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December 9, 2008

LETTER OF COMMENT NO. 18

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

RE: Proposed Statement, *Subsequent Events (File Reference No. 1640-100)*

Dear Technical Director:

We appreciate the opportunity to respond to the proposed FASB Statement, *Subsequent Events* (the "proposed Statement"). We agree with the Board that guidance on the accounting consequences of subsequent events should be directed specifically to management of reporting entities because management is responsible for the accounting for and disclosure of transactions and events that affect the entity's financial statements. Accordingly, guidance on accounting for and disclosure of subsequent events should be included in the authoritative accounting literature. We also agree with the Board's efforts to converge the U.S. accounting guidance for subsequent events with International Financial Reporting Standards.

Although we support the Board's stated objectives of the proposed Statement and believe that the proposed Statement generally achieves those objectives, we believe that certain clarifications should be made in the final Standard. Our observations and specific comments on the proposed Statement are set forth below.

Date Financial Statements Are Available to Be Issued

The proposed Statement creates a new concept of *available to be issued* for financial statements that are not widely distributed. While we believe it is appropriate to introduce this concept, the concept as defined does not achieve convergence with IFRSs, which use the concept of *authorized to be issued.* We believe the inclusion of examples similar to those used to demonstrate the authorized-to-be-issued concept contained in IAS 10.5-.6 would result in more consistent application of the available-to-be-issued definition. In addition, the Board could converge with IFRSs by adopting the authorized-to-be-issued definition for financial statements that are not widely distributed and illustrate through examples how that concept would be applied by U.S. entities.

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We also suggest the Board clarify that, when accompanied by an auditors' or accountants' report, financial statements are available to be issued on the date the accompanying report is dated.

Paragraph 7 of the proposed Statement states, "An entity that has an historical practice or current expectation of widely distributing its financial statements to its shareholders and other financial statement users shall evaluate subsequent events through the date that the financial statements are issued. All other entities shall evaluate subsequent events through the date that the financial statements are available to be issued." We believe the entity's *current expectation,* rather than its historical practice, of how widely financial statements will be distributed is the most relevant factor in determining whether to use the *issued* or *available-to-be-issued* date for evaluating subsequent events.

Consistency with Other GAAP

We agree with the Board's decision to exclude from consideration in this project the amendment of other accounting literature that may address the accounting for subsequent events in specific areas in order to expedite the incorporation of subsequent events guidance into the authoritative accounting literature. However, although not a high priority, we believe that a more consistent framework should be developed for the accounting for and disclosure of subsequent events. That project should include, for example, an evaluation of subsequent events treatment in FASB Statement No. 5, *Accounting for Contingencies*, Statement No. 6, *Classification of Short-Term Obligations Expected to be Refinanced,* Statement No. 78, *Classification of Obligations that are Callable by the Creditor* (and related interpretative guidance), Statement No. 128, *Earnings per Share*, Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, and FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. Until that project can be undertaken, new standards should have consistent subsequent events accounting guidance so that further inconsistencies in the accounting literature can be avoided.

Alignment with Auditing Standards

Because in this project the Board is not intending to change the current subsequent events guidance, we do not believe the proposed Standard will create any practice issues or conflicts with either AICPA or PCAOB auditing standards. However, the Board should coordinate any future standard setting on this topic with the auditing standard setters to ensure the accounting and auditing guidance remain aligned in the future.

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We would be pleased to further discuss these issues in more detail at the request of the Board or the staff. If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or Paul Munter at (212) 909-5567.

Sincerely,

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