

Accounting Roundup.

Edited by Stuart Moss and Rowena Madla, Deloitte & Touche LLP

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- Monday, September 17: [EITF Roundup: Highlights of the September Meeting.](#)
- Tuesday, September 18: [An Option You Can't Ignore.](#)
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- Wednesday, September 26, 3:00 PM EDT: [Beyond Information Quality to Information Value: Making the Business Case for a New Information Strategy.](#)
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Roundup Flash

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

FASB Developments

FASB Proposes FSP on Convertible Debt Instruments

- AFFECTS:** All entities with convertible debt instruments that may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option must be separately accounted for as a derivative under Statement 133.¹
- SUMMARY:** The FASB issued a proposed FSP² on accounting for convertible debt instruments, clarifying that such instruments are not addressed in paragraph 12 of Opinion 14.³
- NEXT STEPS:** Comments are due by October 15, 2007.

FASB Invites Comments for an Agenda Proposal on Accounting for Insurance Contracts

- AFFECTS:** All issuers and policyholders of insurance contracts.
- SUMMARY:** The FASB has issued an invitation to comment in which it requests feedback from constituents on whether to add to its agenda a joint project with the IASB on accounting for insurance contracts.
- NEXT STEPS:** Comments are due by November 16, 2007.

FASB Removes FSP on Quantifying Misstatements From Agenda

- AFFECTS:** All nonpublic entities and their auditors.
- SUMMARY:** At its August 1, 2007, meeting, the FASB decided to remove proposed FSP FAS 154-a⁴ from its agenda.

AICPA Developments

AICPA Issues SSARS

- AFFECTS:** All practitioners that provide compilation and review services.
- SUMMARY:** The AICPA has issued a new SSARS⁵ that eliminates from the SSARSs all references to SAs and other auditing literature.
- NEXT STEPS:** The SSARS is effective for compilations and reviews of financial statements for periods ending on or after December 15, 2007. Early application is permitted.

AICPA Proposes SSARS-Defining Professional Requirements

- AFFECTS:** All practitioners that provide compilation and review services.
- SUMMARY:** The AICPA issued an Exposure Draft⁶ that (1) defines two categories of professional requirements within the SSARSs and (2) describes accountants' level of responsibility with respect to these categories.
- NEXT STEPS:** Comments are due by October 25, 2007.

¹ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

² Proposed FASB Staff Position No. APB 14-a, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)."

³ APB Opinion No. 14, *Accounting for Convertible Debt and Debt Issued With Stock Purchase Warrants*.

⁴ Proposed FASB Staff Position No. FAS 154-a, "Considering the Effects of Prior-Year Misstatements When Quantifying Misstatements in Current-Year Financial Statements."

⁵ AICPA Statement on Standards for Accounting and Review Services No. 15, *Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services*.

⁶ AICPA Proposed Statement on Standards for Accounting and Review Services, *Defining Professional Requirements in Statements on Standards for Accounting and Review Services*.

AICPA Professional Ethics Executive Committee Issues Proposed Guidance on Network Firms

- AFFECTS:** All CPA firms.
- SUMMARY:** Recognizing that CPA firms may form associations with other firms to enhance services, the AICPA's Professional Ethics Executive Committee (PEEC) has issued a proposed Interpretation⁷ that (1) defines when these associations should be considered a "network" or "network firms" and (2) revises the definition of "firm." Under the proposed guidance, if an association or group of firms is defined as a network, the individual network firms must be independent of certain attest clients of other network firms.
- NEXT STEPS:** Comments are due by November 13, 2007. If implemented, the Interpretation would be effective for engagements covering periods beginning on or after December 15, 2009.

AICPA Professional Ethics Division Issues FAQ on the Independence Impact of Providing Interpretation 48 Services to an Attest Client

- AFFECTS:** All practitioners that provide Interpretation 48⁸ services to attest clients.
- SUMMARY:** The AICPA PEEC has issued an FAQ on whether helping a client apply Interpretation 48 would impair independence. The PEEC argued that this would not impair independence if certain conditions are met.

SEC Developments

SEC Issues Concept Release on Giving U.S. Issuers the Choice to Apply IFRSs

- AFFECTS:** All public entities.
- SUMMARY:** The SEC has issued a concept release⁹ that requests comments on whether U.S. issuers should be permitted to use IFRSs in preparing their financial statements for public reporting purposes in the United States.
- NEXT STEPS:** Comments are due by November 13, 2007.

SEC Updates Compliance and Disclosure Interpretations

- AFFECTS:** All public entities.
- SUMMARY:** The SEC has issued several compliance and disclosure interpretations on reporting issues under Items 402¹⁰ and 404¹¹ of Regulation S-K. The interpretations mainly cover disclosure requirement issues raised by constituents and the SEC staff.

SEC Proposes to Revise Limited Offerings Exemptions in Regulation D

- AFFECTS:** All issuers.
- SUMMARY:** The SEC has issued a proposed rule¹² to revise the limited offering exemptions in Regulation D. The proposal would create a registration exemption for offers and sales to "large accredited investors" and would allow limited advertising of these offerings. This proposal is the last of six proposals aimed at providing relief for smaller public companies.
- NEXT STEPS:** Comments on the proposed rule are due by October 9, 2007.

SEC Issues Final Rule to Define "Significant Deficiency"

- AFFECTS:** All public entities.
- SUMMARY:** To provide management with better guidance on assessing internal controls over financial

⁷ AICPA PEEC Proposed Interpretation 101-17, *Networks and Network Firms*.

⁸ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

⁹ SEC Concept Release, *Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards*.

¹⁰ SEC Regulation S-K, Item 402, "Executive Compensation."

¹¹ SEC Regulation S-K, Item 404, "Certain Relationships and Related Transactions."

