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Securities Industry and
Financial Markets Association

May 28, 2010

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

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Subject: Implementation Timelines for FASB and IASB Convergence Projects

Dear Chairman Herz and Chairman Tweedie:

The Securities Industry and Financial Markets Association¹ would like to offer its views concerning the implementation timelines for the major active projects on the agenda of the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB"). With approximately one year remaining before the June 2011 convergence deadline established at the Pittsburgh meeting of the G-20 in September 2009, we believe the FASB and IASB should conduct a realistic assessment of which projects should be prioritized to achieve substantial convergence and whether the deadline is achievable or whether a delay is warranted. We recognize the importance of accounting convergence in contributing to financial stability and that many countries have plans to adopt IFRS in the 2011-2012 time frame. However, as SEC Chairman Mary Schapiro remarked in a recent speech, "While redoubling efforts to achieve the goal of convergence in a timely manner is important, a convergence effort that fails to take into account the due processes of the standard setting bodies will not serve investors well in the long run. It is important that we take the time to solicit, receive and analyze input from companies, investors and other stakeholders who will ultimately have to put into practice and make use of new standards."

Many Projects at the Same Time Risks Quality Input

The FASB and IASB currently have more than 10 active projects with completion and implementation timelines in the 2010-2012 period. These include, but are not limited to, financial instruments, leases, revenue recognition, insurance, consolidation, financial statement presentation, comprehensive income, and fair value measurement. In most cases, an organization may be affected by most if not all of the

¹The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit www.sifma.org.

proposed guidance. As the Boards push to complete these projects, it places a significant burden on organizations to review and comment on the proposals. In many cases, organizations are actively working on implementing other recently issued guidance in addition to keeping up with new issues. Given the number and complexity of those projects and the current timelines, the quality of the comment and review process may be impaired in cases where many organizations cannot dedicate the resources and time to properly review and comment on the Board's proposals. If final guidance lacks substantive review by many of the key adopters, the guidance is at higher risk for amendment as companies begin to implement the standards and as issues begin to surface.

Time and Investment to Meet New/Changed Accounting Standards

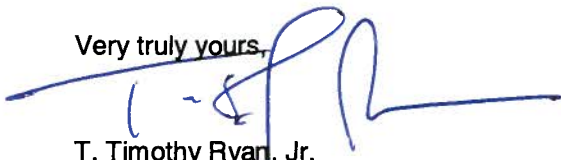
Implementation of new accounting guidance requires significant investment in various groups within organizations. First, an organization must understand the guidance and develop policies. Second, and generally requiring significantly more time and investment, is the development of systems and processes that effectively fulfill the policy requirements and provide reliable and auditable information for financial reporting. Putting additional pressure on the timelines are the SOX requirements for U.S. issuers, which require the company to have the controls in place for any new systems, processes or key changes. In order to have time to remediate any issues that may arise, an organization would need to implement new guidance as early in the first reporting period affected as possible.

Divergent Decisions are Counter-Productive

While many of the current projects are joint FASB/IASB projects, there are several cases where divergent key decisions have been made and there exists potential for additional divergence as each group works through their projects. We believe divergent accounting standards are counter-productive. As mentioned above, the investment in resources and time for an organization to adopt a new or updated standard is often significant. Any inconsistent guidance issued in the next few years that is subsequently converged will result in unnecessary additional implementation cycles with questionable improvement in financial reporting.

In conclusion, we would like to emphasize our commitment to enhanced accounting standards and to the process of convergence, particularly in this important era of regulatory reform. In this regard, we feel the accounting profession's contribution to strengthening the global financial system is essential to ensuring that the recent crisis will not be repeated. Accordingly, we would urge a realistic assessment of project priorities and whether the June 2011 deadline is achievable or whether a delay is warranted. Regardless of the outcome of that assessment, we believe there should be sufficient time allotted for implementation of the final guidance.

Very truly yours,



T. Timothy Ryan, Jr.
President and CEO

cc: Mr. John J. Brennan, Chairman, Board of Trustees, Financial Accounting Foundation
Mr. Gerrit Zalm, Chairman, Board of Trustees, IASC Foundation
The Honorable Mary L. Schapiro, Chairman, U.S. Securities and Exchange Commission