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LETTER OF COMMENT NO. 25

May 2nd, 2008

TO: FASB

Michael A. Simpson, Senior Vice President, BNY Mellon
Asset Servicing.
Tiffany R. Benedetto, Assistant Vice President, BNY
Mellon Asset Servicing

FSP FAS 132R –a Responses

1) Is the principle of disclosing categories by type of plan asset understandable?

The principle is understandable as plans are already required to do this for DOL Form 5500 reporting purposes; however, as noted below, for many reasons, disclosure requirements should be harmonized.

2) Are the asset categories that must be disclosed, if significant, representative of the types of assets held in retirement benefit plans? Should any other categories be added?

In principal, the asset categories that must be disclosed appear to be representative of the types of assets held in retirement plans, but because the asset categories are not consistent with those required by other regulatory agencies, the proposal creates a very significant burden on both plan sponsors and their service providers. For example, plans are currently required to report clearly defined asset categories for the DOL's Form 5500 reporting, which differ from the proposed categories. It is important to note that the accounting and reporting systems developed by banks and insurance companies have been designed to accommodate the existing disclosures of asset categories. Changes to these sophisticated systems takes a much longer lead time than that being proposed, especially as the category definitions are unclear, or could vary by reporting entity. We believe that if consistent reporting were implemented among all regulatory agencies, financial statements and other plan reporting could be more readily compared, and would be more useful for users of these reports.

As proposed, the categories are unclear, and will result in inconsistent reporting by similar entities. By requiring plans to determine what is "significant" and what is not and by failing to clearly define some of the categories, asset categories are open to interpretation by each reporting entity. The example of having a preferred stock sort as either debt or equity, depending on the underlying attributes, is not consistent with how preferred stock is defined for Form 5500 reporting. It is also inconsistent with how the investment is traditionally viewed in the industry. This

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puts undo burdens on each company to determine the underlying characteristics of the preferred stock. It also makes reports difficult to compare for regulatory and analytical purposes.

The example of a hedge fund that invests mainly in real estate be sorted as real estate and not as a hedge fund also leaves open to interpretation what types of investments should go in these categories. This could result in two different entities classifying the same investment in different categories, depending upon their interpretation of the new guidance.

There are no categories defined for mutual funds, internationally registered funds or bank sponsored funds. The adoption of Form 5500 categories would solve these issues.

5) Would any of the required disclosures impose excessive incremental costs? If so, please describe the nature and extent of the additional costs.

Unequivocally, yes. As a provider of information to plan sponsors and other reporting entities, we have already spent approximately \$2 million dollars on system enhancements to assist clients in being able to comply with SFAS 157. Our cost estimate to implement additional system enhancements related to this statement is in excess of \$4 million dollars. We do not believe these additional costs would be offset by expected benefits of the new FSP's objectives, even if it had clear reporting requirements.

6) Is the time needed to compile the information required to support annual reporting disclosures sufficient given the proposed effective date for fiscal year ending after December 15, 2008? If not, please describe the nature and extent of the effort required and the time needed.

No. Time is not sufficient given the magnitude of the system changes and enhancements that would be required for compliance, even if the categories definitions could be clarified. If a clarified version of this FSP is adopted, the effective date should be for plan years beginning after 12/31/2008.

Thank you for taking the time to review our comments and we would welcome any additional discussion regarding our comments or this topic.