¹² SEC Proposed Rule Release No. 33-8828, *Revisions of Limited Offering Exemptions in Regulation D*.

reporting under Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, the SEC has issued a final rule defining the term “significant deficiency.”

NEXT STEPS: The final rule becomes effective on September 10, 2007.

SEC’s Office of the Chief Accountant Updates FAQs on Auditor Independence

AFFECTS: All auditors.

SUMMARY: The SEC’s Office of the Chief Accountant has updated its FAQs on the application of the SEC’s rules on auditor independence.

SEC Adopts Revisions to *EDGAR Filer Manual*

AFFECTS: All public entities.

SUMMARY: The SEC is adopting revisions to the *EDGAR Filer Manual* to reflect updates to the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. The *EDGAR Filer Manual* contains provisions that filers must follow to ensure acceptance and processing of electronic filings.

NEXT STEPS: The revisions to the *EDGAR Filer Manual* are effective beginning on August 20, 2007.

First Meeting of the SEC Advisory Committee on Improvements to Financial Reporting

AFFECTS: All entities.

SUMMARY: On August 2, 2007, the SEC held the first meeting of the Advisory Committee on Improvements to Financial Reporting (CIFiR). The CIFiR presented a white paper outlining issues the committee may discuss. The SEC is soliciting public comments on this white paper.

NEXT STEPS: Comments on the white paper are due by September 24, 2007. The CIFiR is expected to hold 11 future meetings and to issue a final report by August 2008.

SEC Issues Letter Clarifying Servicers’ Ability to Make Loan Modifications

AFFECTS: Securitizers and investors in securitized troubled loans.

SUMMARY: Questions have been raised about the degree of discretion mortgage servicers have in modifying troubled subprime loans without jeopardizing off-balance-sheet treatment under Statement 140.¹³ On July 24, 2007, SEC Chairman Christopher Cox issued a letter on this subject in response to a request from the U.S. House of Representatives Committee on Financial Services.

FASAB Developments

Proposed Statement on Reporting Gains and Losses From Changes in Assumptions

AFFECTS: All federal entities.

SUMMARY: The FASAB has issued an Exposure Draft¹⁴ that would change how gains and losses from changes in assumptions are displayed in the statement of net costs. It also proposes guidance on selecting discount rates and valuation dates for present value measurements.

NEXT STEPS: Comments on the Exposure Draft are due by November 30, 2007.

¹³ FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* — a replacement of FASB Statement No. 125.

¹⁴ FASAB Exposure Draft, *Reporting Gains and Losses From Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.

International Developments

IASB and ASBJ Agree on Achieving Convergence by 2011

- AFFECTS:** All entities reporting under Japanese GAAP.
- SUMMARY:** The IASB and the Accounting Standards Board of Japan agreed to accelerate the efforts to eliminate differences between Japanese GAAP and IFRSs by 2011.
- NEXT STEPS:** The convergence is expected to be completed by 2011.

IFRIC Clarifies Effects of Interpretation 14

- AFFECTS:** All entities applying IFRSs with defined benefit plans.
- SUMMARY:** In response to inaccurate assessments certain commentators have made about the effect of IFRIC Interpretation 14,¹⁵ the IFRIC has issued a document clarifying certain key issues.

¹⁵ IFRIC Interpretation 14, *IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*.

Roundup Articles

FASB Developments

FASB Proposes FSP on Convertible Debt Instruments

The FASB issued a proposed FSP¹⁶ that would change the accounting for convertible debt instruments that may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option must be separately accounted for as a derivative under Statement 133.¹⁷ The proposed FSP clarifies which of these instruments are within its scope.

According to paragraph 12 of Opinion 14,¹⁸ the debt component and conversion feature of these instruments were considered inseparable; thus, no proceeds at issuance were attributed to the conversion feature. However, under this proposed FSP, for instruments within its scope, (1) paragraph 12 of Opinion 14 should not be applied and (2) the liability and equity components “shall be separately accounted for in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods.” Therefore, the initial proceeds would be attributed to the components in the following way:

1. The carrying amount of the liability component would be determined by measuring the fair value of a similar liability that has no associated equity component.
2. If the transaction contains rights or privileges other than the convertible debt instrument, the proceeds for these rights or privileges would be based on their fair value.
3. The carrying amount of the equity component (i.e., the embedded conversion option) would be the residual proceeds after the appropriate portions are allocated in steps 1 and 2 (i.e., initial proceeds as a whole, minus the fair value of the liability component, minus the fair value of any other rights or privileges).

In addition, the proposed FSP discusses subsequent measurement, modifications, and derecognition, and would nullify and amend various existing U.S. GAAP.

If a final FSP is issued, it would be retrospectively applied and effective for financial statements issued for fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Early adoption would not be permitted. The [proposed FSP](#) is available on the FASB’s Web site.

FASB Invites Comments for an Agenda Proposal on Accounting for Insurance Contracts

The FASB has issued an invitation to comment in which it seeks feedback from constituents on whether to add to its agenda a joint project with the IASB on accounting for insurance contracts. The project’s objective would be to develop a common standard that addresses all recognition, measurement, presentation, and disclosure requirements for issuers and policyholders.

The IASB is already working on these issues. In May 2007, it issued a discussion paper¹⁹ describing its preliminary views on the main components of an accounting model for insurance contracts. If the joint project is added to the agenda, these preliminary views and all comments obtained would be the starting point in drafting a proposed standard.

The invitation to comment includes the following:

- A summary of the IASB discussion paper.
- A high-level comparison of current U.S. GAAP accounting for insurance contracts versus the IASB preliminary views.
- The IASB discussion paper.

¹⁶ Proposed FASB Staff Position No. APB 14-a, “Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement).”

¹⁷ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

¹⁸ APB Opinion No. 14, *Accounting for Convertible Debt and Debt Issued With Stock Purchase Warrants*.

