



Securities Industry Association

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May 11, 2006

Mr. Robert H. Herz,
Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: AICPA Proposed Statement of Position (SOP), Clarification of the Scope of the
Audit and Accounting Guide *Audits of Investment Companies*

Dear Chairman Herz:

The Dealer Accounting Committee of the Securities Industry Association¹ understands that the Financial Accounting Standards Board ("FASB") may be in the process of potentially clearing for final issuance the Accounting Standards Executive Committee's proposed statement of position, "Clarification of the Scope of the Audit and Accounting Guide *Audits of Investment Companies* and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies" (the "SOP"). As you know, the SOP was originally exposed for public comment in December 2002. Since that time, the process for finalizing the SOP has not been uniformly consistent, with intermittent stopping and starting, leading some to question when the document would be issued, or whether guidance is truly necessary. Moreover, neither the AICPA or FASB websites provide any information about the current status of the project or working drafts. Further, there have been significant changes by

¹ The Securities Industry Association brings together the shared interests of approximately 600 securities firms to accomplish common goals. SIA's primary mission is to build and maintain public trust and confidence in the securities markets. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs nearly 800,000 individuals, and its personnel manage the accounts of nearly 93 million investors directly and indirectly through corporate, thrift, and pension plans. In 2004, the industry generated \$236.7 billion in domestic revenue and an estimated \$340 billion in global revenues. (More information about SIA is available at: www.sia.com.)

standard setters on a variety of topics relevant to fair value and consolidation since the SOP was first exposed that warrant consideration with respect to the transition and effective date provisions of the SOP.

For the above reasons, we believe that if the Board plans to clear the SOP for final issuance, the SOP should first be re-exposed for public comment. We understand the principal purpose of exposing documents is to gain additional information that may have not been considered. While some might argue that re-exposure is not needed because all relevant information has already been considered, we do not share that view. A lapse of three and a half years is a significant period of time during which there may have been further developments in business and accounting practices and guidance that may affect the previous conclusions. Having waited this long, we do not see the harm in re-exposing the SOP for public comment.

If you have any questions about our letter or wish to discuss it further, please contact the undersigned (212-357-8437; matthew.Schroeder@gs.com) or Jerry Quinn (212-618-0507; jquinn@sia.com) or Kyle Brandon (212-618-0580; kbrandon@sia.com) the staff advisors to the Committee.

Sincerely yours,

/s/ Matthew Schroeder

Matthew Schroeder
Chair
SIA Dealer Accounting Committee

Cc: Benjamin Neuhausen