July 1, 2002

MP&T Director
File Reference 1100-163
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Amendment of Statement 133 on Derivative Instruments and Hedging
Activities

Dear Sir:

The Accounting Principles and Auditing Standards Committee of the Florida Institute of
Certified Public Accountants (the “Committee”) has reviewed and discussed the above
referenced “Exposure Draft”. Overall, the Committee agrees with the amendments
proposed in the Exposure Draft but has the following comments:

1. The Committee noted apparent typographical errors in two places:
   - The second sentence of paragraph A31 on page 37 refers to paragraph 7(f)
     of the Exposure Draft. There is no paragraph 7(f) in the Exposure Draft.
   - Paragraph 13(b)(2) on page 61 refers to paragraph 13(b)(i). This should refer
     to 13(b)(i).

2. The Exposure Draft discusses accounting treatment for a wide range of derivative
   instruments; however, there are very few numerical examples of accounting
   treatment provided, either in the Exposure Draft or in a separate posting to the FASB
   web site. The Committee believes that it would be beneficial if additional examples
   were provided.

3. The proposed additional sentence at the end of paragraph 12 on page 60 allows a
   choice between accounting for the contract solely as a derivative or a combination of
   a debt instrument and a derivative. The Committee believes allowing for alternative
   methods may result in inconsistent effects under varying market conditions.

4. Paragraph 17 on page 63 contains an asterisk reference to a footnote which states
   that “the term expected cash flows does not necessarily have the same meaning as
that term does in Concepts Statement 7”. Since Concepts Statement No. 7 was issued subsequently to FASB Statement No. 133, and this Exposure Draft already proposes substantial changes to FASB Statement No. 133, the Committee questions whether additional revisions should be considered to FASB Statement No. 133 in order to conform to Concepts Statement No. 7.

5. The Committee noted that there could be several effective dates for implementing the proposed Statement, which could lead to inconsistencies in timing of implementation. The Committee recommends the use of one effective implementation date.

6. The Committee noted some inconsistencies in references from the Exposure Draft to the “Statement 133 Implementation Issues” guide as posted on the FASB web site. For example, page 15 of the Exposure Draft refers to Implementation Issues C10, C15 and C16, which are not on the web site. However, guide as posted on the web site does contain Implementation Issue C17.

The Committee appreciates this opportunity to share our views and concerns. Members of the Committee are available to discuss any questions you may have regarding this communication.

Very truly yours,

Patrick F. Gannon, CPA, Chairman
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Kathryn M. Means, CPA
Richard G. Edsall, CPA