

Accounting Roundup

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FASB Developments

FSP on Accounting for Registration Payment Arrangements

The FASB has issued FSP EITF 00-19-2,¹ which addresses an issuer's accounting for registration payment arrangements. The FSP clarifies that a registration payment arrangement and the financial instrument(s) subject to that arrangement should be separately measured and recognized. In addition to examples of separate measurement and recognition, the FSP provides transition guidance.

Paragraphs 7–11 of FSP EITF 00-19-2 discuss the recognition and measurement requirements. Paragraph 8 states, in part, that “an entity should recognize and measure a registration payment arrangement as a separate unit of account from the financial instrument(s) subject to that arrangement.” The FSP clarifies that such financial instrument(s) should be accounted for under other applicable GAAP, such as those in Opinion 21,² Statement 133,³ and Issue 00-19,⁴ “without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement.” It also states that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with Statement 5⁵ and Interpretation 14.⁶

This FSP amends certain accounting literature to include scope exceptions for registration payment arrangements by adding the following:

- Paragraph 10(j) to Statement 133.
- Paragraph 17A to Statement 150.⁷
- Paragraph 6(g) to Interpretation 45.⁸

¹ FASB Staff Position No. EITF 00-19-2, “Accounting for Registration Payment Arrangements.”

² APB Opinion No. 21, *Interest on Receivables and Payables*.

³ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

⁴ EITF Issue No. 00-19, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock.”

⁵ FASB Statement No. 5, *Accounting for Contingencies*.

⁶ FASB Interpretation No. 14, *Reasonable Estimation of the Amount of a Loss*.

⁷ FASB Statement No. 150, *Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity*.

⁸ FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*.

This FSP's guidance is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified after December 21, 2006. Otherwise, the guidance is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. The text of [FSP EITF 00-19-2](#) is available on the FASB's Web site.

Exposure Draft on Improving Disclosures for Derivatives and Hedging Activities

The FASB has issued an Exposure Draft⁹ intended to improve the disclosure requirements in Statement 133 and other relevant literature for derivative instruments and related hedged items. The proposed Statement would require the following:

- Qualitative disclosure of the objectives and strategies for using derivative instruments.
- Quantitative tabular disclosure of the notional amounts, fair values, and gains and losses on derivative instruments and related hedged items.
- Qualitative disclosure of the counterparty credit risk and contingent features in derivative instruments.
- The balance sheet and income statement location of certain information about derivative instruments.

The FASB believes that the requirements proposed in this Exposure Draft will enhance financial statement users' understanding of the additional risks an entity may encounter when using derivatives. The Board also believes that the Exposure Draft's amendments to the current requirements more effectively communicate these risks and that the new provisions will clarify how derivatives and related hedged items affect the financial statements.

The requirements included in the Exposure Draft would be effective for financial statements issued for fiscal years and interim periods ending after December 15, 2007; early application is encouraged. The Exposure Draft encourages, but does not require, disclosures for earlier periods at initial adoption. In years after initial adoption, the proposed Statement would require disclosures for earlier periods. Comments are due by March 2, 2007. The text of the [Exposure Draft](#) is available on the FASB's Web site.

Proposed FSP on Statement 158

Statement 158¹⁰ amended the recognition provisions, but not the illustrations contained in the appendices, of Statement 87,¹¹ Statement 88,¹² and Statement 106¹³ to require recognition of the funded status of defined benefit postretirement plans in an employer's statement of financial position. Therefore, the FASB has issued proposed FSP FAS 158-a.¹⁴ To reflect the provisions of Statement 158, this proposed FSP would update those illustrations that continue to be relevant.

The proposed FSP would also supersede the following Special Reports, amending the questions and answers contained in them and incorporating that guidance as new appendices to Statements 87, 88, and 106, respectively:

- *A Guide to Implementation of Statement 87 on Employers' Accounting for Pensions.*
- *A Guide to Implementation of Statement 88 on Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits.*
- *A Guide to Implementation of Statement 106 on Employers' Accounting for Postretirement Benefits Other Than Pensions.*

⁹ Proposed FASB Statement, *Disclosures About Derivative Instruments and Hedging Activities* — an amendment of FASB Statement No. 133.

¹⁰ FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.

¹¹ FASB Statement No. 87, *Employers' Accounting for Pensions*.

¹² FASB Statement No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*.

¹³ FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*.

¹⁴ Proposed FASB Staff Position No. FAS 158-a, "Conforming Amendments to the Illustrations in FASB Statements No. 87, No. 88, and No. 106 and to the Related Staff Implementation Guides."

Incorporating the implementation guidance into the appendices of the respective statements would effectively elevate that guidance from Level D to Level A of the GAAP hierarchy.¹⁵ The proposed FSP would be effective as of the effective dates of Statement 158. Comments are due by January 8, 2007. The text of [proposed FSP FAS 158-a](#) is available on the FASB's Web site.

FASB Proposes Amendment to Interpretation 39

The FASB has issued proposed FSP FIN 39-a.¹⁶ Interpretation 39¹⁷ discusses the appropriateness of offsetting certain amounts in multiple contracts with a single counterparty. Proposed FSP FIN 39-a replaces references to conditional contracts and exchange contracts with the term "derivative instruments," as defined in Statement 133. The proposed FSP would also amend Interpretation 39 to indicate that the fair value amounts recognized for the right to reclaim or the obligation to return cash collateral arising from a master netting arrangement could be offset against the fair value amounts recognized for the derivative instruments executed with that counterparty under the same master netting arrangement when the derivative instruments have been offset in accordance with paragraph 10 of Interpretation 39.

The guidance in this FSP would be effective for fiscal years beginning after December 15, 2006, and should be applied retrospectively unless it is impracticable to do so.

Comments are due by January 31, 2007. The text of [proposed FSP FIN 39-a](#) is available on the FASB's Web site.

Tentative Guidance on Implementation Issue H17

The FASB issued tentative guidance on Implementation Issue H17.¹⁸ The guidance states that in a cash flow hedge of foreign currency risk, the variability in functional-currency-equivalent proceeds attributable to foreign exchange risk that is to be received from the forecasted issuance of debt denominated in a currency other than the reporting entity's functional currency is not eligible for designation as the hedged transaction. The FASB believes that in such a transaction, an entity is exposed to a risk that does not affect reported earnings. The guidance's status will remain tentative until it is formally cleared by the FASB.

The implementation guidance would be effective on the first day of an entity's first fiscal quarter beginning after the date that the Board-cleared guidance is posted on the FASB's Web site. Comments are due by February 2, 2007. The text of [Implementation Issue H17](#) is available on the FASB's Web site.

GASB Developments

Statement on Pollution Remediation Obligations

The GASB issued Statement 49,¹⁹ which requires governmental entities to estimate the components of expected pollution remediation costs and to record such costs as liabilities when any of the following five recognition triggers occur:

- Pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem.
- A government has violated a pollution-prevention-related permit or license.
- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the cleanup.
- A government is named (or evidence indicates that it will be named) in a lawsuit, compelling it to address the pollution.
- A government legally obligates itself to begin cleanup or post-cleanup activities (limited to activities the government is legally required to complete).

¹⁵ The GAAP hierarchy is currently included in AICPA Statement on Auditing Standards No. 69, AU Section 411, *The Meaning of Presents Fairly in Conformity With Generally Accepted Accounting Principles*.

¹⁶ Proposed FASB Staff Position No. FIN 39-a, "Amendment of FASB Interpretation No. 39."

¹⁷ FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*.

¹⁸ Statement 133 Implementation Issue No. H17, "Foreign Currency Hedges: Hedging Functional-Currency-Equivalent Proceeds to Be Received From a Forecasted Foreign-Currency-Denominated Debt Issuance."

¹⁹ GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

GASB Statement 49 requires that a governmental entity use an “expected cash flows” measurement technique to predict its expected outlays for pollution remediation obligations. The Statement applies to remediation activities, such as site assessment and cleanups of existing pollution. Pollution prevention or control obligations with respect to current operations, as well as future pollution remediation activities that are required upon retirement of an asset (e.g., landfill closure and post-closure care and power plant decommissioning), are excluded from the scope of the Statement.

GASB Statement 49 also requires governments to disclose information about their pollution obligations associated with cleanup efforts in the footnotes to their financial statements.

The Statement is effective for financial statements for periods beginning after December 15, 2007, but liabilities should be measured at the beginning of the period of adoption so that beginning net assets can be restated. The [press release](#) announcing the Statement’s issuance is available on the GASB’s Web site. A copy of the Statement can be ordered through the GASB’s order department at 800-748-0659 or [online](#) at the GASB’s Web site.