¹⁹ IASB Discussion Paper, *Preliminary Views on Insurance Contracts*.

A comprehensive joint project with the IASB would most likely supersede the two insurance contract projects currently on the FASB's agenda to address diversity in practice (the insurance risk transfer project and the financial guarantee insurance project).

The [invitation to comment](#) and a [press release](#) announcing it are available on the FASB's Web site.

FASB Removes FSP on Quantifying Misstatements From Agenda

SAB 108²⁰ provides SEC registrants with guidance on quantifying misstatements as a basis for evaluating the materiality of current-year financial statement misstatements. In March 2007, the FASB issued a proposed FSP²¹ that would have extended the SAB 108 guidance to all nongovernmental entities not previously subject to it. Therefore, the proposed FSP would have standardized the requirements for the reporting of error corrections for SEC registrants and other entities, requiring an entity to use both the rollover and iron curtain approaches in quantifying the effect of a misstatement in its current-year financial statements.

The FASB discussed comment letters received on the proposed FSP at the August 1, 2007, Board meeting. At that meeting, the FASB decided not to issue a final FSP and removed the project from its agenda. The Board indicated that in the future, it will consider whether to address this topic in a broader project that addresses materiality.

AICPA Developments

AICPA Issues SSARS

The AICPA has issued a new SSARS.²² Many practitioners performing compilations and reviews may be unfamiliar with auditing literature, especially when compilations and reviews are the highest level of service they perform. The objective of this SSARS is to improve the guidance on these compilation and review services by eliminating any references to auditing standards or other auditing literature from SSARSs.

The SSARS also provides guidance on compilations and reviews by:

- Defining the term "other comprehensive basis of accounting" (OCBOA).
- Giving examples of appropriate OCBOA financial statement titles.
- Furnishing reporting examples for compilations and reviews of OCBOA financial statements.
- Discussing emphasis of a matter when a practitioner reports on compiled or reviewed financial statements.
- Clarifying the accountant's responsibility with respect to facts discovered after the date of the accountant's compilation or review report.
- Describing additional illustrative representations that may be appropriate for inclusion in the management representation letter.
- Containing a new appendix titled "Sources of Generally Accepted Accounting Principles."

The SSARS is effective for compilations and reviews of financial statements for periods ending on or after December 15, 2007. The full text and a summary of the [statement](#) are available on the AICPA's Web site.

²⁰ 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."

²¹ Proposed FASB Staff Position No. FAS 154-a, "Considering the Effects of Prior-Year Misstatements When Quantifying Misstatements in Current-Year Financial Statements."

²² AICPA Statement on Standards for Accounting and Review Services No. 15, *Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services*.

AICPA Proposes SSARS-Defining Professional Requirements

The AICPA's Accounting and Review Services Committee issued an Exposure Draft²³ that would clarify the types of professional requirements in, and the extent of an accountant's responsibility with respect to, the SSARs.

The proposal defines two categories of professional requirements within the SSARs:

- **Unconditional Requirements** — Requirements that the accountant must comply with unconditionally. The SSARs indicate unconditional requirements with the words "must" or "is required."
- **Presumptively Mandatory Requirements** — Requirements that the accountant must generally comply with but can depart from if (1) the departure is justified and (2) alternative procedures were performed and were sufficient to achieve the objectives of the requirement. The SSARs indicate presumptively mandatory requirements with the word "should."

Comments are due by October 25, 2007. The [Exposure Draft](#) is available on the AICPA's Web site.

AICPA Professional Ethics Executive Committee Issues Proposed Guidance on Network Firms

The Professional Ethics Executive Committee (PEEC) of the AICPA issued a proposed Interpretation²⁴ that defines the terms "networks" and "network firms," and revises the definition of "firms" in the AICPA Code of Professional Conduct. According to the proposed Interpretation, entities defined as "network firms" should be independent of other network firms' audit and review clients when a general-purpose audit or review report is issued (i.e., the report is not restricted to specified users). For all other attest clients, a network firm should consider the independence risks that may be created by other network firms' client relationships and apply safeguards to mitigate or eliminate those risks.

The proposed Interpretation specifies that associated firms and entities that work together to enhance their capabilities to provide professional services would be considered a "network" if they share the following characteristics:

- Use of common name or brand.
- Common control among the firms.
- Certain profits and costs.
- Common business strategies.
- Significant part of professional resources.
- Common quality-control policies and procedures.

The proposed Interpretation also extends the independence requirements imposed on network firms to any firm or entity that a network firm (1) controls, (2) is controlled by, or (3) is under common control with. If only a subset of firms within a network shares one or more of the above characteristics, the subset, not the entire association, would be considered a network.

The Interpretation would be effective for engagements covering periods beginning on or after December 15, 2009. Comments on this proposal are due by November 13, 2007. The [Interpretation](#) is available on the AICPA's Web site.

AICPA Professional Ethics Division Issues FAQ on the Independence Impact of Providing Interpretation 48 Services to an Attest Client

The AICPA PEEC has issued an FAQ on whether an auditor's independence would be impaired if that auditor performs Interpretation 48²⁵ services for an attest client, such as identifying potential uncertain tax positions, advising the client on whether those tax positions meet the more-likely-than-not threshold, and calculating related unrecognized tax benefits.

According to the FAQ, independence would not be impaired if (1) the client can make informed judgments about the results of the services and (2) the other requirements of Interpretation 101-3²⁶ are met.

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

²³ AICPA Proposed Statement on Standards for Accounting and Review Services, *Defining Professional Requirements in Statements on Standards for Accounting and Review Services*.

²⁴ AICPA PEEC Proposed Interpretation 101-17, *Networks and Network Firms*.

²⁵ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

²⁶ AICPA Interpretation 101-3, *Performance of Nonattest Services*.

