new york state society of
NYSSCPA
certified public accountants

Home of the Trusted Professional
3 park avenue, at 34th street, new york, ny 10016-5991
212.719.8300 • fax 212.719.3364
www.nysscpa.org

October 19, 2005

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,

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

Principal Drafters

John J. McEnerney
Sharon Sabba Fierstein

NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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.