Exposure Draft on Accounting for Intangible Assets

The GASB, seeking to eliminate the inconsistencies in governmental entities’ financial statements regarding the recognition, initial measurement, and amortization of intangible assets, has issued an Exposure Draft²⁰ containing accounting and financial reporting guidance for such assets. The proposal defines an intangible asset as an asset that lacks physical substance, is nonfinancial, and has an initial useful life extending beyond a single reporting period. The proposed Statement would do the following:

- Require that all intangible assets subject to the proposed Statement’s provisions be classified as capital assets.
- Provide authoritative guidance specifically addressing the nature of intangible assets.
- Require that intangible assets be recognized in the statement of net assets only if they are considered identifiable.
- Require that entities recognize internally generated intangible assets, including internally generated computer software, by following a specific-conditions approach.
- Establish amortization guidance for intangible assets, including determining the useful life of intangible assets whose life is limited by contractual or legal provisions. Intangible assets with indefinite useful lives (i.e., no factors limit their useful lives) would not be amortized unless the useful life later becomes finite because of a change in circumstances.

The requirements of this proposed Statement would be effective for financial statements for periods beginning after June 15, 2009, and should generally be applied retroactively. Comments on this proposed Statement are due by March 23, 2007. The text of the [proposed Statement](#) and a [press release](#) announcing it are available on the GASB’s Web site.

Exposure Draft on Pension Plan Disclosures

The GASB has issued an Exposure Draft²¹ that would amend Statement 25²² and Statement 27²³ by requiring pension plans and employers that provide pension benefits to make enhanced disclosures and supplementary information about the plans available to users of governmental financial statements. The proposed Statement

²⁰ Proposed GASB Statement, *Accounting and Financial Reporting for Intangible Assets*.

²¹ Proposed GASB Statement, *Pension Disclosures* — an amendment of GASB Statements No. 25 and 27.

²² GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

²³ GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

would align current pension disclosure requirements with other recently issued postemployment benefit requirements. The proposed Statement would require, among other things, the following changes with respect to note disclosures or required supplementary information (RSI) of pension plans and certain employer governments:

- Disclosure, as of the most recent actuarial valuation date, of the funded status of the plan in the notes to the financial statements.
- Disclosure, in the notes to the financial statements, of actuarial methods and significant assumptions used in the most recent actuarial valuation. Currently, this information must be disclosed in the notes to RSI.
- If the aggregate actuarial cost method is used to determine the annual required contribution of the employer, a schedule of funding progress should be included as RSI using the entry age actuarial cost.
- Narrative disclosure of the actuarial measurement process and a reference between the funded status disclosure in the notes to the financial statements and the required schedule of funding progress in RSI.
- Disclosure of legal or contractual maximum contribution rates. For cost-sharing employers, disclosure of how those rates are determined is also required.
- Presentation by employers in cost-sharing plans of the required schedule of funding progress if the plan (1) is not accompanied by a GAAP-compliant report that includes RSI or (2) does not appear in a publicly available financial report of another entity.

The Statement would be effective for periods beginning after June 15, 2007; early implementation is encouraged. Comments are due by February 28, 2007. The text of the [proposed Statement](#) and a [press release](#) announcing it are available on the GASB's Web site.

AICPA Developments

TPAs on Investment Companies

The AICPA has issued four new TPAs on investment companies. TIS Section 6910.21²⁴ discusses the recognition of premium/discount on short positions in fixed-income securities. The TPA states that when recognizing interest income on short positions, investment companies should recognize all economic elements of interest, including premium and discount.

TIS Section 6910.22²⁵ discusses the presentation of reverse repurchase agreements. The TPA states that a reverse repurchase agreement should be presented at amounts payable. Moreover, it indicates that if such an agreement is denominated in a currency different from the reporting currency, the current exchange rate should be used during translation.

TIS Section 6910.23²⁶ discusses accounting treatment of offering costs incurred by investment partnerships. The TPA states that an investment partnership that continually offers its interests should defer offering costs incurred before operations began and amortize these costs to expense over the period — up to a maximum of 12 months — in which it continually offers its interests.

TIS Section 6910.24²⁷ defines “continually offer interests,” stating that an investment partnership is thought to continually offer its interest if an eligible, new investor (i.e., one that does not already own interest in the partnership) may enter into an agreement to purchase an interest in the partnership on any one business day or on a series of business days over a continuous period.

The text of the [TPAs](#) is available on the AICPA's Web site.

²⁴ AICPA Technical Practice Aids, TIS Section 6910.21, “Recognition of Premium/Discount on Short Positions in Fixed-Income Securities.”

²⁵ AICPA Technical Practice Aids, TIS Section 6910.22, “Presentation of Reverse Repurchase Agreements.”

²⁶ AICPA Technical Practice Aids, TIS Section 6910.23, “Accounting Treatment of Offering Costs Incurred by Investment Partnerships.”

²⁷ AICPA Technical Practice Aids, TIS Section 6910.24, “Meaning of ‘Continually Offer Interests.’”

TPA on Liquidated Damages

[TIS Section 2210.28](#)²⁸ relates to accounting for liquidated damages by the buyer of property, plant, and equipment (PP&E). It states that the buyer should record liquidated damages as a reduction in the cost of PP&E. Moreover, the TPA indicates that the buyer should recognize liquidated damages that exceed the cost of PP&E as income.

TPA on Income Taxes

The AICPA issued [TIS Section 5700.01](#)²⁹ on income tax accounting for contributions to certain nonprofit scholarship funding organizations. The TPA states that an entity should report such amounts as contributions in its income statement in accordance with Statement 116.³⁰

TPAs on Effective Dates of a New SAS

The AICPA issued two [TPAs](#) on determining the effective date of a new SAS. TIS Section 8100.01³¹ discusses determining the effective date of a new SAS for audits of a single financial statement. The TPA states that a new SAS would be effective for audits of an entity's single financial statement if the same SAS would be effective for audits of the entity's complete set of financial statements.

TIS Section 8100.02³² discusses determining the effective date of a new SAS for audits of interim periods. This TPA uses examples to show that auditors should examine the entity's normal fiscal year to determine whether the SAS is effective.

Working Draft of TPA on Certain Equity-Related Financial Instruments

The AICPA has issued a Working Draft³³ of a TPA. This document is intended as a roadmap to help preparers and auditors navigate the various guidance on accounting for financial instruments that are indexed to, and potentially settled in, a company's own stock. The Working Draft also addresses the accounting considerations involved in analyzing freestanding and embedded derivative financial instruments at issuance and on an ongoing basis.

The Working Draft includes a description of the background and scope of the TPA, two flowcharts for analyzing freestanding and embedded instruments, an appendix containing a glossary of terms, and an appendix listing the authoritative literature discussed in the TPA. The [Working Draft](#) is available on the AICPA's Web site.

AICPA Issues Audit Risk Alerts

The AICPA has issued four new Audit Risk Alerts. These new Alerts cover the following:

[Understanding New Auditing Standards Relating to Risk Assessment](#) — This Audit Risk Alert summarizes the requirements of the new AICPA risk assessment standards.

[SEC and PCAOB Developments](#) — This Audit Risk Alert gives financial statement preparers and their auditors an overview of recent developments in financial reporting and auditing matters at the SEC and PCAOB.

[Independence and Ethics Alert](#) — This Audit Risk Alert provides AICPA members with guidance on recent developments in independence and ethics. Also included is guidance on performing nonattest services for attest clients and information about the independence rules and activities at the SEC, PCAOB, and GAO.

[High-Technology Industry Developments](#) — This Audit Risk Alert gives financial statement preparers and their auditors an overview of how current accounting, auditing, and regulatory developments affect high-technology companies.

²⁸ AICPA Technical Practice Aids, TIS Section 2210.28, "Accounting for Certain Liquidated Damages."

²⁹ AICPA Technical Practice Aids, TIS Section 5700.01, "Income Tax Accounting for Contributions to Certain Nonprofit Scholarship Funding Organizations."

³⁰ FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*.

³¹ AICPA Technical Practice Aids, TIS Section 8100.01, "Determining the Effective Date of a New Statement on Auditing Standards for Audits of a Single Financial Statement."

³² AICPA Technical Practice Aids, TIS Section 8100.02, "Determining the Effective Date of a New Statement of Auditing Standards for Audits of Interim Periods."

³³ AICPA Working Draft of a Technical Practice Aid, *Convertible Debt, Convertible Preferred Shares, Warrants, and Other Equity-Related Financial Instruments*.

