INSTITUTE OF MANAGEMENT ACCOUNTANTS
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LETTER OF COMMENT NO. 12

January 16, 2008

Russell Golden
Director, Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed FASB Staff Positions

Dear Mr. Golden:

The Financial Reporting Committee of the Institute of Management Accountants appreciates the opportunity to provide its views on two proposed FSPs: FAS 157-a, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Its Related Interpretive Accounting Pronouncements That Address Leasing Transactions,* and FSP FAS 157-b, *Deferral of Effective Date.* The Committee supports the proposed changes and believes that these will significantly aid in the orderly transition to the new fair value measurement requirements.

With respect to proposed FSP FAS 157-a, the FRC strongly agrees with the Board's decision to amend the standard to exclude leasing transactions from the scope. Given that the Board already has a project on its agenda that would fundamentally reexamine lease accounting, we believe that the determination of how the new definition of fair value on the accounting for leasing transactions should be addressed as part of the recognition and measurement guidance developed in that project.

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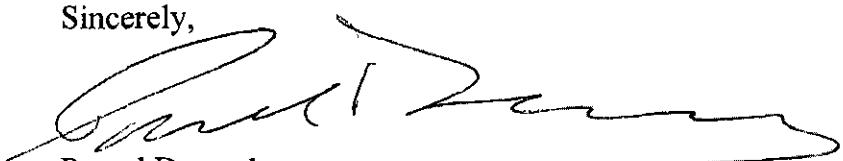
We are aware that some respondents to the proposed FSP have raised questions related to the breadth of the scope exception. We believe that the scope exception should apply broadly to all leasing transactions, including situations in which fair value is determined for leases under other pronouncements, such as FIN 21, FAS 141(R), FAS 144 and FAS 146. There is nothing about application of fair value to leases in the context of those standards that warrants a market participant approach. We believe the implementation problems will be the same and that there would be a high risk of inadvertent non-compliance as preparers assume that FAS 157 does not apply to leases at all. We also believe that it would be counterintuitive to have different measurement approaches for leases originated or acquired individually versus those acquired in a business combination. We therefore urge the Board to clarify that the scope of FAS 157 also does not apply to fair value measurements of leases that fall within these standards.

With respect to proposed FSP FAS 157-b, we support the Board's decision on a partial deferral. While there continue to be open issues related to application of FAS 157 to financial assets and liabilities, the FRC believes that the most difficult issues relate to the application of the standard's principles to non-financial assets and liabilities, which typically have multiple alternative future uses and that do not trade in active markets.

We look forward to the finalization of these proposed FSPs and to resolution of the outstanding implementation issues related to financial assets and liabilities in the near future. If you have any questions regarding our response please feel free to contact me at (212) 484-6680.

Sincerely,



Pascal Desroches
Chairman, Financial Reporting Committee

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