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November 14, 2008

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

By e-mail: director@fasb.org

LETTER OF COMMENT NO. 76

Re: Exposure Draft (Revised): Proposed Statement of Financial Accounting Standards – *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (Revision of Exposure Draft Issued August 11, 2005) (File Reference No. 1610-100)

The New York State Society of Certified Public Accountants, representing 30,000 CPAs in public practice, industry, government and education, submits the following comments to you regarding the above captioned exposure draft. The NYSSCPA thanks the FASB for the opportunity to comment.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and drafted the attached comments. If you would like additional discussion with us, please contact Edward P. Ichart, Chair of the Financial Accounting Standards Committee, at (516) 488-1200, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Sharon Sabba Fierstein

Sharon Sabba Fierstein
President

Attachment

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

EXPOSURE DRAFT (REVISED): PROPOSED STATEMENT OF FINANCIAL ACCOUNTING STANDARDS – *ACCOUNTING FOR TRANSFERS OF FINANCIAL ASSETS, AN AMENDMENT OF FASB STATEMENT NO. 140* (REVISION OF EXPOSURE DRAFT ISSUED AUGUST 11, 2005)

File Reference No. 1610-100

November 14, 2008

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New York State Society of Certified Public Accountants

Financial Accounting Standards Committee

Exposure Draft (Revised): Proposed Statement of Financial Accounting Standards – *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (Revision of Exposure Draft Issued August 11, 2005)

(File Reference No. 1610-100)

We have reviewed the Exposure Draft, "Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140," and have the following responses to the questions listed therein.

1. Will the proposed Statement meet the project's objective to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about (a) transfer of financial assets, (b) the effects of a transfer on its financial position, financial performance and cash flows, and (c) a transferor's continuing involvement in transferred financial assets?

Response: We believe that the proposed Statement will provide more comparability between financial statements of different entities since more securitized assets will be recorded on the books of the transferor. However, there still might be a lack of comparability because companies might not use the same fair value.

2. Do you agree with the Board's decision to eliminate the qualifying SPE concept and to require that all securitization entities be evaluated for consolidation under applicable U.S. generally accepted accounting principles? If not, why not?

Response: We agree with the Board's decisions to eliminate QSPEs and to require that all entities be evaluated for consolidation under the applicable U.S. generally accepted accounting principles.

3. Certain financial statement users suggested that the Board adopt a no-continuing-involvement model (that is, if there is *any* continuing involvement, sale accounting would not be permitted). The Board decided to continue to permit derecognition of financial assets with continuing involvement as long as the conditions in paragraph 9 of Statement 140, as amended by this proposed Statement, are met with the addition of enhanced disclosures requirements about a transferor's continuing involvement (see paragraph A8 of this proposed Statement). Do you agree with the decision? If not, why do you disagree and what approach would you recommend to meet the needs of financial statement users for additional information on transferred financial assets?

Response: Yes, we agree with the decision to permit derecognition if the requirements of paragraph 9, as amended, are met. If the assets are isolated in bankruptcy and the transferor does not maintain effective control, they should not have to consolidate the assets.

4. What costs do you expect to incur if the Board were to issue this proposed Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits?

Response: Additional work will be required by both preparers and auditors. Companies will expend costs to add and monitor additional assets and liabilities. Ongoing evaluations will be required on a formal basis annually and sufficiently often enough on an interim basis to assess changes in facts and circumstances by reporting entities to assess the accounting and disclosures. In addition, a reporting entity auditor likely will require additional time to evaluate client conclusions related to accounting and disclosures. Consequently, higher audit fees would be incurred by the reporting entity.

5. The Board decided to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. A transfer of a portion of a financial asset as a sale is eligible for derecognition only for a pro rata portion that meets the definition of a participating interest. *Do you agree with this decision? If not, why do you disagree? If you agree with* the Board's decision to limit the portions of a financial asset that are eligible for derecognition, do you agree with the definition of a participating interest? If not, what alternative definition do you recommend and why?

Response: Yes, we agree with this decision. Companies should be able to sell a portion of a financial asset if it meets the criteria of a sale that meets the definition of a participating interest.

6. Paragraph 9(c) of Statement 140 and the related implementation guidance, as amended by this proposed Statement, require that the transferor (a) not maintain effective control over transferred assets to account for a transfer as a sale and (b) provide examples evidence of effective control. The Board decided to incorporate many of the concepts from paragraph 9 (b) of Statement 140 into paragraph 9(c), which results in the creation of the additional examples that are included in paragraphs 9(c)(3) and 9(c)(4). Do you believe that paragraph 9(c) of Statement 140 and the related implementation guidance, as amended by this proposed Statement, clearly explains how to determine if the transferor maintains effective control? If not, what additional guidance or examples are necessary? Do you believe that paragraph 9(c), as amended by this proposed Statement, is operational in its entirety in the current form? If not, what changes are necessary? Do you believe these additional examples of effective control in paragraphs 9(c)(3) and 9(c)(4) are operational in their current form? If not what changes are necessary?

Response: We think that the guidance, as amended, is clear and that it can be performed operationally.

7. Certain financial statement users strongly recommended that the Board provide disclosure principles and require certain specific disclosures for risk for both transferred assets treated as sales and those that are treated as secured borrowings. Do you agree that additional disclosures about transferred assets are necessary and operational? Do you believe that the revisions to the disclosure requirements are sufficient? If not, what additional disclosures for risk do you believe are necessary?

Response: We agree that there should be additional disclosures to identify changes in assets and liabilities clearly and to describe whether or not assets are transferred. The notes to the financial statements should identify the aggregate amount of assets transferred that are subject to potential reversion. We do not think that the disclosures relating to changes in risk are clear. We believe that the disclosures should be qualitative and quantitative, and that the intent of the Board is ambiguous. We recommend that changes be made to clarify that qualitative discussions of changes in risks (such as interest rate risks) are meaningful.

8. Appendix C includes significant amendments, primarily as a result of this proposed Statement, to related literature including (a) the FASB Special Report, *A Guide to Implementation of Statement 140 on Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, (b) certain Emerging Issues Task Force (EITF) Issues and Topics, and (c) certain AICPA Audit and Accounting Guides. Do you agree that the related literature, as amended, is consistent with the proposed amendments? If not, why do you disagree and what changes would you make?

Response: The Appendix C amendments appear to represent conforming changes that are consistent with the revised guidance in the Exposure Draft.

9. Due to differences in financial statement user needs and cost-benefit considerations, should any differences exist for recognition, measurement, disclosure, transition, or effective date for private companies? If yes, please articulate what differences should exist and the reasons for those differences.

Response: We do not think any changes should be made for private companies.