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VIA Email  
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Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO. 58

RE: File Reference No. 1520-100, Invitation to Comment *Valuation Guidance for Financial Reporting*

We are pleased to respond to the above-referenced Invitation to Comment. We welcome the Board's efforts to initiate a public discussion of the need for valuation guidance specific to financial reporting.

Due to the increasing requirements to measure assets and liabilities at fair value, the instances whereby valuation guidance is sought will increase. Currently, fair value measurements occur in valuations of marketable debt and equity securities, derivatives, certain tangible and intangible assets and liabilities in asset and business acquisitions, impairment analyses and guarantees. With the recent issuance of FAS No. 157 *Fair Value Measurements* ("FAS 157") and future issuances of the standards regarding business combinations and non-controlling interests, we can only predict that future FASB projects will include additional fair value measurement requirements. These evolving standards create a need for application guidance specific to valuations for financial reporting purposes.

### Comments on Specific Questions

#### **Question 1 – Is there a Need for Valuation Guidance Specifically for Financial Reporting?**

Although valuation guidance exists, the current guidance was developed by the valuation community for specific uses. These uses may not consider the intentions or the concepts included in generally accepted accounting principles. Issuing valuation guidance specifically for financial reporting would incorporate applicable concepts into the financial statements and create consistency among issuers.

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

Due to the differences in transactions, we believe that detailed valuation guidance, such as the guidance incorporated in FAS 123(R) *Share-Based Payment*, would be difficult to apply. However, we would welcome conceptual valuation guidance, supplemented by detailed interpretations for specific issues (e.g. valuation of an acquirer's own contract

with the acquiree when the acquirer is a customer of the acquiree, valuation of assets that an acquirer does not intend to use and that have no defensive value, instances of when to recognize the value of tax amortization benefits).

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

We agree with the constituents that believe that new issues will continue to arise as financial reporting evolves, and preparers, auditors, and regulators will request clarification in the form of additional guidance for new fact patterns. We believe that this will demand a long-term commitment to the guidance setting process to provide guidance as new issues continue to arise.

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

Due to their extensive knowledge of current practice issues, we believe that the appraisal organizations should have an integral role in the rule-making process. However, we do not believe that the standard-setting role of the FASB should be replaced by appraisal organizations, as the FASB is considered the financial reporting standard-setting body. An advisory role would be an effective way for the Board to consider the vast expertise of the appraisal organizations.

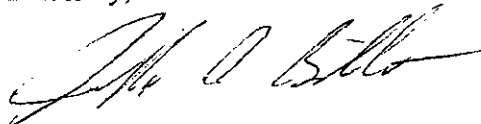
**Question 3 – What Process Should Be Used for Issuing Valuation Guidance for Financial Reporting?**

With the valuation experts used in an advisory role, we believe that a resource group, set up to provide recommendations on conceptual framework as well as specific valuation issues, would be the most effective process. This resource group could consist of individuals from appraisal organizations, as well as preparers and users of financial statements.

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We appreciate the opportunity to share our views and recommendations with the Board regarding the Invitation to Comment. If you have any questions regarding the contents of this letter, please contact Jeff Billat at (303) 967-8339 at your convenience.

Sincerely,



Jeff Billat  
Vice President  
Chief Accounting Officer