 Main Avenue, PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2024-ED300

Dear Mr. Day,

This letter is submitted by Financial Executives International's (FEI) Committee on Corporate Reporting (CCR) in response to the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update—Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer (Exposure Draft or proposed Update).

FEI is a leading international organization comprised of members who hold positions as Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, and Tax Executives at companies in every major industry. CCR is FEI's technical committee of approximately 50 Chief Accounting Officers and Corporate Controllers from Fortune 100 and other large public companies, representing more than $16 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the U.S. SEC, PCAOB, FASB, and IASB. This letter represents the views of CCR and not necessarily the views of FEI or its members individually.

Although the majority of CCR companies generally do not grant share-based consideration to customers and are therefore not directly impacted by the Board's proposed Update, we support the proposed amendments. We believe the revised definition of the term "performance condition," elimination of the policy election permitting a grantor of share-based payments to customers with a service condition to account for forfeitures as they occur, and other clarifying amendments will reduce diversity in practice and better align the timing of revenue recognition with the economics of the transaction in arrangements with service conditions.

We appreciate this opportunity to provide feedback on the proposed Update related to the accounting for share-based consideration payable to a customer. We thank the Board for its consideration of our comments and welcome further discussion with the Board or staff at your convenience.

Sincerely,

Alice L. Jolla

Alice L. Jolla
Chair, Committee on Corporate Reporting
Financial Executives International