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The purpose of this publication is to briefly describe key regulatory and professional developments that have recently occurred in the field of accounting and to provide links to locations where additional information can be found on each topic. Readers seeking additional information about a topic should review the information referred to in the hyperlinks and not rely on the descriptions included in this communication.

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Proposed Agenda for September EITF Meeting

The Financial Accounting Standards Board's (FASB's) Emerging Issues Task Force (EITF) is scheduled to meet on September 11-12, 2002 to discuss the following issues:

Issue 00-21	Accounting for Revenue Arrangements with Multiple Deliverables
Issue 01-8	Determining Whether an Arrangement Is a Lease
Issue 02-3	Recognition and Reporting of Gains and Losses on Energy Trading Contracts under EITF Issue No. 98-10, <i>Accounting for Contracts Involved in Energy Trading and Risk Management Activities</i> and No. 00-17 <i>Measuring the Fair Value of Energy-Related Contracts in Applying Issue No. 98-10</i>
Issue 02-9	Accounting for Changes That Result in a Transferor Regaining Control of Financial Assets Sold
Issue 02-11	Accounting for Reverse Spinoffs
Issue 02-12	Permitted Activities of a Qualifying Special-Purpose Entity in Issuing Beneficial Interests under FASB Statement No. 140, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i>
Issue 02-13	Deferred Income Tax Considerations in Applying the Goodwill Impairment Test in FASB Statement No. 142, <i>Goodwill and Intangible Assets</i>
Issue 02-14	Whether the Equity Method of Accounting Applies When an Investor Does Not Have an Investment in Voting Stock of an Investee But Exercises Significant Influence Through Other Means
Issue 02-15	Determining Whether Certain Conversions of Convertible Debt to Equity Securities are within the Scope of FASB Statement No. 84, <i>Induced Conversions of Convertible Debt</i>
Issue 02-16	Accounting for Consideration Received from a Vendor by a Customer (Including a Reseller of the Vendor's Product)
Issue 02-17	Recognition of Customer Relationship Intangible Assets Acquired in a Business Combination

Descriptions of open EITF Issues are available on the FASB's website at <http://www.fasb.org/eitf/eitfissu.shtml>.

Further information about the FASB and the EITF can be obtained on the FASB's website, <http://www.fasb.org>.

GASB Seeks Volunteers for OPEB Field Test

The Governmental Accounting Standards Board (GASB) has announced that it is seeking volunteers to participate in a field test being conducted as part of its project on postemployment benefits other than pensions (other postemployment benefits, or OPEB).

The field test involves a proposed measurement method that could ultimately serve as an alternative to the actuarial valuation currently required for financial reporting purposes for single-employer OPEB plans with 50 or fewer plan members, as defined, and the employers that participate in these plans.

The proposed alternative method would follow the same broad steps, and include the same types of assumptions, as an actuarial valuation, but would involve a number of simplifications intended to make the alternative method workable for nonspecialists.

Further information about the field test is available on the GASB's website at http://www.gasb.org/opeb_field_test.html.

SEC Approves Various Rules

At an open meeting on August 27, 2002, the U.S. Securities and Exchange Commission (SEC or "the Commission") took actions affecting principal officer certifications, accelerated periodic filings, and various other matters. Selected actions are summarized below. All actions taken can be viewed on the SEC's website at <http://www.sec.gov/news/press/2002-128.htm>.

Acceleration of Filing Deadlines

The Commission adopted amendments that accelerate the filing deadlines for quarterly reports filed on Form 10-Q and annual reports filed on Form 10-K for domestic companies that (1) have a public float of at least \$75 million, (2) have been reporting for at least 12 months, (3) have previously filed one annual report, and (4) are not eligible to use the Commission's special forms for small business issuers. *Public float* is defined by the SEC as the aggregate market value of a company's outstanding voting and non-voting common equity (i.e., market capitalization) minus the value of common equity held by affiliates of the company.

The Commission adopted a phase-in period of three years with no changes to the current filing deadlines in the first year. Therefore, the annual report deadline in year one remains at 90 days after the registrant's fiscal year end. This deadline changes to 75 days for year two and 60 days for year three and thereafter. The quarterly report deadline remains 45 days for year one, changes to 40 days in year two and to 35 days in year three and thereafter. The first accelerations to 75 days for annual reports will occur for fiscal year ending on or after December 15, 2003 and acceleration of quarterly reports will begin thereafter (quarters ending after March 15, 2004).

