



International Association of Consultants, Valuators and Analysts

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10 December 2012

Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116
By email: director@fasb.org
File Reference No. EITF-12G

Madam, Gentlemen,

This letter of comment is submitted on behalf of the International Association of Consultants, Valuators and Analysts (IACVA), a member of the International Valuation Standards Council (IVSC) and the World Association of Valuation Organizations (WAVO). We are a knowledge transfer and credentialing organization with about 10,000 members practicing in the 55 countries, listed in Appendix A, all are involved in business valuation or fraud deterrence.

As a worldwide organization, we are extremely concerned with the development of the accounting standards related to valuation especially in Canada (an IFRS country), where we are incorporated, as well as in the United States, which has, at the moment, a majority of our members.

We appreciate the opportunity to comment on the FASB Exposure Draft "*Consolidation (Topic 810)*".

Question 1: Do you agree that a reporting entity should measure the fair value of a collateralized financing entity's financial assets and financial liabilities consistently with how market participants would price the reporting entity's net risk exposure (that is, how a market participant measures the retained beneficial interest held by the reporting entity) at the measurement date?

We agree that the reporting entity should measure the fair values of the financial assets and liabilities of a collateralized financing entity on the basis set out in the question.

Question 2: Do you agree that the scope of the amendments in this proposed Update should apply to all entities that are required to consolidate a collateralized financing entity, as defined, and are required to or have elected, under Topic 825, to measure all eligible financial assets and financial liabilities of the collateralized financing entity at fair value?

We agree with the position set out in the question.

Question 3: Do you believe that current U.S. GAAP provides guidance for reporting entities about how to account for any differences between the carrying amount of the financial assets and the carrying amount of the financial liabilities of a consolidated collateralized financing entity that is not within the scope of this proposed Update? If not, please explain why.

We agree that US GAAP provides suitable guidance.

Question 4: Do you agree that the proposed amendments should be applied using a modified retrospective approach, with the option to apply the proposed amendments retrospectively? If not, please explain why.

We see no need for any retrospective application due to the amount of work involved but accept an option for full retrospection application should be available.

Question 5: Do you agree that early adoption of the proposed amendments should be permitted? If not, please explain why.

We believe early adoption should always be allowed.

Question 6: Is the guidance in paragraphs 820-10-35-18D and 820-10-35-18F difficult to apply to collateralized financing entities, as defined? If so, what additional information would be useful in applying the guidance in this proposed Update?

While the guidance referred to is indeed difficult to apply, our members do not indicate the need for additional information at this time.

Question 7: The proposed amendments would apply to public and nonpublic entities. Should the proposed amendments be different for nonpublic entities? If so, please describe how and why you think they should be different.

We see no need to differentiate between entities with publicly traded shares and those privately held.

Question 8: For preparers, how much time would be needed to implement the proposed amendments?

The time involved will vary with the size of the relevant entity and the nature of the collateral but is expected to be significant in many cases.

Question 9: For preparers, what costs do you expect to incur as a result of implementing the proposed amendments?

See answer to question 8.

Should a Board or staff member wish to discuss this matter further, you may contact me from 9:30 am to 5:00 pm Eastern Time at 416-865-9766.

Respectfully submitted
Per

A handwritten signature in black ink, appearing to read "James P. Catty". The signature is fluid and cursive, with a horizontal line underneath the name.

James P. Catty, MA, CA•CBV, CPA/ABV, CVA, CFA, CGMA, CFE
Chair

Appendix A – List of Countries with IACVA Members

Argentina	Latvia
Armenia	Lebanon
Australia	Lithuania
Austria	Malaysia
Azerbaijan	Mexico
Bahamas	Moldova
Bahrain	Netherlands
Belarus	Nigeria
Brazil	Philippines
Canada	Puerto Rico
China	Romania
Egypt	Russia
Estonia	Saudi Arabia
France	Singapore
Georgia	South Africa
Germany	South Korea
Ghana	Switzerland
Grenadine Islands	Syria
Guatemala	Taiwan
Hong Kong	Tajikistan
India	Thailand
Ireland	Turkey
Israel	Turkmenistan
Japan	United Arab Emirates
Jordan	Uganda
Kazakhstan	Ukraine
Kenya	United Kingdom
Kuwait	United States
Kyrgyzstan	Uzbekistan