

MEMO# 14572

March 25, 2002

CHANGES PROPOSED TO STREAMLINE FASB STANDARD SETTING PROCESS

[14572] March 25, 2002 TO: ACCOUNTING/TREASURERS COMMITTEE No. 13-02 SEC RULES COMMITTEE No. 24-02 RE: CHANGES PROPOSED TO STREAMLINE FASB STANDARD SETTING PROCESS The Financial Accounting Foundation, the body that oversees the Financial Accounting Standards Board recently issued the attached request for comment on a series of proposed changes intended to streamline the accounting standards development process. In light of recent events, the FAF determined that there is a need for the FASB to be more flexible in responding to change and to increase the efficiency of its standard setting process. The proposed changes relate to the size and composition of the FASB, the voting requirements to issue new standards, and the length of comment periods for proposed new standards. In particular, the FAF has proposed:

- A reduction in the size of the FASB from seven to five members. Traditionally the FASB has consisted of three members from public accounting, two members from issuers, and one member each from the investment and academic communities. The request for comment indicates that the FAF is considering the best mix of representatives from these communities.
- Eliminating the super-majority voting requirement necessary to issue a new standard. If the FASB is reduced to five members, the voting requirement to issue a new standard would be reduced to a 3-2 simple majority.
- Shorter comment periods. The comment period on proposed standards would be reduced to a maximum of 60 days. The comment deadline is April 17, 2002. If you have any comments on the proposed changes, please forward them to the undersigned no later than April 8 for inclusion in a possible Institute comment letter.

Gregory M. Smith Director - Operations/Compliance & Fund Accounting Attachment (in .pdf format)

Source URL: <https://icinew-stage.ici.org/memo-14572>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.