Proposed Statement on Standards for Accounting and Review Services

On December 1, 2006, the AICPA's Accounting and Review Services Committee (ARSC) issued an Exposure Draft of a proposed Statement³⁴ that will eliminate certain references to auditing literature from Statements on Standards for Accounting and Review Services (SSARs) and incorporate guidance similar to those references into appropriate places in the SSARs. The ARSC believes that eliminating certain references to the SSARs would be beneficial for practitioners whose highest level of service performed is a compilation or review. Because these practitioners may not be aware of the auditing literature, the ARSC argues, incorporating relevant guidance into the compilation and review literature would be more helpful.

The proposed Statement would be effective for compilations and reviews of financial statements for periods ending on or after December 15, 2007. Early application would be permitted. Comments are due by May 18, 2007. The [summary](#) and [text](#) of the proposed Statement are available on the AICPA's Web site.

AICPA Hosts Annual Conference on SEC and PCAOB Developments

The AICPA hosted its 2006 National Conference on Current SEC and PCAOB Developments, featuring speeches by, and question-and-answer sessions with, members of the SEC, PCAOB, and other standard-setting organizations. **The speakers' remarks provide insight into the current concerns and priorities of their organizations.** The Conference also serves as a forum in which regulators share information and express concerns in advance of the annual reporting season. The overarching theme of this year's conference was the quality of financial reporting and ways to reduce its complexity. Other key topics were:

- Transparency of financial reporting and disclosure.
- Internal control reporting by management and independent auditors.
- Convergence of international standards and U.S. GAAP.
- XBRL (eXtensible business reporting language) reporting.
- Stock option backdating.
- Quantifying errors under the rollover approach versus the iron-curtain approach as discussed in SAB 108.³⁵
- Technical accounting issues, including those involving business combinations, fair value (e.g., Statement 157³⁶), income taxes (Interpretation 48³⁷), and financial instruments (derivatives, share-based payment, revenue recognition, consolidation, earnings per share, materiality, pensions, and postretirement benefits).

For more information, see Deloitte & Touche LLP's [Heads Up](#) covering the highlights of the AICPA's December 11–13, 2006, National Conference on SEC and PCAOB Developments.

SEC Developments

Extension of Section 404 Compliance

On December 15, 2006, the SEC issued a Final Rule³⁸ extending deadlines for compliance with the Section 404 requirements of the Sarbanes-Oxley Act of 2002 (the "Act") and for the auditor's attestation for **non-accelerated filers**. The Final Rule extends the date by which non-accelerated filers must provide management's report assessing the effectiveness of the company's internal control over financial reporting from fiscal years ending on or after July 15, 2007, to fiscal years ending on or after December 15, 2007. The Final Rule also extends the effective date for the auditor's attestation report on internal control over financial reporting to the first annual report for a fiscal year ending on or after December 15, 2008.

³⁴ AICPA Proposed Statement on Standards for Accounting and Review Services, *Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services*.

³⁵ SEC Staff Accounting Bulletin No. 108, codified as SAB Topic 1.N, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements."

³⁶ FASB Statement No. 157, *Fair Value Measurements*.

³⁷ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*.

³⁸ SEC Final Rule, *Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies*.

In addition, the Final Rule provides a transition period for Section 404 compliance for all newly public companies (i.e., any company that has become public through an initial public offering or a registered exchange offer or that otherwise has become subject to the reporting requirements of the Securities Exchange Act of 1934 (the “Exchange Act”), including a foreign private issuer that is listed on a U.S. exchange for the first time). Under the Final Rule, a newly public company, regardless of its size, will not be required to provide a management assessment or an auditor attestation report of internal control over financial reporting until it files its second annual report with the SEC.

The [Final Rule](#) and a [press release](#) announcing it are available on the SEC’s Web site.

Amendment to Executive Compensation Disclosure Rules

On December 22, 2006, the SEC issued interim final rules³⁹ that amend the disclosure requirements for executive and director compensation. Under the amended rules:

- The summary compensation table and the director compensation table will include the compensation cost of stock awards and option awards over the requisite service period, as defined in Statement 123(R),⁴⁰ instead of the aggregate grant date fair value of awards computed in accordance with Statement 123(R).
- The grants of plan-based awards table will include the following information computed in accordance with Statement 123(R):
 - A column showing, on a grant-by-grant basis, the full grant date fair value of awards.
 - The incremental fair value of repriced or materially modified options, stock appreciation rights, and similar option-like instruments, computed as of the repricing or modification date.

The amendments are effective December 29, 2006. However, because these are interim final rules, the SEC has indicated that it will consider constituents’ comments provided by January 29, 2007, so that it can make any necessary revisions. The [interim final rules](#) and the [press release](#) announcing them are available on the SEC’s Web site.

Proposed Interpretive Guidance for Management to Improve Sarbanes-Oxley 404

The SEC proposed for public comment interpretive guidance⁴¹ designed to assist management in evaluating internal control over financial reporting, as required by Section 404 of the Act. The guidance proposes a top-down, risk-based approach to this evaluation. The proposed guidance:

- Recognizes that companies’ internal control structures will vary based on many factors, including the company’s size.
- Provides an approach that is not prescriptive but that is based on two broad principles — design and operating effectiveness.
- Walks management through the two necessary steps in the evaluation, financial reporting risks and controls and the assessment report, clarifying that reasonable judgment in applying these steps is paramount.
- Notes that management should recognize the characteristics of the company it is evaluating.

The Commission also proposed amendments to Rules 13a-15 and 15d-15 to clarify that a company choosing to evaluate internal control in accordance with the interpretive guidance would satisfy the rules’ requirement to perform an annual evaluation. Finally, the Commission proposed amendments to Regulation S-X to clarify the auditor’s reporting requirement pursuant to Section 404(b) of the Act.

Comments on the proposed interpretive guidance and rule amendments should be received by the Commission by February 27, 2007. The [proposed interpretive guidance](#) and a [press release](#) announcing it, as well as the instructions and contact information for comments, are available on the SEC’s Web site.

³⁹ SEC Interim Final Rules, *Executive Compensation Disclosure*.

⁴⁰ FASB Statement No. 123(R), *Share-Based Payment*.

⁴¹ SEC Proposed Interpretive Guidance, *Management’s Report on Internal Control Over Financial Reporting*.

Deregistration of Foreign Private Issuers

The SEC repropose amendments⁴² to the rules that govern when a foreign private issuer may terminate the registration of a class of equity securities under Section 12(g) of the Exchange Act and the corresponding duty to file reports required under Section 13(a) of the Exchange Act, and when it may cease its reporting obligations regarding a class of equity or debt securities under Section 15(d) of the Exchange Act. Under the current rules, a foreign private issuer may exit the Exchange Act registration and reporting regime if the class of the issuer's securities has fewer than 300 record holders who are U.S. residents. Because of the increased globalization of the U.S. securities markets that has occurred since the adoption of these rules, a foreign private issuer may find it difficult to terminate its Exchange Act registration and reporting obligations even if there is relatively small interest in the issuer's securities among U.S. investors. Moreover, a foreign private issuer currently can suspend, but not terminate, a duty to report arising under Section 15(d) of the Exchange Act.

If a foreign private issuer meets a quantitative benchmark designed to measure relative U.S. market interest for a class of equity securities under Section 12(g) or Section 15(d), Reproposed Exchange Act Rule 12h-6 would permit the termination of Exchange Act reporting. The repropose benchmark would require the comparison of the average daily trading volume of an issuer's securities in the United States with that in its primary trading market.

Comments on the Rule repropose must be received by the Commission by February 12, 2007. The [repropose rule](#), the [press release](#) announcing it, and the instructions and contact information for comments are available on the SEC's Web site.

E-Proxy Rule Amendments

The SEC voted to adopt amendments to its proxy rules that would allow companies to furnish proxy materials to shareholders over the Internet through a "notice-and-access" model. The Commission also voted to propose rule changes that would require companies and soliciting persons to follow the notice-and-access model for all solicitations not related to a business combination transaction in the future.

Comments on the rule amendments should be received by the Commission within 60 days of their publication in the Federal Register.

The [press release](#) is available on the SEC's Web site. According to the press release, the proposed rule amendments will be posted as soon as they are available.

Proposed Rules for Investment Advisers and Accredited Investors

The SEC voted to propose several new rules intended to provide additional protections to investors in hedge funds and other pooled investment vehicles.

Comments on the proposed rules should be received by the Commission by March 9, 2007.

The [press release](#) and [proposed rule](#) are available on the SEC's Web site. According to the press release, the proposed rules proposal will be posted as soon as it is available. Once posted, links to the full text are typically added.

Proposed Rules for Implementation of Bank Broker Provisions

The SEC published for public comment, jointly with the Board of Governors of the Federal Reserve System (the "Board"), rules⁴³ to implement the bank broker provisions of the Exchange Act as well as a companion proposal concerning certain bank dealer activities and other related matters. To ensure that it will have time to consider public comment carefully, the SEC also extended the temporary exemption of banks from the definition of "broker" until July 2, 2007.

