

October 31, 2012

Via Email: director@fasb.org

Technical Director

FASB

401 Merritt 7 / PO Box 5116

Norwalk, CT 06856-5116

RE: File Reference No. 2012-230
Private Company Decision-Making Framework

Dear Technical Director:

The Risk Management Association (RMA) is supportive of the Financial Accounting Standards Board and the Private Company Council's objective to develop a decision-making framework for private company financial statements that is intended to identify differential information needs of users of public company financial statements and users of private company financial statements and to identify opportunities to reduce the complexity and costs of preparing financial statement in accordance with U.S. GAAP.

Who We Are and the Context for Our Response

RMA is a member-driven professional association whose sole purpose is to advance the use of sound risk principles in the financial services industry, with a particular emphasis on the measurement and management of credit risk. As such, our response is submitted in the context of how the proposed changes will impact our member institutions' ability to determine if a public or nonpublic (private) commercial entity is able to repay its debt obligation.

There are approximately 25 million private companies and 17,000 public companies in the United States. Nearly all the monies provided to private companies to support their operations come from banks and trade creditors ("credit grantors"). These private companies are at the heart of the economic engine of the United States in terms of employment and growth. Most of their accounting requirements are handled by regional and smaller accounting firms, as well as individual practitioners. As a result, RMA is acutely interested in how the accounting changes will impact the quality of the reporting, the relationship between the bank and the company, and the banking industry's ability to efficiently provide credit to its private and public clients.

Basis of Response

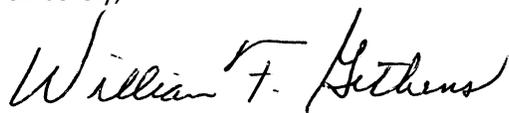
RMA is responding on behalf of the banking industry. Several representatives from RMA member institutions helped shape our response. These member institutions may submit responses on their own behalf, which may or may not conform to the response of RMA.

Response

- RMA agrees:
 - With the six significant private company differential factors and their implications for private company financial reporting. [Reference Question #2]
 - That the framework's goals will result in relevant information for users of private company financial statements and will result in a reduction in cost and complexity for preparers. [Reference Question #3]
 - It is recognized that the framework will not result in an increase in the level of relevant information relative to what already exists, but that it is critical that the Board and PCC ensure that what is displayed is exceedingly relevant.
 - That the same industry specific recognition and measurement guidance should apply to both public and private companies, and to do so otherwise would impede comparability. [Reference Question #4]
 - With the approach of the Board and the PCC regarding disclosure. [Reference Questions #5, 6, and 7]
 - That the same display guidance should apply to both public and private companies, and to do so otherwise would impede comparability. [Reference Question #8]
 - That a one-year deferral beyond the first annual period required for public companies is appropriate and that a private company should it elect to do so may adopt the amendments before the deferred effective date but no earlier than for public companies. [Reference Question #9]
 - That under certain circumstances (considerations) identified by the Board and the PCC different transition methods may be appropriate. [Reference Question #10]
 - In such cases it will be important that users are provided with information regarding an estimate of the prior year's impact. This can be displayed as a disclosure.
 - With the types of companies that should be included in the framework. [Reference Questions #11 and 12]
- RMA does not agree:
 - That this is the appropriate time for the Board and PCC to require private companies (preparers) to make a decision regarding the application of some, none, or all of the permitted differences in disclosure, display, effective date, and transition method guidance. RMA believes comparability should be a prime consideration and that this issue should be tabled until the underlying treatments are finalized. [Reference Question #13]

In summary, we applaud the recognition and treatment of this important issue. If there are any questions, feel free to contact Mark Zmiewski, director, RMA (215.446.4085 or mzmiewski@rmahq.org).

Sincerely,



William F. Githens
President & CEO