

## COMMENT LETTER

April 17, 2002

# Comment Letter Concerning Investor Representation on Financial Accounting Standards Board, April 2002

April 17, 2002

Joseph S. LaGambina  
Financial Accounting Foundation  
401 Merritt 7  
Norwalk, CT 06856-5116

Re: FAF Request for Comment on Proposed Changes to Streamline FASB Process

Dear Mr. LaGambina:

The Investment Company Institute<sup>1</sup> is pleased to respond to the Financial Accounting Foundation's request for comment on proposed changes to the structure and process of the Financial Accounting Standards Board. The proposed changes are intended to increase the efficiency of the FASB's accounting standard setting process without compromising due process.

Among other things, the FAF is considering reducing the size of the Board from seven to five members. The current Board is composed of three members from public accounting, two from industry, one from the investor community, and one from the academic community.

If the FAF decides to reduce the Board from seven to five members, we strongly urge you to continue or increase representation from the investor community. Investors and other users of financial statements are the ultimate consumers of financial information produced by issuers of securities. FASB Chairman Jenkins in recent testimony before Congress stated, "The focus of FASB is on consumers—users of financial information, such as investors, creditors, and others. We attempt to ensure that corporate financial reports give consumers an informative picture of an enterprise's financial condition and activities and do not color the image to influence behavior in any particular fashion."<sup>2</sup> We believe the Board should be structured to ensure that the views of investors are paramount in the standard setting process.

We appreciate the opportunity to comment on the proposed changes to the Board. If you have any questions please contact the undersigned at 202/326-5851 or smith@ici.org.

Sincerely,

Gregory M. Smith  
Director – Compliance & Fund Accounting

**ENDNOTES**

[1](#) The Investment Company Institute is the national association of the American investment company industry. Its membership includes 9,024 open-end investment companies (“mutual funds”), 485 closed-end investment companies and six sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.920 trillion, accounting for approximately 95 percent of total industry assets, and over 88.6 million individual shareholders.

[2](#) Testimony of Edmund L. Jenkins, Chairman FASB, before the Subcommittee on Commerce, Trade and Consumer Protection of the Committee on Energy and Commerce (February 14, 2002).

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