SEC Developments

SEC Issues Concept Release on Giving U.S. Issuers the Choice to Apply IFRSs

The SEC has issued a concept release²⁷ requesting public comments on whether U.S. issuers should be permitted to use IFRSs in preparing their financial statements. On the basis of responses received, by 2010 or 2011, U.S. issuers may have a choice of using either IFRSs or U.S. GAAP for U.S. public reporting purposes.

Questions the SEC asks in its concept release include the following:

- **Effect on U.S. Public Capital Markets** — What is the overall effect on U.S. public capital markets if some U.S. issuers report in accordance with IFRSs while others continue to report in accordance with U.S. GAAP? Do market participants want to use and understand financial statements prepared in accordance with IFRSs? Should there be restrictions on who may prepare IFRS financial statements?
- **Effect on Standard Setting** — Will allowing IFRSs and U.S. GAAP financial statements affect the convergence process undertaken by the IASB and FASB? Would the ability to prepare IFRS financial statements affect the role of the FASB or the development of U.S. GAAP? Are market participants confident in the IFRS standard-setting process and the SEC's indirect regulatory role in that process?
- **Implementation Matters** — Because there is less experience in preparing IFRS financial statements in the U.S. market, what implementation concerns should be considered? Specifically, questions are posed regarding (1) education and training, (2) application and regulation, (3) auditing, and (4) transition and timing.

Comments on the concept release are due by November 13, 2007. The [concept release](#) is available on the SEC's Web site. See Deloitte & Touche LLP's [August 17, 2007, Heads Up](#) for further discussion.

SEC Updates Compliance and Disclosure Interpretations

The SEC's Division of Corporation Finance has issued certain compliance and disclosure interpretations on specific reporting issues associated with Items 402²⁸ and 404²⁹ of Regulation S-K, which were raised by constituents or the SEC staff.

The interpretations are in Q&A format and cover the following disclosure topics:

Item 402

- Reporting salary and bonus forgone upon election of an executive.
- Perquisites or other personal benefits with no incremental cost to the registrant.
- Reversing equity compensation previously expensed under Statement 123(R).³⁰
- Determining accrued amounts disclosed in the "All Other Compensation" column.
- Incentive awards denominated in dollars, but payable in stock.
- Reporting performance-based awards.
- Using "accrued value" to report accumulated benefit for a cash balance plan.
- Other items deemed "earnings" for purposes of compensation disclosures.
- Calculating the value of accelerated options upon a termination or change in control.
- Reporting the impact of change-in-control provisions.
- Charitable matching programs available to all employees.
- Successor and predecessor compensation in a merger.
- Compensation reporting of shell companies combining with an operating company.

²⁷ SEC Concept Release, *Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards*.

²⁸ SEC Regulation S-K, Item 402, "Executive Compensation."

²⁹ SEC Regulation S-K, Item 404, "Certain Relationships and Related Transactions."

³⁰ FASB Statement No. 123(R), *Share-Based Payment*.

- Stock dividends on unvested restricted stock that are not paid out until the units vest.
- Reporting stock option grants that allow for immediate exercise.

Item 404

- Amounts to consider in analyzing and reporting employment arrangement transactions.
- Disclosing compensation of immediate family to an executive officer also employed by the registrant.

The final, updated interpretations on [Item 402](#) and [Item 404](#) are available on the SEC's Web site.

SEC Proposes to Revise Limited Offerings Exemptions in Regulation D

On August 3, 2007, the SEC issued a proposed rule³¹ for public comment that would revise the limited offering exemptions in Regulation D. The proposed revisions create certain exemptions from the SEC's registration requirements and clarify definitions to promote more efficient private capital formation. This proposal is the last of six proposals aimed at providing relief for smaller public companies. (The first three were issued in June, and two were issued in July.)

The proposed rule primarily does the following:

- Creates a new registration exemption for offers and sales to "large accredited investors" and allows limited advertising of these offerings. This new "large accredited investor" category is based on the "accredited investor" definition in Regulation D but allows for larger dollar-amount thresholds.
- Revises the term "accredited investor" to clarify qualification standards and increases the number of companies that qualify for this group. Thus, a larger number may apply the exemption already allowed under Regulation D for this group.
- Shortens the period required by the integration safe harbor to 90 days. To improperly avoid registration, a company may attempt to split up the offering into multiple offerings so that it can individually apply exemptions that would not be available if the offerings were combined. The integration safe harbor provided a bright-line test. Before this proposal, the integration safe harbor required that sales and offers occurring more than six months before and after the completion of a Regulation D offering are not considered part of the same offering.
- Provides uniform disqualification provisions throughout Regulation D.

Comments on the proposal are due by October 9, 2007. The [proposed rule](#) is available on the SEC's Web site.

SEC Issues Final Rule to Define "Significant Deficiency"

The SEC has issued a final rule defining the term "significant deficiency" to help companies implement Sections 302 and 404 of the Sarbanes-Oxley Act of 2002. The term is defined as "[a] deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting."

The final rule is effective as of September 10, 2007. The [final rule](#) is available on the SEC's Web site.

SEC's Office of the Chief Accountant Updates FAQs on Auditor Independence

The SEC's Office of the Chief Accountant (OCA) has updated its FAQs that provide guidance on the SEC's rules on auditor independence. The FAQs respond to implementation and interpretation questions raised by constituents or the public. Note that the FAQs represent the views of the OCA and are not rules, regulations, or statements of the SEC.

³¹ SEC Proposed Rule Release No. 33-8828, *Revisions of Limited Offering Exemptions in Regulation D*.

In August 2007, the OCA updated new FAQs on the following topics:

- Financial relationships.
- Prohibited and nonaudit services.
- "Cooling off" period.
- Fee disclosures.
- Audit committee preapproval.
- Parent-company auditors' independence requirements for entities applying Interpretation 46(R).³²

The [FAQs](#) are available on the SEC's Web site.