The Commission and the Board request public comment on these proposals by March 26, 2007. The [press release](#), the [proposed rule](#), and the [companion proposal](#) are available on the SEC's Web site.

⁴² SEC Repropose Rule, *Termination of a Foreign Private Issuer's Registration of a Class of Securities Under Section 12(g) and Duty to File Reports Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934*.

⁴³ SEC Proposed Rule, *Definitions of Terms and Exemptions Relating to the "Broker" Exceptions for Banks*.

SEC Seeks Comments on Investment Company Governance

The SEC is reopening the comment period on its June 2006 request for comment to its proposed rules⁴⁴ related to investment companies (“funds”) that rely on certain exemptive rules. The proposed rules would require fund boards to be (1) composed of at least 75 percent independent directors and (2) chaired by an independent director. The purpose of the additional comment period is to permit public comment on two papers prepared by the Office of Economic Analysis on this topic by including the papers in the comment file. Comments on the proposed rules are due March 2, 2007. The [request for additional comments](#), as well as the instructions and contact information for comments, is available on the SEC’s Web site.

SEC Updates Current Accounting and Disclosure Issues Document

The SEC published an updated version of *Current Accounting and Disclosure Issues in the Division of Corporate Finance*. The document, which is an update of the December 1, 2005, publication, captures the SEC’s significant rule-making developments and current views on a variety of accounting and disclosure topics.

In addition to specific rules proposed or adopted by the SEC (and covered in previous issues of *Accounting Roundup*), the document includes the following topics, which have been added or revised since December 2005:

- Operating segments and goodwill impairment.
- Aggregation of operating segments.
- Disclosures of liabilities for unpaid claims and claim adjustment expenses and reinsurance recoverables on paid and unpaid claims.
- Adoption of a new accounting standard in an interim period.
- Disclosures regarding cash flows associated with discontinued operations and insurance proceeds in the statement of cash flows.
- Disclosures regarding loss contingencies in MD&A.
- Shortcut method of assessing hedge effectiveness.
- Financial statement presentation and disclosure under Statement 133.⁴⁵
- Use of Form S-8, Form 8-k, and Form 20-F by public shell companies.
- Electronic notifications of effectiveness.
- Classification and measurement of warrants and embedded conversion features.
- Disclosures of off-balance-sheet arrangements.

The November 2006 edition of [Current Accounting and Disclosure Issues in the Division of Corporate Finance](#) is available on the SEC’s Web site.

PCAOB Developments

PCAOB Proposes New Auditing Standard and Other Related Proposals

On December 19, 2006, the PCAOB issued a proposed standard⁴⁶ on auditing internal control over financial reporting that would supersede Auditing Standard 2.⁴⁷ The PCAOB (1) issued a new proposed auditing standard⁴⁸ on using the work of others (including internal auditing and management), (2) proposed a revision to the Independence Rule⁴⁹ currently included in Auditing Standard 2, and (3) proposed making changes to conform to other standards as a result of this rule making. These proposals are discussed in more detail below.

⁴⁴ SEC Proposed Rule, *Investment Company Governance*.

⁴⁵ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

⁴⁶ PCAOB Proposed Auditing Standard, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*.

⁴⁷ PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements*.

⁴⁸ PCAOB Proposed Auditing Standard, *Considering and Using the Work of Others in an Audit*.

⁴⁹ PCAOB Proposed Rule 3535, *Audit Committee Pre-approval of Services Related to Internal Control Over Financial Reporting*.

Proposed Auditing Standard — An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements

The proposed auditing standard would supersede Auditing Standard 2 and is designed to:

- Direct the auditor's focus to the matters most important to internal control, such as risk assessment, by clarifying the role of materiality and by revising the definitions of significant deficiency and material weakness, among other things.
- Eliminate procedures that are not necessary to achieve the intended results. For example, the proposed standard permits the consideration of knowledge obtained during previous audits, removes barriers to using the work of others, and modifies the walkthrough requirements.
- Make the audit more scalable for smaller and less complex companies.
- Simplify the requirements by reducing the detail and specificity of the current standard.

Proposed Auditing Standard — Considering and Using the Work of Others in an Audit

The proposed standard would supersede SAS 65⁵⁰ and AU Section 322,⁵¹ as well as the current guidance in Auditing Standard 2, regarding using the work of others. Moreover, it would allow the auditor to use the work of others appropriately for both the internal control audit and the financial statement audit. This should simplify integration of the two audits.

Proposed Rule 3525 — Audit Committee Pre-approval of Services Related to Internal Control Over Financial Reporting

The proposed new Independence Rule would replace current guidance in Auditing Standard 2 regarding independence and internal control-related services. The proposed rule would help ensure that audit committees are given pertinent information to make informed decisions about how internal control-related services may affect independence.

Proposed Amendments to the Board's Interim Standards

The PCAOB has proposed amendments that would simplify the internal control standards by moving certain information currently contained in Auditing Standard 2 to other existing interim standards. The proposed amendments would also change the existing requirement for the dating of audit reports.

All of the above proposals and related documents are included as Rulemaking Docket 21 on the PCAOB's Web site. Comments are due February 26, 2007. The [press release](#) and the [proposed standard and other related proposals](#) are available on the PCAOB's Web site.

PCAOB Amends Rule Relating to Inspection Frequency

On December 19, 2006, the PCAOB adopted an amendment to Rule 4003⁵² to make a temporary adjustment to inspection frequency requirements. The rule temporarily adjusts the minimum frequency of the PCAOB's inspection of registered public accounting firms that have 100 or fewer issuer audit clients. The amendment will expire on June 30, 2007, unless the PCAOB acts to extend it. The amendment will take effect upon approval by the SEC.

Although the PCAOB has adopted the amendment as a final rule, the PCAOB will consider comments in determining whether to extend the amendment beyond June 30, 2007. Comments are due by February 16, 2007. The [amendment](#) is available on the PCAOB's Web site.

⁵⁰ AICPA Statement on Auditing Standards No. 65, *The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements*.

⁵¹ AICPA Professional Standards, AU Section 322, *The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements*.

⁵² PCAOB Rule 4003, "Frequency of Inspections."

International Developments

IASB and FASB Announce International Working Group on Lease Accounting

On December 8, 2006, the IASB and the FASB announced the establishment of an international working group to help them reconsider standards on lease accounting. The two boards are planning a joint discussion paper, expected to be published in 2008, expressing their preliminary views on the treatment of lease contracts in the financial statements of lessees and lessors. The [press release](#), which includes a listing of the members of the working group, is available on the IASB's Web site.

Other Developments

Revised Guidance Issued on the Allowance for Loan and Lease Losses

Certain regulatory agencies⁵³ responsible for supervising depository institutions recently issued a revised policy statement on the allowance for loan and lease losses (ALLL). The agencies are also issuing a document that includes frequently asked questions (FAQ) to help institutions apply GAAP and ALLL supervisory guidance, including the development and assessment of the ALLL estimate. The [revised ALLL policy statement](#) and the [ALLL FAQ document](#) are available on any of the agencies' Web sites.

⁵³ The agencies are Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and National Credit Union Administration.

Appendix A: Recent Meetings

Recent FASB Meetings

To jump to the minutes of a FASB meeting, click a title below.

November 29, 2006

The Board discussed the following topics:

- [Offsetting Receivables or Liabilities Recognized Upon Payment or Receipt of Cash Collateral in Master Netting Arrangements.](#)
- [Postretirement Benefit Obligations, Including Pensions.](#)
- [Financial Guarantee Insurance — Disclosure, Effective Date, Transition, and Sweep Issues.](#)
- [Ratification of EITF Consensuses and Tentative Conclusions.](#)

December 6, 2006

The Board discussed the following topics:

- [Insurance Risk Transfer.](#)
- [Financial Guarantee Insurance.](#)

December 13, 2006

The Board discussed the following topics:

- [Financial Statement Presentation.](#)
- [Statement 133 Implementation Issue — Cash Flow Hedges of Variable Rate Assets and Liabilities That Are Not Based on a Benchmark Interest Rate.](#)
- [Fair Value Measurements in Business Combinations and Impairment Tests.](#)

December 19–20, 2006

The Board discussed the following topics:

- [Business Combinations: Applying the Acquisition Method.](#)
- [Quantification of Misstatements for the Determination of Materiality and Correction of Errors.](#)
- [Registration Payment Arrangements.](#)
- [Statement 133 Implementation Issue — Application of Paragraph 13\(b\) to Securitized Interests in Prepayable Financial Assets \(Statement 155 Implementation\).](#)
- [Fair Value Option.](#)

No Board Meetings Were Held During the Week of December 25, 2006.

