



November 10, 2021

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 2021-005

The Accounting Principles Committee of the Illinois CPA Society (“Committee”) appreciates the opportunity to provide its perspective on the *Proposed Accounting Standards Update, Fair Value Measurement (Topic 820) Fair Value of Equity Securities Subject to Contractual Sale Restrictions* (the “Proposed Update”). The Committee is a voluntary group of CPAs from public practice, industry, and education. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of the Committee are outlined in Appendix A to this letter.

The Committee does not support the Proposed Update because it does not address the accounting for a contractual sale restriction, which could lead to diversity in practice regarding how an entity would account for the effects of such a contractual sale restriction on equity securities that are not ‘restricted securities’, as defined in the Proposed Update. The Proposed Update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring the fair value of that equity security. However, the Proposed Update does not address what accounting an entity should apply to the difference between the fair value of the equity security and that same securities’ purchase price. Some reporting entities may believe that the difference between the purchase price and the fair value of an equity security not subject to the contractual sale restriction should be treated as a day one gain, while others may view the difference as giving rise to a liability. The Committee believes the Board should clarify the accounting for contractual sale restrictions in the Proposed Update, and supports the alternative view expressed in paragraph BC27; whereby, such contractual sale restrictions are a separate unit of account that would reduce the respective fair value of the equity security recognized on the balance sheet.

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We appreciate the opportunity to provide our comments and observations on the Proposed Update and would be pleased to discuss them with the Board members or the FASB staff at your convenience.

Sincerely,

William Keirse, CPA
Chair, Accounting Principles Committee

Matt Mitzen, CPA
Vice Chair, Accounting Principles Committee

APPENDIX A
 ACCOUNTING PRINCIPLES COMMITTEE
 ORGANIZATION AND OPERATING PROCEDURES
 2021-2022

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education, and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to fully study and discuss exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed, and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

Ryan Brady, CPA	Grant Thornton LLP
Ashley Carboni, CPA	KPMG LLP
Michael Couillard, CPA	Baker Tilly US, LLP
Matthew Denton, CPA	Sikich LLP
Jason Eaves, CPA	Crowe LLP
William Keirse, CPA (Chair)	Ernst & Young LLP
Melissa Lynch, CPA	Plante Moran, PLLC
Jason Plourde, CPA	Grant Thornton LLP
Darshana Raigaga, CPA	BKD LLP
David Wentzel, CPA	Crowe LLP

Medium: (more than 40 professionals)

Danielle Martin, CPA	Porte Brown LLC
Jeffery Watson, CPA	Miller Cooper & Company Ltd
Jennifer Cataldo, CPA	Miller Cooper & Company Ltd

Small: (less than 40 professionals)

Peggy Brady, CPA	Selden Fox, Ltd.
Brian Kot, CPA	Cray Kaiser Ltd CPAs
Matthew Mitzen, CPA (Vice Chair)	Bronswick Benjamin P.C.

Educators:

Mollie Adams, CPA	Bradley University
John Hepp, CPA	University of Illinois at Urbana-Champaign

Industry:

John Becerril, CPA	Elkay Manufacturing
Christopher Carli, CPA	FreightCar America Inc.
Jeffrey Ellis, CPA	FTI Consulting, Inc.
Michael Maffei, CPA	GATX Corporation
Thomas Masterson, CPA	Medix
Lisa Sezonov, CPA	Northern Trust
Richard Tarapchak, CPA	II-VI Corp.
William Wang, CPA	Union Tank Car Company

Staff Representative: Rafael Wiesenberg, CPA Illinois CPA Society