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> 123(R)-b

-----Original Message-----

From: Dennis Beresford [mailto:dberesfo@terry.uga.edu]
Sent: Wednesday, September 21, 2005 7:52 AM
To: Director - FASB
Subject: Comments on Proposed FSP 123(R)-b

Director,

I support the proposed FASB Staff Position dealing with a "Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R)." I recognize that certain accounting firms and the FASB staff had earlier determined that the grant date for stock options would not occur until the employee had formally been notified. The proposal reaches a practical decision on this matter given the reality that there is usually a very short time between when grants have been authorized by a company's board of directors or compensation committee and when employees are formally notified.

Notwithstanding my agreement with the position taken, it is disappointing that it is necessary to do this. There is no real "mutual understanding" in substantially all stock option grants - the company simply decides what they will be, gets approval from the board of directors as necessary, and tells the employee. This is still another example of why accounting rules have proliferated and have become unnecessarily complicated. Reasonable judgment should have resulted in the same conclusion as in the proposed FSP without the need for still another rule.

The Board states that its objective is to move toward principles or objectives based accounting, yet its actions belie this intent. For stock options, the principle is clear - options have value and an appropriate amount of expense should be recorded. Reasonable implementation guidance should be limited to specifying that option expense should be measured at fair value at the grant date and allocated over the service (vesting) period. If we continue to require the kind of detailed rule as in this proposal, there is clearly no hope for a move toward more general standards.

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