FASB Project Summaries and Meeting Minutes

[Project summaries](#), [handouts](#) distributed at each meeting, [FASB meeting minutes](#), and [summaries](#) of FASB meetings and recent actions are available on the FASB's Web site.

Recent ASB Meeting

There was no ASB meeting in December 2006. The next ASB meeting is scheduled for January 9–11, 2007.

Recent AcSEC Meeting

There was no AcSEC meeting in December 2006. The next AcSEC meeting is scheduled for January 9–10, 2007.

Recent IASB Meeting

The IASB met on December 12–14, 2006, in London and discussed:

- Financial Instruments.
- Conceptual Framework.
- Business Combinations II.
- Financial Statement Presentation.
- IAS 1, *Presentation of Financial Statements*.
- Annual Improvements Process.
- IFRIC Due Process Handbook.
- Short-term Convergence: Borrowing Costs.
- Consolidations (Including Special-Purpose Entities).
- Accounting Standards for Small- and Medium-sized Entities.
- Postemployment Benefits.
- Technical Plan
- Change to October Update.

The summary of IASB meetings is available in the [IASB Update](#) on the IASB's Web site. Summaries of IASB meeting decisions and discussions are also available on Deloitte's [IAS Plus](#) Web site.

Recent IFRIC Meeting

There was no IFRIC meeting in December 2006. The next IFRIC meeting is scheduled for January 11–12, 2007.

[Summaries](#) of the previous IFRIC meeting decisions and discussions are available on the IASB's Web site.

Appendix B: Significant Adoption Dates and Deadlines

The chart below illustrates significant adoption dates and deadline dates for the FASB, EITF, GASB/GAO, AICPA/AcSEC, PCAOB, and IASB/IFRIC.

FASB	Status
Significant Adoption Dates	
Statement 158, <i>Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans</i> — an amendment of FASB Statements No. 87, 88, 106, and 132(R)	Recognition of asset and liability related to funded status of a plan and disclosures: <ul style="list-style-type: none"> For entities with publicly traded equity securities, effective for fiscal years ending after December 15, 2006. For all other entities, effective for fiscal years ending after June 15, 2007. For all entities, change in measurement date is effective for fiscal years ending after December 15, 2008.
Statement 157, <i>Fair Value Measurements</i>	Effective for fiscal years beginning after November 15, 2007, and interim periods within those years.
Statement 156, <i>Accounting for Servicing of Financial Assets</i> — an amendment of FASB Statement No. 140	Effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006.
Statement 155, <i>Accounting for Certain Hybrid Financial Instruments</i> — an amendment of FASB Statements No. 133 and 140	Effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006.
Interpretation 48, <i>Accounting for Uncertainty in Income Taxes</i> — an interpretation of FASB Statement No. 109	Effective for fiscal years beginning after December 15, 2006.
FSP EITF 00-19-2, "Accounting for Registration Payment Arrangements"	Effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to December 21, 2006. Otherwise, effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years.
FSP FAS 126-1, "Applicability of Certain Disclosure and Interim Reporting Requirements for Obligors for Conduit Debt Securities"	Effective for fiscal periods beginning after December 15, 2006. If an entity issues interim financial statements, the FSP shall be applied to the first interim period after the date of adoption.
FSP FAS 123(R)-6, "Technical Corrections of FASB Statement No. 123(R)"	Effective for the first reporting period beginning after October 20, 2006, or an earlier period for which financial statements have not yet been issued.
FSP FAS 123(R)-5, "Amendment of FASB Staff Position FAS 123(R)-1"	Effective for the first reporting period beginning after October 10, 2006, or an earlier period for which financial statements have not yet been issued.
FSP FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction"	Effective for fiscal years beginning after December 15, 2006.
FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)"	Effective the first day of the first reporting period beginning after June 15, 2006.
FSP AAG INV-1 and SOP 94-4-1, "Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans"	The financial statement presentation and disclosure guidance is effective for annual periods ending after December 15, 2006. The revised definition of fully benefit-responsive is effective for all investment contracts as of the last day of the annual period ending after December 15, 2006.

FSP AUG AIR-1, "Accounting for Planned Major Maintenance Activities"	Effective for first fiscal year beginning after December 15, 2006.
FSP FTB 85-4-1, "Accounting for Life Settlement Contracts by Third Party Investors"	Effective for fiscal years beginning after June 15, 2006.
Projects in Exposure-Draft or Request-for-Comment Stage	
Exposure Draft, <i>Not-for-Profit Organizations: Mergers and Acquisitions</i>	Comments due January 29, 2007.
Exposure Draft, <i>Not-for-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition</i>	Comments due January 29, 2007.
Exposure Draft, <i>Disclosures About Derivative Instruments and Hedging Activities</i> — an amendment of FASB Statement No. 133	Comments due March 2, 2007.
Proposed FSP FIN 39-1, "Amendment of FASB Interpretation No. 39"	Comments due January 31, 2007.
Tentative Guidance on Statement 133 Implementation Issue H17, "Foreign Currency Hedges: Hedging Functional-Currency-Equivalent Proceeds to Be Received From a Forecasted Foreign-Currency-Denominated Debt Issuance"	Comments due February 2, 2007.
EITF	Status
Significant Adoption Dates	
Issue 06-9, "Reporting a Change in (or the Elimination of) a Previously Existing Difference Between the Fiscal Year-End of a Parent Company and That of a Consolidated Entity or Between the Reporting Period of an Investor and That of an Equity Method Investee"	Effective for changes occurring in interim or annual reporting periods beginning after November 29, 2006.
Issue 06-8, "Applicability of the Assessment of a Buyer's Continuing Investment Under FASB Statement No. 66, <i>Sales of Real Estate</i> , for Sales of Condominiums"	Effective for first annual reporting period beginning after March 15, 2007.
Issue 06-7, "Issuer's Accounting for a Previously Bifurcated Conversion Option in a Convertible Debt Instrument When the Conversion Option No Longer Meets the Bifurcation Criteria in FASB Statement No. 133, <i>Accounting for Derivative Instruments and Hedging Activities</i> "	Effective for interim and annual periods beginning after December 15, 2006.
Issue 06-6, "Debtor's Accounting for a Modification (or Exchange) of Convertible Debt Instruments"	Applies to modifications (or exchanges) occurring in interim or annual reporting periods beginning after November 29, 2006.
Issue 06-5, "Accounting for Purchases of Life Insurance — Determining the Amount That Could Be Realized in Accordance With FASB Technical Bulletin No. 85-4"	Effective for fiscal years beginning after December 15, 2006.
Issue 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements"	Effective for fiscal years beginning after December 15, 2006.
Issue 06-3, "How Taxes Collected From Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)"	Effective for financial statements for interim and annual periods beginning after December 15, 2006.
Issue 06-2, "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43"	Effective for fiscal years beginning after December 15, 2006.
Issue 06-1, "Accounting for Consideration Given by a Service Provider to a Manufacturer or Reseller of Equipment Necessary for an End-Customer to Receive Service From the Service Provider"	Effective for fiscal years beginning after June 15, 2007.

Issue 05-1, "Accounting for the Conversion of an Instrument That Became Convertible Upon the Issuer's Exercise of a Call Option"	Effective for all conversions within the scope of the issue that result from the exercise of call options in interim or annual reporting periods beginning after June 28, 2006.
Issue 04-13, "Accounting for Purchases and Sales of Inventory With the Same Counterparty"	Effective for new inventory arrangements entered into, or modifications or renewals of existing inventory arrangements occurring, in interim or annual reporting periods beginning after March 15, 2006.
Tentative Conclusions in Comment-Period Stage	
Issue 06-10, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements"	Comments due January 22, 2007.
Issue 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards"	Comments due January 22, 2007.
GASB/GAO	Status
Significant Adoption Dates	
Statement No. 49, <i>Accounting and Financial Reporting for Pollution Remediation Obligations</i>	Effective for financial statements for periods beginning after December 15, 2007.
Statement No. 48, <i>Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues</i>	Effective for financial statements for periods beginning after December 15, 2006.
Statement No. 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i>	Effective for: <ul style="list-style-type: none"> Phase 1 governments in periods beginning after December 15, 2006. Phase 2 governments in periods beginning after December 15, 2007. Phase 3 governments in periods beginning after December 15, 2008.
Statement No. 43, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	Effective one year prior to the effective date of GASB Statement 45 for the employer in a single-employer plan or the largest participating employer in a multi-employer plan.
Technical Bulletin No. 2006-1, <i>Accounting and Financial Reporting by Employers and OPEB Plans for Payments From the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D</i>	Effective for financial statements issued after June 30, 2006, except for portions of answers pertaining specifically to measurement, recognition, or required supplementary information requirements of Statements 43 and 45. Those provisions would be applied upon the adoption of Statements 43 and 45.
Technical Bulletin No. 2004-2, <i>Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers</i>	For pension transactions, effective for financial statements for periods ending after December 15, 2004, with earlier application encouraged. For other postemployment benefit transactions, the provisions should be applied simultaneously with the requirements of GASB Statement 45.
Projects in Exposure-Draft or Invitation-to-Comment Stage	
Invitation to Comment, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i>	Comments due January 31, 2007.
Exposure Draft, <i>Pension Disclosures</i> — an amendment of GASB Statements No. 25 and No. 27	Comments due February 28, 2007.
Exposure Draft, <i>Accounting and Financial Reporting for Intangible Assets</i>	Comments due March 23, 2007.

AICPA/AcSEC	Status
Significant Adoption Dates	
SOP 06-1, <i>Reporting Pursuant to the Global Investment Performance Standards</i>	Effective April 6, 2006.
SOP 05-1, <i>Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts</i>	Effective for internal replacements occurring in fiscal years beginning after December 15, 2006. Initial application of this SOP should be as of the beginning of an entity's fiscal year.
SAS 113, <i>Omnibus — 2006</i>	The amendments in paragraphs 1 through 5 of this SAS are effective for audits of financial statements for periods beginning on or after December 15, 2006. The amendments in paragraphs 7 through 14 of this SAS are effective for audits of financial statements for periods ending on or after December 15, 2006.
SAS 112, <i>Communicating Internal Control Matters Identified in an Audit</i>	Effective for audits of financial statements for periods ending on or after December 15, 2006.
SAS 111, <i>Amendment to Statement on Auditing Standards No. 39, Audit Sampling</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 110, <i>Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 109, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 108, <i>Planning and Supervision</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 107, <i>Audit Risk and Materiality in Conducting an Audit</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 106, <i>Audit Evidence</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 105, <i>Amendment to Statement on Auditing Standards No. 95, Generally Accepted Auditing Standards</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 104, <i>Amendment to Statement on Auditing Standards No. 1, Codification of Auditing Standards and Procedures ("Due Professional Care in the Performance of Work")</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 103, <i>Audit Documentation</i>	Effective for periods ending on or after December 15, 2006.
SSAE 14, <i>SSAE Hierarchy</i>	Effective when the subject matter or assertion is as of or for a period ending on or after December 15, 2006.
Conforming changes to AICPA Professional Standards, AT Section 501 — <i>Reporting on an Entity's Internal Control Over Financial Reporting</i> , resulting from SAS 112	Effective when the subject matter or the assertion is as of or for the period ending on or after December 15, 2006.
<i>Professional Standards</i> , ET Section 100.01 — <i>Conceptual Framework for AICPA Independence Standards</i>	Effective for all independence decisions made as of April 30, 2007.
Revision to AICPA <i>Professional Standards</i> , ET Section 501.02	Effective April 30, 2006.
Center for Public Company Audit Firms Alert #90, <i>SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations</i>	Effective February 15, 2006. Retrospective modifications to presentations of the cash flows pertaining to discontinued operations in the first periodic report filed subsequent to February 15, 2006, may be treated similarly to a change in accounting method with no reference to the correction of an error. Modifications in subsequent filings should be treated as a correction of an error.

Center for Public Company Audit Firms Alert #98, <i>Update to SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations (Addendum to CPCA Alert #90)</i>	Effective April 19, 2006.
Center for Public Company Audit Firms Paper, <i>Guidance for Firms Issuing Audit Reports for Non-Issuers That Are Filed With the SEC</i>	Effective March 10, 2006.
Project in Exposure-Draft Stage	
Exposure Draft, AICPA Statement on Standards for Accounting and Review Services, <i>Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services</i>	Comments due May 18, 2007.
SEC	Status
Significant Adoption Dates	
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies</i>	For non-accelerated filers, auditor's attestation report on internal control over financial reporting must be included with annual reports for fiscal years ending on or after December 15, 2008. Management's report is required for fiscal years ending on or after December 15, 2007. For a newly public company, the requirement to provide either a management assessment of internal control over financial reporting or an auditor attestation report will be effective when it files its second annual report with the SEC.
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Foreign Private Issuers That Are Accelerated Filers</i>	For foreign private issuers that are accelerated filers (but not large accelerated filers), auditor's attestation report on internal control over financial reporting must be included with annual reports for fiscal years ending on or after July 15, 2007. Management's report is required for fiscal years ending on or after July 15, 2006.
Interim Final Rule, <i>Executive Compensation Disclosure</i>	Effective December 29, 2006. Comments received by January 21, 2007, will be considered in decisions to make revisions, if any.
Final Rule, <i>Executive Compensation and Related Person Disclosure</i>	In Forms 8-K, effective for triggering events that occur on or after November 7, 2006, in Forms 10-K and 10KSB for fiscal years ending on or after December 15, 2006, and in registration and proxy/information statements filed after December 15, 2006.
Final Rule, <i>Fund of Funds Investments</i>	Effective July 31, 2006.
Amendments to Forms N-1A, N-2, N-3, N-4, and N-6	All new registration statements filed on the investment company forms and all post-effective amendments that are annual updates to effective registration statements on the investment company forms filed on or after January 2, 2007, must include the disclosure required by the form amendments.
Final Rule, <i>First-Time Application of International Financial Reporting Standards</i> (amendments to Form 20-F)	Rule will apply to foreign private issuers that adopt IFRS prior to or for the first financial year starting on or after January 1, 2007.
Final Rule, <i>Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports</i> (an extension of compliance date)	Effective for fiscal years ending on or after November 15, 2004, for certain "accelerated filers." Effective for fiscal years ending on or after July 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers. Effective for fiscal years ending on or after July 15, 2006, for foreign private issuers that are accelerated filers and file annual reports on forms 20-F or 40-F.
SAB 108 (on the process of quantifying financial statement misstatements)	Effective for annual financial statements covering the first fiscal year ending after November 15, 2006.

Changes to Executive Compensation Disclosures	Effective December 15, 2006.
Request for Additional Comments on <i>Interpretive Release, Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934</i>	Interpretive Release is effective July 24, 2006; market participants, however, will be able to rely on prior SEC guidance for six months following publication.
Projects in Request-for-Comment Stage	
Reproposed Rule, <i>Termination of a Foreign Private Issuer's Registration of a Class of Securities Under Section 12(g) and Duty to File Reports Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934</i>	Comments due February 12, 2007.
Proposed Interpretative Guidance, <i>Management's Report on Internal Control Over Financial Reporting</i>	Comments due February 27, 2007.
Request for Additional Comment on SEC Proposed Rule, <i>Investment Company Governance</i>	Comments due March 2, 2007.
Proposed Rule, <i>Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles; Accredited Investors in Certain Private Investment Vehicles</i>	Comments due March 9, 2007.
Proposed Rule, <i>Exemptions for Banks Under Section 3(a)(5) of the Securities Exchange Act of 1934 and Related Rules</i>	Comments due March 26, 2007.
Proposed Rule, <i>Definitions of Terms and Exemptions Relating to the "Broker" Exceptions for Banks Agencies</i>	Comments due March 26, 2007.
PCAOB	Status
Significant Adoption Dates	
Auditing Standard No. 4, <i>Reporting on Whether a Previously Reported Material Weakness Continues to Exist</i>	Effective February 6, 2006.
Auditing Standard No. 2, <i>An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements</i>	Effective for fiscal years ending on or after November 15, 2004, for certain "accelerated filers." Effective for fiscal years ending on or after July 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers. Effective for fiscal years ending on or after July 15, 2006, for foreign private issuers that are accelerated filers and file annual reports on forms 20-F or 40-F.
<i>Conforming Amendments to PCAOB Interim Standards Resulting From the Adoption of PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements"</i>	Effective for integrated audits of financial statements at the same time as Auditing Standard No. 2. Effective for audits of only financial statements for periods ending on or after July 15, 2005.
Rule 3524, <i>Audit Committee Pre-approval of Certain Tax Services</i>	Rule will not apply to any tax service preapproved on an engagement-by-engagement basis before June 18, 2006. With respect to tax services provided to audit clients whose audit committees preapprove tax services pursuant to policies and procedures, the rule will not apply to any such tax service that is begun by April 20, 2007.
Rule 3523, <i>Tax Services for Persons in Financial Reporting Oversight Roles</i>	Rule will not apply to tax services being provided during the professional engagement period pursuant to an engagement in process at April 19, 2006, provided that such services are completed on or before October 31, 2006. Rule will not apply to tax services being provided on or before April 30, 2007, provided that those services were performed during the audit period and completed prior to the beginning of the professional engagement period.
Rule 3522, <i>Tax Transactions</i>	Rule will not apply to tax services that are completed by a registered public accounting firm prior to June 18, 2006.

Rule 3521, <i>Contingent Fees</i>	Rule will not apply to contingent fee arrangements that prior to June 18, 2006, were (1) paid in their entirety, (2) converted to fixed fee arrangements, or (3) otherwise unwound.
Rule 3501, <i>Definitions of Terms Employed in Section 3, Part 5 of the Rules</i> ; Rule 3502, <i>Responsibility Not to Knowingly or Recklessly Contribute to Violations</i> ; Rule 3520, <i>Auditor Independence</i>	Effective April 29, 2006.
Release No. 2006-008, Amendments to Board Rules Relating to Inspections	Effective December 8, 2006.
Projects in Request-for-Comment Stage	
Proposed Auditing Standard, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements and Related Other Proposals</i>	Comments due February 26, 2007.
Proposed Auditing Standard, <i>Considering and Using the Work of Others in an Audit</i>	Comments due February 26, 2007.
Proposed Rule 3525, <i>Audit Committee Pre-approval of Services Related to Internal Control Over Financial Reporting</i>	Comments due February 26, 2007.
Proposed Amendments to PCAOB Interim Standards	Comments due February 26, 2007.
IASB/IFRIC	Status
Significant Adoption Dates	
IFRS 8, <i>Operating Segments</i>	Effective for annual periods beginning on or after January 1, 2009.
IFRS 7, <i>Financial Instruments: Disclosures</i>	Effective for annual periods beginning on or after January 1, 2007.
Amendment to IAS 1, <i>Presentation of Financial Statements — Capital Disclosures</i>	Effective for annual periods beginning on or after January 1, 2007.
IFRIC Interpretation 12, <i>Service Concession Arrangements</i>	Effective for annual periods beginning on or after March 1, 2007.
IFRIC Interpretation 11, <i>Group and Treasury Share Transactions</i>	Effective for annual periods beginning on or after March 1, 2007.
IFRIC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	Effective for annual periods beginning on or after November 1, 2006.
IFRIC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	Effective for annual periods beginning on or after June 1, 2006.
IFRIC Interpretation 8, <i>Scope of IFRS 2</i>	Effective for annual periods beginning on or after May 1, 2006.
IFRIC Interpretation 7, <i>Applying the Restatement Approach Under IAS 29, Financial Reporting in Hyperinflationary Economies</i>	Effective for annual periods beginning on or after March 1, 2006.
Project in Invitation-to-Comment Stage	
IASB Discussion Paper, <i>Fair Value Measurements</i>	Comments due April 2, 2007.

Appendix C: Roundup Flash

Roundup Flash briefly summarizes the decisions and news covered this month, and highlights the entities affected and next steps. To jump to the corresponding article in this issue, click a title below.

FASB Developments

FSP on Accounting for Registration Payment Arrangements

- AFFECTS:** Issuers of registration payment arrangements.
- SUMMARY:** FSP EITF 00-19-2⁵⁴ addresses an issuer's accounting for registration payment arrangements, stating that the registration payment arrangement and the financial instrument(s) subject to such an arrangement should be accounted for separately.
- NEXT STEPS:** For registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified after December 21, 2006, the FSP's guidance is effective immediately. Otherwise, it is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years.

Exposure Draft on Improving Disclosures for Derivatives and Hedging Activities

- AFFECTS:** Companies that have derivatives accounted for in accordance with Statement 133.⁵⁵
- SUMMARY:** The proposed statement is intended to improve the disclosure requirements in Statement 133 and other relevant literature for derivative instruments and related hedged items to enhance the financial statement user's understanding of an entity's risks and financial statement impact related to such instruments.
- NEXT STEPS:** Comments are due March 2, 2007.

Proposed FSP on Statement 158

- AFFECTS:** All entities required to apply Statement 158.⁵⁶
- SUMMARY:** To reflect the provisions of Statement 158, FSP FAS 158-a⁵⁷ would update illustrations contained in the appendices to Statement 87,⁵⁸ Statement 88,⁵⁹ and Statement 106⁶⁰ that continue to be relevant. It would also amend the questions and answers contained in FASB Special Reports on Statements 87, 88, and 106 and incorporate the guidance as new appendices to these respective statements.
- NEXT STEPS:** Comments were due January 8, 2007.

⁵⁴ FASB Staff Position No. EITF 00-19-2, "Accounting for Registration Payment Arrangements."

⁵⁵ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

⁵⁶ FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.

⁵⁷ Proposed FASB Staff Position FAS 158-a, "Conforming Amendments to the Illustrations in FASB Statements No. 87, No. 88, and No. 106 and to the Related Staff Implementation Guides."

⁵⁸ FASB Statement No. 87, *Employers' Accounting for Pensions*.

⁵⁹ FASB Statement No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*.

⁶⁰ FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*.

FASB Proposes Amendment to Interpretation 39

- AFFECTS:** Companies that enter into master netting arrangements and execute derivative instruments with the same counterparty.
- SUMMARY:** FSP FIN 39-a⁶¹ would amend Interpretation 39⁶² to use only the term “derivative instruments” and to permit offsetting of fair value amounts recognized for the right to reclaim cash collateral or of a liability recognized for the obligation to return cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.
- NEXT STEPS:** Comments are due January 31, 2007.

Tentative Guidance on Implementation Issue H17

- AFFECTS:** Companies that enter into cash flow hedges with foreign currency risk.
- SUMMARY:** The tentative conclusion in Implementation Issue H17⁶³ states that the variability in functional-currency-equivalent proceeds attributable to foreign exchange risk that is to be received from the forecasted issuance of debt denominated in a currency other than the reporting entity's functional currency is not eligible for designation as the hedged transaction in a cash flow hedge of foreign currency risk.
- NEXT STEPS:** The implementation guidance would be effective on the first day of an entity's first fiscal quarter beginning after the date that the Board-cleared guidance is posted on the FASB's Web site. Comments are due February 2, 2007.

GASB Developments

GASB Statement on Pollution Remediation Obligations

- AFFECTS:** State and local governmental entities.
- SUMMARY:** The Statement⁶⁴ requires entities to record estimated pollution remediation as a liability when any one of five specified triggering events occurs.
- NEXT STEPS:** Effective for financial statements for periods beginning after December 15, 2007, but liabilities should be measured at the beginning of the period of adoption so that beginning net assets can be restated.

Exposure Draft on Accounting for Intangible Assets

- AFFECTS:** State and local governmental entities.
- SUMMARY:** The proposed Statement provides accounting and financial reporting guidance for intangible assets.
- NEXT STEPS:** The proposed Statement would be effective for financial statements for periods beginning after June 15, 2009, and should generally be applied retroactively. Comments are due March 23, 2007.

⁶¹ Proposed FASB Staff Position No. FIN 39-a, “Amendment of FASB Interpretation No. 39.”

⁶² FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*.

⁶³ Statement 133 Implementation Issue No. H17, “Foreign Currency Hedges: Hedging Functional-Currency-Equivalent Proceeds to Be Received From a Forecasted Foreign-Currency-Denominated Debt Issuance.”

⁶⁴ GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

Exposure Draft on Pension Plan Disclosures

- AFFECTS:** State and local governmental entities with pension plans.
- SUMMARY:** The proposed Statement would amend Statement 25⁶⁵ and Statement 27⁶⁶ by requiring employers with pension plans to provide enhanced disclosures and supplementary information about their pension plans to users of governmental financial statements.
- NEXT STEPS:** The requirements would be effective for periods beginning after June 15, 2007, with earlier implementation encouraged. Comments are due February 28, 2007.

AICPA Developments

TPAs on Investment Companies

- AFFECTS:** Investment companies and their auditors.
- SUMMARY:** The AICPA issued a series of TPAs on investment companies. Topics include these companies' recognition of premium/discount on short positions in fixed-income securities, the presentation of reverse repurchase agreements, the accounting treatment of offering costs incurred by investment partnerships, and the meaning of "continually offer interests."
- NEXT STEPS:** Effective immediately.

TPA on Liquidated Damages

- AFFECTS:** All entities and their auditors.
- SUMMARY:** Addresses the accounting for liquidated damages by the buyer of property, plant, and equipment.
- NEXT STEPS:** Effective immediately.

TPA on Income Taxes

- AFFECTS:** Entities that make contributions to certain nonprofit scholarship funding organizations and their auditors.
- SUMMARY:** Covers the income tax accounting for contributions to certain nonprofit scholarship funding organizations.
- NEXT STEPS:** Effective immediately.

