October 19, 2005

Letter of Comment No: 51
File Reference: 1225-001

Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

By email: director@fasb.org

Re: Proposed SFAS: Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140

To Whom It May Concern:

The New York State Society of Certified Public Accountants, the oldest state accounting association, represents approximately 30,000 CPAs that will implement the provisions proposed in the captioned FASB exposure draft. NYSSCPA thanks FASB for the opportunity to comment on its exposure draft.

The NYSSCPA Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with the committee, please contact Margaret Wood, chair of the Financial Accounting Standards Committee, at (212) 542-9528, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

[Signature]
President

Attachment
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON PROPOSED STATEMENT OF FINANCIAL ACCOUNTING
STANDARDS

Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140

October 19, 2005

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FINANCIAL ACCOUNTING STANDARDS COMMITTEE

COMMENTS ON PROPOSED STATEMENT OF FINANCIAL ACCOUNTING
STANDARDS

Accounting for Transfers of Financial Assets, an amendment
of FASB Statement No. 140

General Comments:

The Committee agrees with the efforts undertaken by the Board to revise and clarify the
issues relating to the standards governing the accounting for transfers of financial assets,
as well as the efforts related to the accounting for servicing of financial assets and certain
hybrid financial instruments. We are concerned, however, that these efforts could be
viewed as piecemeal attempts to address the multiple open issues related to the original
standard. Numerous changes to existing standards are confusing for both constituents
and practitioners alike. Such changes could lead to deviations in practice and
inconsistencies in the application of guidance. We are further concerned that this “bit-by-
bit” process for the development of standards could call into question the validity of
original standards. We therefore suggest that the Board reexamine all open issues related
to the accounting for transfers and servicing of financial assets with a goal of developing
one consistent standard that will address all unanswered questions within the
marketplace.

Related to the above comments, we suggest that one of the aims of the Board should be to
develop standards that are written in “plain English.” While it is a reasonable
assumption that the public accounting profession is a sophisticated accounting
community, many of the organizations that they audit are not. Guidance that is geared
solely to the highest levels within the accounting community may not result in the desired
goals of compliance, consistency in application and comparability among companies.
We believe that in order to achieve those goals, it is necessary to have guidance that is
understood by the profession and financial organizations, in general.

Specific Comments:

Issue 1 - Paragraph A53

We agree with the alternative views expressed in paragraph A53. The Board should defer
work on issues involving partial sales until the Board undertakes a more fundamental
review of the financial components approach as part of a joint project on derecognition
with the IASB. Further, the numerous revisions and proposals which have occurred since
FAS 125 was adopted illustrate fundamental problems with the legalistic approach taken
since FAS 125. Consequently, an overall review is needed to allow practical future
guidance to be adopted. Such guidance must remain useful as financial markets evolve.
Issue 2 - QSPE's
We commend FASB for not requiring QSPEs to obtain sales accounting on all loan participations.

Issue 3 - Effective date

We recommend that the Board reconsider the effective date of the Amendment. By requiring implementation so soon after the issue date of the standard, the Board is not allowing organizations sufficient time to evaluate the impact of their decisions, as well as to develop systems to support such decisions. In order for an organization to develop appropriate software processes (and test those processes by running parallel) and to address all internal controls issues, additional time before adoption is required. We propose an implementation date on or after December 15, 2006.