SEC Adopts Revisions to *EDGAR Filer Manual*

The SEC adopted revisions to its *EDGAR Filer Manual* to reflect updates to the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) system. The *EDGAR Filer Manual* contains all the technical specifications filers need to submit filings using EDGAR and the provisions that filers must follow to ensure acceptance and processing of electronic filings.

The updates to the *EDGAR Filer Manual* include revisions to reflect:

- Recent expansion allowing mutual funds to submit XBRL information.
- Electronic filing of transfer agent forms.
- Termination of registration by a foreign private issuer under Section 12(g) of the Securities Exchange Act of 1934 and related reporting requirements.
- Incorporation of revisions to the "accelerated filer" definition.

The revisions to the *EDGAR Filer Manual* are effective August 20, 2007. The [final rule](#) announcing the revisions is available on the SEC's Web site.

First Meeting of SEC Advisory Committee on Improvements to Financial Reporting

On August 2, 2007, the recently formed SEC Advisory Committee on Improvements to Financial Reporting (CIFiR) held its first meeting. The CIFiR was formed to examine the U.S. financial reporting system and to recommend improvements that may reduce complexity and create more useful financial information.

At the meeting, CIFiR Chairman Robert Pozen, chairman of MFS Investment Management, presented a white paper outlining the primary issues for the committee to evaluate. The CIFiR is scheduled to meet through August 2008, at which time a final report is expected to be issued. Mr. Pozen indicated that one of the CIFiR's objectives is to develop 10 to 12 recommendations on how to improve the current system. To facilitate the process, the white paper proposed the following five subcommittees and their preliminary topics of focus:

- **Substantive Complexity** — This subcommittee will focus on the causes of complexity and its impact on financial accounting and reporting standards. Topics the subcommittee will discuss include (1) principles-based versus rules-based standards; (2) exceptions, bright lines, and safe harbors within standards; and (3) fair value measurement concerns and related earnings volatility.
- **Standard-Setting Process** — This subcommittee will focus on the standard-setting process and may consider topics such as (1) U.S. GAAP hierarchy, (2) the FASB and the EITF, (3) the interpretations issued by the SEC, and (4) currently existing standards and the costs and benefits resulting from their implementation.
- **Audit Process and Compliance** — This subcommittee will focus on the process of compliance with standards and environmental factors that drive unnecessary complexity (e.g., being second-guessed or achieving a specific accounting result through the structuring of transactions). Topics may include (1) causes of restatements, (2) use of judgment rather than prescriptive guidance, (3) the PCAOB, (4) reviews of SEC filings, and (5) behavior of audit firms.

³² FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* — an interpretation of ARB No. 51.

- **Delivering Financial Information** — This subcommittee will focus on access to financial information and how it is delivered to investors. Potential topics include exploration of technology, such as XBRL, and the formats used to present financial information (e.g., financial reports, press releases, Web disclosures).
- **International Coordination** — In general, this subcommittee will focus on whether there are best practices in international standard setting and regulation that the United States should consider. However, specific topics are not yet certain since there are SEC releases out for public comment that are expected to generate important feedback — a proposing release to permit foreign private issuers to file IFRS financial statements without reconciling them to U.S. GAAP and a concept release on giving U.S. issuers a choice of using IFRSs or U.S. GAAP for U.S. public reporting purposes.

The different facets of the financial reporting system are represented in the CIFIIR by the following members:

- **Denny Beresford**, Ernst & Young executive professor of accounting at the University of Georgia, will represent Fortune 500 audit committees.
- **Susan Bies**, former Federal Reserve Board governor from 2001 to 2007, will represent banking regulators.
- **J. Michael Cook**, retired chairman and chief executive officer of Deloitte & Touche LLP, will represent Fortune 500 audit committees.
- **Jeffrey J. Diermeier**, president and chief executive officer of CFA Institute, will represent investment professionals.
- **Scott C. Evans**, executive vice president of asset management for TIAA-CREF and chief executive officer of TIAA-CREF's investment advisory subsidiaries Teachers Advisors, Inc., and TIAA-CREF Investment Management LLC, will represent pension funds.
- **Linda Griggs**, partner at Morgan Lewis, will represent securities attorneys.
- **Joseph A. Grundfest**, William A. Franke Professor of Law and Business at Stanford Law School, will represent securities attorneys.
- **Greg Jonas**, managing director for Moody's Investors Service, will represent credit rating agencies.
- **Christopher Liddell**, chief financial officer of Microsoft Corporation, will represent Fortune 500 technology companies.
- **William H. Mann, III**, senior investment analyst for Motley Fool, will represent individual investors.
- **G. Edward McClammy**, senior vice president, chief financial officer, and treasurer of Varian, Inc., will represent midsize companies.
- **Edward E. Nusbaum**, executive partner and chief executive officer of Grant Thornton LLP, will represent auditors of midsize and smaller public companies.
- **James H. Quigley**, chief executive officer of Deloitte Touche Tohmatsu, will represent auditors of large and multinational public companies.
- **Robert C. Pozen**, chairman of MFS Investment Management, will represent mutual funds.
- **David Sidwell**, chief financial officer of Morgan Stanley, will represent securities broker-dealers.
- **Peter J. Wallison**, senior fellow for the American Enterprise Institute for Public Policy Research (AEI) and codirector of AEI's program on financial market deregulation, will represent proponents of interactive data for financial reporting.
- **Thomas Weatherford**, who serves on the boards of directors of Synplicity, Inc., Tesco Corporation, Advanced Analogic Technologies, SMART Modular Technologies, Mellanox Technologies, and several private companies, will represent small- and midsize-company audit committees.

Public comments are being solicited on the [white paper](#) and are due by September 24, 2007. Additional information about the CIFIIR, as well as the meeting materials, is available on the SEC's [Web site](#).