TPAs on Effective Dates of a New SAS

- AFFECTS:** All entities required to apply SASs and their auditors.
- SUMMARY:** Two TPAs on determining the effective date of a new SAS for (1) audits of a single financial statement and (2) audits of interim periods.
- NEXT STEPS:** Effective immediately.

⁶⁵ GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

⁶⁶ GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

Working Draft of TPA on Certain Equity-Related Financial Instruments

- AFFECTS:** All entities and their auditors.
- SUMMARY:** Helps financial statement preparers and auditors navigate the current authoritative literature on accounting for financial instruments that are indexed to, and potentially settled in, a company's own stock (both freestanding instruments and instruments embedded in another financial instrument).

AICPA Issues Audit Risk Alerts

- AFFECTS:** All companies and auditors of public and nonpublic companies.
- SUMMARY:** The AICPA issued four Audit Risk Alerts on new auditing standards relating to risk assessment, SEC and PCAOB developments, independence and ethics developments, and high-technology industry developments.

Proposed Statement on Standards for Accounting and Review Services

- AFFECTS:** Auditors that compile and review financial statements.
- SUMMARY:** The proposed Statement will eliminate certain references to auditing literature from Statements on Standards for Accounting and Review Services (SSARs) and incorporate similar guidance, as applicable, into the SSARs.
- NEXT STEPS:** Comments are due May 18, 2007.

AICPA Hosts Annual Conference on SEC and PCAOB Developments

- AFFECTS:** All entities and their auditors.
- SUMMARY:** The AICPA hosted its 2006 National Conference on Current SEC and PCAOB Developments, featuring speeches by, and question-and-answer sessions with, members of the SEC, PCAOB, and FASB. The overarching theme of this year's conference was the quality of financial reporting and ways to reduce its complexity.

SEC Developments

Extension of Section 404 Compliance

- AFFECTS:** Non-accelerated filers and newly public companies.
- SUMMARY:** The SEC released a Final Rule that further extends the date by which companies must comply with Section 404 requirements of the Sarbanes-Oxley Act of 2002 and for the auditor's attestation for certain companies.
- NEXT STEPS:** The Final Rule extends the date by which non-accelerated filers must provide management's report assessing the effectiveness of the company's internal control over financial reporting from fiscal years ending on or after July 15, 2007, to fiscal years ending on or after December 15, 2007. The Final Rule also extends the effective date for the auditor's attestation report on internal control over financial reporting to the first annual report for a fiscal year ending on or after December 15, 2008.

Amendment to Executive Compensation Disclosure Rules

- AFFECTS:** Public companies and their auditors.
- SUMMARY:** The SEC issued interim final rules that amend the disclosure requirements for executive and director compensation.
- NEXT STEPS:** The amendments are effective December 29, 2006. However, because these are interim final rules, the SEC has indicated that it will consider constituents' comments provided by January 29, 2007, so that it can make any necessary revisions.

Proposed Interpretive Guidance for Management to Improve Sarbanes-Oxley 404

- AFFECTS:** Public companies.
- SUMMARY:** The proposed interpretive guidance is designed to assist management in evaluating internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.
- NEXT STEPS:** Comments are due February 27, 2007.

Deregistration of Foreign Private Issuers

- AFFECTS:** Foreign private issuers.
- SUMMARY:** The SEC repropose amendments to the rules that govern when a foreign private issuer may terminate the registration of a class of equity securities under Section 12(g) of the Exchange Act and the corresponding duty to file reports required under Section 13(a) of the Exchange Act, and when it may cease its reporting obligations regarding a class of equity or debt securities under Section 15(d) of the Exchange Act.
- NEXT STEPS:** Comments are due February 12, 2007.

E-Proxy Rule Amendments

- AFFECTS:** Public companies.
- SUMMARY:** The SEC voted to adopt amendments to its proxy rules that would allow companies to furnish proxy materials to shareholders over the Internet through a "notice-and-access" model.
- NEXT STEPS:** Comments on rule amendments should be received by the Commission within 60 days of their publication in the Federal Register.

Proposed Rules for Investment Advisers and Accredited Investors

- AFFECTS:** Investment advisers and accredited investors.
- SUMMARY:** The SEC voted to propose several new rules intended to provide additional protections to investors in hedge funds and other pooled investment vehicles.
- NEXT STEPS:** Comments are due March 9, 2007.

Proposed Rules for Implementation of Bank Broker Provisions

- AFFECTS:** Banks and broker-dealers.
- SUMMARY:** The SEC, with the Board of Governors of the Federal Reserve System, proposed rules to implement the bank broker provisions of the Securities Exchange Act of 1934.
- NEXT STEPS:** Comments are due March 26, 2007.

SEC Seeks Comments on Investment Company Governance

- AFFECTS:** Investment companies.
- SUMMARY:** The proposed rules would require fund boards to be (1) composed of at least 75 percent independent directors and (2) chaired by an independent director.
- NEXT STEPS:** Comments are due March 2, 2007.

SEC Updates Current Accounting and Disclosure Issues Document

- AFFECTS:** Public companies and their auditors.
- SUMMARY:** The document, which is an update of the December 1, 2005, publication, captures the SEC's significant rule-making developments and current views on a variety of accounting and disclosure topics.

PCAOB Developments

PCAOB Proposes New Auditing Standard and Other Related Proposals

- AFFECTS:** Public companies and their auditors.
- SUMMARY:** The proposed standard on auditing internal control over financial reporting would supersede PCAOB Auditing Standard 2.⁶⁷ The PCAOB also issued an auditing standard on using the work of others, a proposal to revise an independence rule relating to internal control-related non-audit services, and certain amendments to the PCAOB's interim standards.
- NEXT STEPS:** Comments are due February 26, 2007.

PCAOB Amends Rule Relating to Inspection Frequency

- AFFECTS:** Auditors with 100 or fewer issuer audit clients.
- SUMMARY:** The PCAOB has adopted an amendment to Rule 4003 to make a temporary adjustment to inspection frequency requirements for registered public accounting firms that have 100 or fewer issuer audit clients.
- NEXT STEPS:** The amendment is effective until June 30, 2007. Comments on whether to extend the amendment beyond June 30, 2007, are due February 16, 2007.

International Developments

IASB and FASB Announce International Working Group on Lease Accounting

- AFFECTS:** All entities and interested parties.
- SUMMARY:** The IASB and the FASB announced the establishment of an international working group to help them reconsider standards on lease accounting.

Other Developments

Revised Guidance Issued on the Allowance for Loan and Lease Losses

- AFFECTS:** All depository institutions supervised by the banking agencies, except U.S. branches and agencies of foreign banks, and institutions insured and supervised by the National Credit Union Administration.
- SUMMARY:** A revised policy statement on the allowance for loan and lease losses to ensure consistency with existing guidance.

⁶⁷ PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements*.

Appendix D: Abbreviations

AcSEC	Accounting Standards Executive Committee	IAS	International Accounting Standard
AICPA	American Institute of Certified Public Accountants	IASB	International Accounting Standards Board
APB	Accounting Principles Board	IFAC	International Federation of Accountants
ARB	Accounting Research Bulletin	IFRIC	International Financial Reporting Interpretations Committee
ASB	Auditing Standards Board	IFRS	International Financial Reporting Standard
DIG	Derivatives Implementation Group	MD&A	Management's Discussion & Analysis
DTC	Draft Technical Correction	NCGA	National Council on Governmental Accounting
EITF	Emerging Issues Task Force	PCAOB	Public Company Accounting Oversight Board
FAS	Financial Accounting Standard	SAB	Staff Accounting Bulletin
FASB	Financial Accounting Standards Board	SAS	Statement on Auditing Standards
FIN	FASB Interpretation	SEC	Securities and Exchange Commission
FSP	FASB Staff Position	SOP	Statement of Position
GAAP	Generally Accepted Accounting Principles	SSAE	Statement on Standards for Attestation Engagements
GASB	Governmental Accounting Standards Board	TPA	Technical Practice Aid
GAO	Governmental Accountability Office		

Conclusions of the FASB, GASB, IASB, and IFRIC are subject to change at future meetings and generally do not affect current accounting requirements until an official position (e.g., Statement, Interpretation, Staff Position, or IFRS) is issued. Official positions are determined only after extensive deliberation and due process, including a formal vote.

Further information about the standard setters can be found on their respective Web sites as follows: www.fasb.org (FASB); www.fasb.org/eitf/agenda.shtml (EITF); www.gasb.org (GASB); www.aicpa.org (AICPA); www.sec.gov (SEC); and www.iasb.org or www.iasplus.com/index.htm (IASB and IFRIC).

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