The final rule is available on the SEC's website at <http://www.sec.gov/rules/final/33-8128.htm>.

Certification by CEOs and CFOs Under the Sarbanes-Oxley Act

The SEC adopted rules that will implement Section 302 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), which was enacted into law on July 30, 2002. Section 302 directed the SEC to adopt, by August 29, 2002, rules requiring a registrant's principal executive and financial officers to make certain certifications concerning their company's quarterly and annual reports. These new rules supersede the certification proposal released by the SEC on June 14, 2002. However, compliance with the Section 302 certification requirements does *not* satisfy the certification requirements of Section 906 of Sarbanes-Oxley.

The new rules apply to the principal executive and financial officers of registrants, including foreign private issuers, that file quarterly and annual reports under either Section 13a or 15d of the Securities Exchange Act of 1934 ("Exchange Act") and require the certifications to be included in the quarterly and annual reports, and in any subsequently filed amendments of those reports. Some of the requirements of the new Exchange Act rules are summarized below. The entire rule can be obtained on

the SEC's website at <http://www.sec.gov/news/press/2002-128.htm>. The principal executive and financial officer must each certify that:

- He or she has reviewed the report and, based on his or her knowledge, it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading;
- Based on his or her knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report;
- He or she and the other certifying officers (1) are responsible for establishing and maintaining disclosure controls and procedures for the issuer, (2) have designed such disclosure controls and procedures to ensure that material information is made known to them, (3) have evaluated the effectiveness of the issuer's disclosure controls and procedures within 90 days of the date of the report, and (4) have presented in the report, their conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation;
- He or she and the other certifying officers have disclosed to the issuer's auditors and to the audit committee (or equivalent group or individuals):
 - All significant deficiencies in the design or operation of internal controls which could adversely affect the issuer's ability to record, process, summarize, and report financial data and have identified for the issuer's auditors any material weaknesses in internal controls; and
 - Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and
- He or she and the other certifying officers have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The new Exchange Act rules require a registrant to establish and maintain an overall system of disclosure controls and procedures that "is adequate to meet its Exchange Act reporting obligations." These rules are intended to complement the current requirement to establish and maintain systems of internal controls with respect to financial reporting.

The final rule is available on the SEC's website at <http://www.sec.gov/rules/final/33-8124.htm>.

Certification by Registered Investment Companies

The Commission adopted new Investment Company Act Rule 30a-2, which will implement Section 302 of Sarbanes-Oxley for registered investment companies. It will require the principal executive and financial officers of a registered investment company that files periodic reports under Section 13(a) or 15(d) of the Exchange Act to certify the company's semiannual reports on Form N-SAR, as well as the financial statements on which the financial information in Form N-SAR is based.

The Commission voted to propose amendments designed to "better implement the intent of Section 302 of Sarbanes-Oxley with respect to registered investment companies." The proposed amendments (1) require registered management investment companies to file certified shareholder reports with the Commission on a new Form N-CSR, (2) require all registered investment companies to maintain and regularly evaluate disclosure controls and procedures, and (3) uniformly apply to all registered investment companies, not just those required to file periodic reports under the Exchange Act, the requirement to include a certification by the principal executive and financial officers in their reports on Form N-SAR.

These rules apply to reports filed after August 29, 2002.

in Las Vegas.

Further information about AcSEC can be obtained at <http://www.aicpa.org/members/div/acctstd/index.htm>.

Deloitte & Touche Publication Discusses SFAS 123 Transition

As reported in the August 26, 2002 issue of *Accounting Roundup*, the FASB is preparing to issue an Exposure Draft of a Proposed Amendment of Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock-Based Compensation*, which would allow companies that adopt the fair-value recognition provisions under SFAS 123 to choose one of three specified transition methods.

Given the proposal's potential effect, Deloitte & Touche's Global Markets Group has devoted a substantial portion of the August 22, 2002 issue of its newsletter, *Heads Up*, to an article titled "New Options for Options: Revised Transition and Disclosure Rules Coming," which analyzes and illustrates the Exposure Draft's key provisions. The newsletter can be obtained on Deloitte & Touche's website at <http://www.deloitte.com/dt/cda/doc/content/HU-Vol9Issue3.pdf>.