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Matthew L. Schroeder
Managing Director
Global Head of Accounting Policy



November 1, 2010

Technical Director/director@fasb.org
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update – Revenue Recognition (Topic 605):
Revenue from Contracts with Customers (File Reference No. 1820-100)

Goldman Sachs appreciates the opportunity to comment on the above captioned Proposed Accounting Standards Update (the “proposal” or “proposed guidance”). We support the proposal’s objectives, which include reducing the sources of accounting guidance on revenue recognition that preparers must consult in preparing financial statements and improving comparability of revenue recognition practices across industries. Our comments and concerns are limited to those aspects of the proposal that we wish to emphasize.

Underwriting Expenses

Currently, broker-dealers defer the recognition of underwriting expenses until the deal closes and the associated revenues are recognized. Expenses on deals that do not come to fruition are recognized when the decision is made to abandon the deal. This long-standing practice was specified in the Broker-Dealer Audit Guide and currently resides in ASC 940-340-35. We believe that this expense recognition policy is scoped out of the proposal and would remain unchanged as most of the expenses related to these activities are incurred by the broker-dealer after receiving a mandate but prior to a contract with the potential issuer - oral or written - that imposes enforceable obligations on the issuer and underwriter. An enforceable contract typically does not exist until pricing, which precedes the closing of a

deal by 3 or so days. In addition, we note that the proposal does not amend ASC 940-340-35, and assume that this was not an inadvertent error.

If, however, it is the Board's intention to apply the proposal's expense recognition guidance to the policies followed by broker-dealers on underwriting engagements, we would like to point out certain practical difficulties in complying. Currently, many expenses are not known until deal closure. For example, attorneys engaged by the underwriters – a significant portion of total underwriting expenses - typically bill only at deal closure, and apply significant discounts to their billable fees for deals that are aborted. These discounts are negotiated by the lead bookrunner and engaged law firm, differ across the industry, and are not known by other syndicate participants. In addition, expenses for successful deals are split among the entire syndicate, while expenses for aborted deals are typically shared among a smaller group of bookrunners. Underwriters attempting to expense these fees as they were incurred would face a great deal of uncertainty as to the amount of total expenses incurred to date as well as their ultimate allocation. These uncertainties are exacerbated when an underwriter does not act as lead bookrunner on a particular potential deal.

Thank you for the opportunity to provide our views. If you have any questions or comments regarding this letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Matthew L. Schroeder". The signature is written in dark ink and is positioned above the printed name.

Matthew L. Schroeder