



American Institute of CPAs  
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December 2, 2014

Susan M. Cospers, CPA  
Technical Director  
FASB  
401 Merritt 7  
PO Box 5116  
Norwalk, CT06856-5116

**Re: September 15, 2014 Exposure Draft of a Proposed Accounting Standards Update (ASU), *Technical Corrections and Improvements*[File Reference No. 2014-240]**

Dear Ms. Cospers:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the ED and is providing the following comments for your consideration.

#### **GENERAL COMMENTS**

TIC supports the proposed technical corrections and improvements. However, TIC believes that further clarification is needed regarding the definitions of fair value in the Master Glossary and offers some suggestions for the Board's consideration.

#### **SPECIFIC COMMENTS**

In its August 5, 2013 comment letter on the May 6, 2013 exposure draft of the proposed Accounting Standards Update, *Technical Corrections and Improvements Related to Glossary Terms*, TIC had requested that the Board provide further guidance to help constituents differentiate the two definitions of fair value presented in the Master Glossary. On November 14, 2013, the Board deliberated the comment letters on the ED and concluded that the final ASU 2014-06 (subsequently issued in March 2014) would exclude any proposed changes to the duplicate fair value terms for shared-based payments and the definition of fair value that originated within FASB Statement No. 157. At that time, it was noted that the staff would undertake additional research on the

duplicate fair value terms and would present its findings to the Board at a future meeting, as part of the ongoing Technical Corrections project.

TIC therefore had anticipated that additional clarification of the terms might be forthcoming with the September 15, 2014 ED. With the exception of the clarification relating to employee stock ownership plans described in Issue 21 of the ED, it appears that the Board has decided against amending the fair value terms, or the related definitions.

When TIC reviewed the ED last month, the members unanimously agreed that the separate definitions are indistinguishable from one another. Therefore, TIC is requesting that the Board re-examine its decision not to provide further guidance. TIC believes one of two possible courses of action would be helpful. One option is to change Fair Value Definition 1 to "Fair-Value-Based Measurement," which corresponds to the terminology used in ASC 718-10-30. Another option is to revise the definition for Fair Value Definition 1 so that it is linked more closely to share-based payment transactions and is more descriptive of the factors that differ from a true fair value measurement. Either option would provide a clear distinction between the two definitions and improve the usefulness of the Master Glossary.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Scot Phillips". The signature is written in a cursive, slightly slanted style.

Scot Phillips, Chair  
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees