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LETTER OF COMMENT NO. 15

January 17, 2008

Mr. Russell Golden
Director – Technical Application and Implementation Activities
FINANCIAL ACCOUNTING STANDARDS BOARD
401 Merrit 7
Norwalk, Connecticut 06851

File Reference: Proposed FSP FAS 142 – f

Dear Mr. Golden:

The Financial Reporting Committee ('the Committee" or "the FRC") of the Institute of Management Accountants appreciates the opportunity to provide its views to the Financial Accounting Standards Board ("the FASB") FSP FAS 142-f that would amend the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FAS No. 142, *Goodwill and Other Intangible Assets*. FRC is the financial reporting technical committee of the Institute of Management Accountants. The Committee reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations.

Overall, we fully support the proposed FSP and believe that the FSP will better align the economics with the accounting and would like to commend the Board on its efforts. However, while we fully support the FSP in its current form, the Board may nevertheless wish to clarify its intent regarding the proposed amendments to paragraph 11 of SFAS 142 which would appear to indicate that the FSP only intended to modify the useful life of finite lived intangible assets and not change current GAAP for determining when an intangible asset meets the requirement for being considered an indefinite life intangible. In this regard, the proposed FSP appears to retain the requirement that in order for an intangible asset to have an indefinite life, the intangible asset must continue to meet the requirement that there be no legal, regulatory, contractual, competitive,

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economic, or other factor that limits the useful life of an intangible asset. If this was not the Board's intent and instead the Board intended or expected the scope of intangible assets that qualify as indefinite useful live intangible assets to be expanded through the removal of the requirement in paragraph 11(d) that any renewals, extensions or modifications can be accomplished without substantial cost or modification, the Board may wish to make its expectations clear in the Final FSP.

In order to accomplish this clarification, the Board may also wish to expand the example in the proposed FSP to cover a situation where renewals are expected in perpetuity, but some number of renewals are expected to be made at significant costs or with modifications to the current license.

In addition, we do not agree with the FSP's proposed incremental disclosure requirements for two reasons. First, we do not believe the Board has made the case that the benefits would exceed the costs. How are the disclosures useful? Why are they needed? Why are they needed here and not in similar circumstances (e.g., maintenance costs to extend the lives of property, plant and equipment or details about the possibility of changes in lives of property, etc.)? Second, we are concerned about the operationality of the proposal. For example, what is the definition of incremental and direct costs as well as designing systems to capture those costs on a company wide basis.

We look forward to the finalization of the proposed FSP related to the useful life of recognized intangible assets under FAS 142, *Goodwill and Other Intangible Assets.* Please feel free to contact me at (212) 484 – 6680 if you have any questions regarding our response.

Sincerely,

Pascal Desroches
Chair, Financial Reporting Committee
Institute of Management Accountants

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