

Silicon Economics, Inc.



LETTER OF COMMENT NO.

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Technical Director-File Reference No. 1520-100
Financial Accounting Standards Board of the Financial Accounting Foundation
401 Merritt 7,
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Dear Sir and Madam:

Thank you for the opportunity to comment on your *Invitation to Comment: Valuation Guidance for Financial Reporting* issued January 15, 2007. I will answer your specific questions in the order presented. Afterward, I will address the need for a public forum to address emerging technical valuation issues.

Question 1—Is There a Need for Valuation Guidance Specifically for Financial Reporting?

Yes – because of a need to promote both consistency and comparability.

Question 1(a)—Should Valuation Guidance Include Conceptual Valuation Guidance, Detailed Implementation Guidance, or a Combination of Both?

Conceptual valuation guidance is sufficient.

Question 1(b)—What Should Be the Duration of Any Valuation-Guidance-Setting Activities?

A permanent in-place process is needed to address new issues as they arise. New issues will necessarily arise since the economy and finance theory and practice are always changing and advancing. If the need is slack, such a permanent in-place process could operate only few weeks of the year.

Question 2—What Level of Participation Should Existing Appraisal Organizations Have in Establishing Valuation Guidance for Financial Reporting?

Existing appraisal organization should not have any unique role. Though they may have special knowledge, such special knowledge is not necessarily suitable for financial reporting (as mentioned above) and existing appraisal organizations have their own vested interests at stake.

Question 3—What Process Should Be Used for Issuing Valuation Guidance for Financial Reporting?

A separate permanent standard setter should issue valuation guidance under the oversight of the FASB and the SEC to avoid undesirably mixing different types of expertise. Furthermore, I believe that a separate permanent standard setter would be desirably more accessible to the public.

Question 4—Should the Process of Valuation Guidance Be on an International or National Level?

I support international convergence. However, the U.S. should not wait for international valuation standards to always be developed prior to adoption. Since the U.S. is a very dynamic economy, arguably it cannot always afford to wait for international standards to emerge.

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Potential Issues

Who should grant authority to issue the valuation guidance? FASB

What due process procedures should the standard setter follow in issuing valuation guidance?
Existing due process procedures are fine.

Other

My key concern is the need for a public forum to address emerging issues. Given the volume of new types of financial instruments constantly being invented, and given a general need for innovation in valuation, standards for valuation need to be easily adaptable via a public forum to address emerging issues.

Best regards,

Joel Jameson
President