SEC Issues Letter Clarifying Servicers' Ability to Make Loan Modifications

Questions have been raised about the degree of discretion mortgage servicers have in modifying troubled subprime loans without jeopardizing off-balance-sheet treatment under Statement 140.³³ Statement 140's requirements apply to on-balance-sheet versus off-balance-sheet recording of securitized assets. Generally, transferred assets should be recorded off the balance sheet when the transferor has given up control over those assets. When a loan is delinquent or a default has occurred, Statement 140's implementation guidance allows servicers to have discretion in restructuring a loan, subject to certain limitations, without calling into question off-balance-sheet treatment.

Chairman Barney Frank of the U.S. House of Representatives Committee on Financial Services issued a letter asking whether Statement 140 addresses whether a loan held in a trust can be modified when default is reasonably foreseeable or only once a delinquency or default has already occurred. SEC Chairman Christopher Cox responded that the ability to restructure mortgages when default is reasonably foreseeable would not result in the recording of those mortgage loans on their balance sheets, provided that the modifications when default is reasonably foreseeable are consistent with the nature of modification activities permitted if default actually occurred.

The [inquiry letter](#) from Chairman Frank, and Chairman Cox's [response](#), are available on the Center for Audit Quality's Web site.

FASAB Developments

Proposed Statement on Reporting Gains and Losses From Changes in Assumptions

The FASAB has issued an Exposure Draft³⁴ of a proposed SFFAS. The objectives of the Exposure Draft are to highlight the potentially significant effects of changes in assumptions, clarify differing practices regarding discount rates used in present value measurements, and provide guidance on selecting valuation dates. The proposed Statement would apply to liabilities that employ long-term assumptions (e.g., other postemployment benefits), unless the liability is addressed specifically by other SFFASs.

The Exposure Draft contains the following proposals:

- **Gains and Losses From Changes in Assumptions** — These should be shown as a discrete line item on the statement of net cost, separately from other costs and exchange revenue. In addition, within the notes to the financial statements, a reconciliation of beginning and ending liabilities should be disclosed and actuarial gains and losses should be further separated to show the subcomponent associated with changes in assumptions.
- **Selection of Discount Rates for Present Valuations** — For present value measurements of long-term liabilities, interest rates on marketable treasury securities that have maturities similar to those of the cash flows of the payments being estimated should be used. Discount rates should reflect the average historical rates on marketable treasury securities; companies should not give undue weight to recent experience with such rates.
- **Valuation Dates** — The valuation date should be consistent from year to year. Generally, measurement of liabilities and expenses should be at the end of the fiscal year, but measurements based on an actuarial valuation may be performed as of the earlier date, taking into account adjustments for effects of factor changes during the year.

Comments on the Exposure Draft are due by November 30, 2007. The [Exposure Draft](#) is available on the FASAB's Web site.

International Developments

IASB and ASBJ Agree on Achieving Convergence by 2011

The IASB and the Accounting Standards Board of Japan agreed to accelerate the efforts to eliminate differences between Japanese GAAP and IFRSs.

³³ FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* — a replacement of FASB Statement No. 125.

³⁴ FASAB Exposure Draft, *Reporting the Gains and Losses From Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.

The two bodies agreed to eliminate major differences by 2008, with plans to remove the remaining differences by June 30, 2011. When new IFRSs become effective, both bodies agreed to cooperate to ensure the acceptance of the international approach in Japan.

The [news release](#) is available on the IASB's Web site.

IFRIC Clarifies Effects of Interpretation 14

The IFRIC has issued a document clarifying certain issues associated with defined benefit pension assets and their minimum funding requirements under IFRIC Interpretation 14.³⁵ The document's objective is to address incorrect interpretations of IFRIC Interpretation 14 made by certain market commentators after the Interpretation was issued.

The document states that IFRIC Interpretation 14 has the following effects:

- Does not change the rules on funding.
- Does not change an entity's ability to get a refund.
- Recognizes an additional liability only if both of the following conditions exist:
 - o The entity has a statutory or contractual obligation to pay additional amounts to the plan.
 - o The entity's ability to recover those amounts in the future by refund or otherwise is restricted.
- Clarifies when a surplus in the pension plan can be recognized.
- Ensures that the accounting for surpluses is consistent and transparent.

The [news release](#) discussing this document is available on the IASB's Web site.

³⁵ IFRIC Interpretation 14, *IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*.

Appendix A: Recent Meetings

Recent FASB Meetings

To jump to the minutes of a FASB meeting, click a date or link below.

August 1, 2007

The Board discussed the following topic:

- [Effects of Prior-Year Misstatements When Quantifying Misstatements in Current-Year Financial Statements.](#)

August 29, 2007

The Board discussed the following topics:

- [Conceptual Framework: Objectives and Qualitative Characteristics.](#)
- [Postretirement Benefit Obligation, Including Pensions.](#)

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 Meetings

At its Aug 14–16, 2007, meeting, the ASB discussed the following topics:

- Statement on Quality Control Standards No. 7, *A Firm's System of Quality Control*.
- Proposed Statement on Auditing Standards, *Quality Control for Audits*.
- Revisions to AICPA *Professional Standards*, AU Section 325, "Communicating Internal Control Related Matters Identified in an Audit."
- Clarity and Objectives of SASs.
- Management Representations.
- Revision of AICPA *Professional Standards*, AU Section 341, "The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern."
- Revisions to Statement on Auditing Standards No. 74 (AU Section 801), *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*.
- Revisions to AICPA *Professional Standards*, AU Section 324, "Service Organizations."
- Proposed Forensic Accounting Credentials.

The [agenda](#) and [agenda materials](#) are available on the AICPA's Web site.

Recent AcSEC Meetings

No AcSEC meeting was held in August 2007. The next meeting is scheduled for September 18–19, 2007.

