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Letter of Comment No: 1
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August 19, 2004

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

Proposed FASB Staff Position FSP FAS 142-c, "Application of FASB Statement No. 142, *Goodwill and Other Intangible Assets*, to Exchange Memberships"

Dear Mr. Smith:

We agree with the staff's conclusion that exchange memberships have characteristics of both intangible assets and financial assets. We believe that bifurcation of a single exchange membership into two components is not feasible because doing so would involve judgments that are too subjective to result in reliable amounts for the two components. As a consequence, we agree with the staff's conclusion that an individual exchange membership should be accounted for as either an intangible asset or a financial asset.

Certain entities may hold multiple memberships in the same exchange, some of which are held as an integral part of the business (operating purposes) while others are held for investment purposes. As a consequence, we believe it is possible for an entity that holds multiple memberships in the same exchange to classify some of those as intangible assets while classifying others as financial assets. However, we believe that in the vast majority of cases, an entity will be holding exchange memberships for operating purposes. Therefore, we believe that the FSP should contain a rebuttable presumption that an exchange membership is an intangible asset.

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If you have questions about our comments or wish to discuss any of the matters addressed herein, please contact John Guinan at (212) 909-5449 or Paul Munter at (212) 909-5567.

Sincerely,

KPMG LLP