



SEC's Office of the Chief Accountant and Division of Corporation Finance Release Staff Accounting Bulletin 107

**FOR IMMEDIATE RELEASE
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Washington, D.C., March 29, 2005 — The U.S. Securities and Exchange Commission's Office of the Chief Accountant and its Division of Corporation Finance announced today the release of a Staff Accounting Bulletin relating to the Financial Accounting Standards Board's (FASB) accounting standard for stock options and other share-based payments. The interpretations in Staff Accounting Bulletin No. 107, "Share-Based Payment," (SAB 107) express views of the SEC staff regarding the application of Statement of Financial Accounting Standards Statement No. 123 (revised 2004), *Share-Based Payment* (Statement 123R). Statement 123R was issued by the FASB on Dec. 16, 2004. Among other things, SAB 107 provides interpretive guidance related to the interaction between Statement 123R and certain SEC rules and regulations, as well as provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SAB 107 also reminds public companies of the importance of including disclosures within filings made with the SEC relating to the accounting for share-based payment transactions, particularly during the transition to Statement 123R.

The SEC staff believes the interpretive guidance in SAB 107 will assist both public entities in applying the provisions of Statement 123R and investors and other users of financial statements in analyzing the information provided under that Statement.

Chief Accountant Donald Nicolaisen stated, "The accounting for share-based compensation has long been controversial and the deliberations of the FASB which led to the issuance of Statement 123R were no exception. The discussions were extensive and far-reaching. Sincere and deeply-held views were voiced by those on all sides. In the end, the FASB had to make choices in determining the accounting appropriate for share-based compensation and the FASB expressed those conclusions in Statement 123R. The SEC staff has overseen this process and the FASB's deliberations. I wish to express my personal thanks to all who provided input to the process. During the FASB deliberations and following, I and other members of the SEC staff have been asked a number of questions concerning implementation of the new standard. SAB 107 is being released today to respond to the more frequently asked questions and to provide views of the SEC staff regarding other relevant matters. The views expressed by the staff are guidance and do not alter any conclusions reached by the FASB in Statement 123R. We will continue to monitor implementation of Statement 123R and will consider the need for additional guidance as necessary."

The statements in SABs are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Office of the Chief

Accountant and the Division of Corporation Finance in administering the disclosure requirements of the Federal securities laws.

▶ Additional materials: [Staff Accounting Bulletin 107](#)

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