Recent FASAB Meetings

No FASAB meeting was held in August 2007. The next meeting is scheduled for September 19–20, 2007.

Recent IASB Meetings

No IASB meeting was held in August 2007. The next meeting is scheduled for September 20–21, 2007.

Recent IFRIC Meetings

No IFRIC meeting was held in August 2007. The next meeting is scheduled for September 6–7, 2007.

Appendix B: Significant Adoption Dates and Deadlines

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

FASB	Status
Significant Adoption Dates	
Statement 159, <i>The Fair Value Option for Financial Assets and Financial Liabilities</i> — including an amendment of FASB Statement No. 115	Effective as of the beginning of the entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided that the entity (1) also adopts the requirements of Statement 157 concurrently with or prior to the adoption of this Statement, (2) makes that choice within 120 days of the beginning of the fiscal year of adoption, and (3) at the time the entity chooses to early adopt, the entity has not yet issued financial statements, including required notes to those financial statements, for any interim period of the fiscal year that included the early adoption date.
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. Earlier adoption is permitted, provided that no financial statements have yet been issued within that fiscal year.
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 FAS 158-1, "Conforming Amendments to the Illustrations in FASB Statements No. 87, No. 88, and No. 106 and to the Related Staff Implementation Guides"	Effective concurrently with the requirements of Statement 158.
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 48-1, "Definition of <i>Settlement</i> in FASB Interpretation No. 48"	Effective upon the initial adoption of Interpretation 48.
FSP FIN 46(R)-7, "Application of FASB Interpretation No. 46(R) to Investment Companies"	The effective date for applying the provisions of Interpretation 46 or Interpretation 46(R) is deferred for investment companies that are not subject to SEC Regulation S-X, Rule 6-03(c)(1), but that are currently accounting for their investments in accordance with the specialized accounting guidance in the AICPA Audit and Accounting Guide, <i>Investment Companies</i> , until the date that the investment company initially adopts AICPA Statement of Position 07-1, <i>Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies</i> . An entity that is required to discontinue application of the specialized accounting in the Guide as a result of adoption of SOP 07-1 is subject to the provisions of Interpretation 46(R) at that time. Paragraph 4(e) of FASB Interpretation 46(R), <i>Consolidation of Variable Interest Entities</i> , states that "investments accounted for at fair value in accordance with the specialized accounting guidance in the AICPA Audit and Accounting Guide, <i>Investment Companies</i> , are not subject to consolidation according to the requirements of this Interpretation." [Footnote omitted] Accordingly, an entity that meets the definition of an investment company after adoption of SOP 07-1 should continue to apply the specialized accounting in the Guide to its investments.
FSP FIN 39-1, "Amendment of FASB Interpretation No. 39"	Effective for fiscal years beginning after November 15, 2007.
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 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 after 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 AUG AIR-1, "Accounting for Planned Major Maintenance Activities"	Effective for first fiscal year beginning after December 15, 2006.
Projects in Request-for-Comment Stage	
Proposed FSP FAS 140-d, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions"	Comments due September 14, 2007.
Proposed Statement 133 Implementation Issue No. E23, "Issues Involving the Application of the <i>Shortcut Method</i> Under Paragraph 68"	Comments due September 21, 2007.
Proposed FSP APB 14-a, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)"	Comments due October 15, 2007.
Invitation to Comment on a FASB Agenda Proposal, <i>Accounting for Insurance Contracts by Insurers and Policyholders, Including the IASB Discussion Paper, Preliminary Views on Insurance Contracts</i>	Comments due November 16, 2007.

EITF	Status
Significant Adoption Dates	
Issue 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities"	Effective for fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Apply prospectively to new contracts entered into on, or after, the effective date.
Issue 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards"	Apply prospectively to the income tax benefits of dividends declared on affected securities in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Earlier application is permitted as of the beginning of a fiscal year for which interim or annual financial statements have not been issued.
Issue 06-10, "Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements"	Effective for fiscal years beginning after December 15, 2007, including interim periods within those fiscal years. Earlier application is permitted.
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, 2007.
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.
AICPA/AcSEC	Status
Significant Adoption Dates	
SOP 07-1, <i>Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies</i>	Effective for fiscal years beginning on or after December 15, 2007.

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 114, <i>The Auditor's Communication With Those Charged With Governance</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 113, <i>Omnibus — 2006</i>	The amendments in paragraphs 1–5 of this SAS are effective for audits of financial statements for periods beginning on or after December 15, 2006. The amendments in paragraphs 7–14 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 audits of financial statements 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.
SSARS 15, <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>	Effective for periods ending on or after December 15, 2007.
Conforming changes to AICPA <i>Professional Standards</i> , AT Section 501, "Reporting on an Entity's Internal Control Over Financial Reporting," 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.
AICPA <i>Professional Standards</i> , ET Section 100.01, "Conceptual Framework for AICPA Independence Standards"	Effective April 30, 2007.
AICPA Auditing Interpretation, <i>Communicating Deficiencies in Internal Control Over Compliance in an Office of Management and Budget (OMB) Circular A-133 Audit</i>	Effective immediately.
Projects in Request-for-Comment Stage	
AICPA Proposed Statement on Standards for Accounting and Review Services, <i>Defining Professional Requirements in Statements on Standards for Accounting and Review Services</i>	Comments due October 25, 2007.

