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Letter of Comment No: 7
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committee on corporate reporting

October 10, 2005

Mr. Lawrence W. Smith
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Dear Larry:

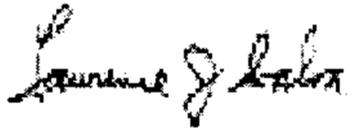
The Committee on Corporate Reporting (“CCR”) of Financial Executives International (“FEI”) is writing to express its support for the Proposed FSP FAS 123(R)-c, *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*. FEI is a leading international organization of 15,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior financial executives. CCR is a technical committee of FEI, which reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. This document represents the views of CCR and not necessarily the views of FEI.

The proposed FSP provides an elective alternative transition method for determining the opening balance of the APIC pool upon adoption of FAS 123(R). As is often the case with other transition matters, considerations surrounding the determination of the transition balance of the APIC pool are much more pragmatic than conceptual in nature. Of necessity, such decisions must take into account what is feasible for constituents. We therefore believe it is entirely appropriate for the Board to modify and simplify the requirements in light of new information provided to it regarding the challenges faced by preparers in implementing the new standard. CCR believes that the proposed alternative transition method will be helpful to preparers and auditors and we therefore fully support the proposed change.

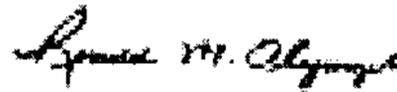
CCR observes that the benefits of the proposed change are not limited to those financial statement preparers that do not have the data available and are unable to recreate it for purposes of adopting the new standard. Our members have encountered interpretive issues related to transactions involving stock options that have occurred over the ten-year period covered by the requirement. We do not anticipate that those issues will be resolved prior to the effective date of the standard, so the alternative transition method provides the opportunity to have those issues addressed prospectively. We also note that, from a resource standpoint, the alternative method provides an opportunity to streamline work devoted to transition and redirect those resources to the ongoing accounting and reporting requirements of the new standard.

In summary, CCR supports the Board's decision to provide an alternative to the requirements of paragraph 81 of FAS 123(R) and endorses the finalization of the FSP as proposed. If you have any questions regarding this letter or would like to meet with representatives of CCR, please feel free to call Ron Olejniczak at (860) 273-7231 or Larry Salva at (215) 981-8514.

Sincerely,



Lawrence J. Salva
Chair, Committee on Corporate Reporting
Financial Executives International
Financial Executives International



Ronald M. Olejniczak
Chair, FASB/IASB Subcommittee
Committee on Corporate Reporting