AICPA Proposed Interpretation 101-17, <i>Networks and Network Firms</i>	Comments due November 13, 2007.
SEC	Status
Significant Adoption Dates	
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i>	Effective August 20, 2007.
Final Rule, <i>Definition of the Term Significant Deficiency</i>	Effective September 10, 2007.
Final Rule, <i>Shareholder Choice Regarding Proxy Materials</i>	Effective January 1, 2008, except Sections 240.14a-16(d)(3) and 240.14a-16(j)(3), which are effective October 1, 2007.
Final Rule, <i>Extension of Interactive Data Voluntary Reporting Program on the EDGAR System to Include Mutual Fund Risk/Return Summary Information</i>	Effective August 20, 2007.
Final Rule, <i>Amendments to Rules Regarding Management's Report on Internal Control Over Financial Reporting</i>	Effective August 27, 2007, except the amendment to Section 210.2-02T, which is effective from August 27, 2007, until June 30, 2009.
Final Rule, <i>Covered Securities Pursuant to Section 18 of the Securities Exchange Act of 1933</i>	Effective May 24, 2007.
Final 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>	Effective June 4, 2007.
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies</i>	For nonaccelerated 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 the company 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), the 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.
Final Rule, <i>Executive Compensation and Related Person Disclosure</i>	In Form 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.
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 IFRSs 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 that file annual reports on Form 20-F or Form 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.
Final Rule, <i>Internet Availability of Proxy Materials</i>	Effective March 30, 2007. Issuers may not send a notice of availability of proxy materials over the Internet until July 30, 2007.
Projects in Request-for-Comment Stage	
Proposed Rule, <i>Revisions to Rule 144 and Rule 145 to Shorten Holding Period for Affiliates and Non-Affiliates</i>	Comments due September 4, 2007.
Proposed Rule, <i>Electronic Filing and Simplification of Form D</i>	Comments due September 7, 2007.
Proposed Rule, <i>Exemption of Compensatory Employee Stock Options From Registration Under Section 12(g) of the Securities Exchange Act of 1934</i>	Comments due September 10, 2007.
Proposed Rule, <i>Amendments to Regulation SHO</i>	Comments due September 13, 2007.
Proposed Rule, <i>Smaller Reporting Company Regulatory Relief and Simplification</i>	Comments due September 17, 2007.
Proposed Rule, <i>Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to U.S. GAAP</i>	Comments due September 24, 2007.
Discussion Paper for Consideration by the SEC Advisory Committee on Improvements to Financial Reporting	Comments due September 24, 2007.
Proposed Rule, <i>Shareholder Proposals</i>	Comments due October 2, 2007.
Proposed Rule, <i>Shareholder Proposals Relating to the Election of Directors</i>	Comments due October 2, 2007.
Proposed Rule, <i>Revisions of Limited Offering Exemptions in Regulation D</i>	Comments due October 9, 2007.
Concept Release, <i>Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards</i>	Comments due November 13, 2007.
PCAOB	Status
Significant Adoption Dates	
Auditing Standard 5, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>	Effective for audits of fiscal years ending on or after November 15, 2007. Earlier adoption is permitted. Auditors who elect to comply with Auditing Standard 5 before its effective date must also comply, at the same time, with PCAOB Rule 3525 and other PCAOB standards as amended by this release.
Auditing Standard 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, 2006, for foreign private issuers that are accelerated filers and file annual reports on Form 20-F or Form 40-F. Effective for fiscal years ending on or after December 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers, who are required to provide management's report on internal control over financial reporting. In addition, a nonaccelerated filer is required to file the auditor's attestation report on internal control over financial reporting when it files an annual report for its first fiscal year ending on or after December 15, 2008.
Rule 3525, <i>Audit Committee Pre-Approval of Non-Audit Services Related to Internal Control Over Financial Reporting</i>	Effective for audits of internal control for periods ending on or after November 15, 2007.

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, as long as such services are completed on or before October 31, 2006. Rule will not apply to tax services being provided on or before July 31, 2007, as long as those services were performed during the audit period and completed before 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 before June 18, 2006.
Rule 3521, <i>Contingent Fees</i>	Rule will not apply to contingent fee arrangements that, before June 18, 2006, were (1) paid in their entirety, (2) converted to fixed-fee arrangements, or (3) otherwise unwound.
Release 2006-008, <i>Amendments to Board Rules Relating to Inspections</i>	Effective December 8, 2006.
Project in Request-for-Comment Stage	
PCAOB Proposed Rule 3526, <i>Communication With Audit Committees Concerning Independence</i> PCAOB Proposed Amendment to Rule 3523, <i>Tax Services for Persons in Financial Reporting Oversight Roles</i> Implementation Schedule for Rule 3523	Comments due September 7, 2007.
GASB/GAO	Status
Significant Adoption Dates	
Statement 51, <i>Accounting and Financial Reporting for Intangible Assets</i>	Effective for fiscal years beginning on or after June 15, 2009.
Statement 50, <i>Pension Disclosures</i>	Generally effective for periods beginning after June 15, 2007, with early adoption encouraged. For governments using the aggregate actuarial cost method, related provisions are effective for financial statements and required supplementary information that contains information from actuarial valuations as of June 15, 2007, or later.
Statement 49, <i>Accounting and Financial Reporting for Pollution Remediation Obligations</i>	Effective for financial statements for periods beginning after December 15, 2007.
Statement 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 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i>	Effective for: <ul style="list-style-type: none"> • Phase I 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 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 multiple-employer plan.

Technical Bulletin 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 GASB Statements 43 and 45. Those provisions would be applied upon the adoption of Statements 43 and 45.
Technical Bulletin 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.
Project in Request-for-Comment Stage	
GASB Exposure Draft, <i>Accounting and Financial Reporting for Derivative Instruments</i>	Comments due October 26, 2007.
FASAB	Status
Significant Adoption Dates	
Technical Bulletin 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i>	Effective for periods beginning after September 30, 2009.
Statement 31, <i>Accounting for Fiduciary Activities</i>	Effective for periods beginning after September 30, 2008.
Statement 30, <i>Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts</i>	Effective for periods beginning after September 30, 2006.
Statement 29, <i>Heritage Assets and Stewardship Land</i>	Effective for periods beginning after September 30, 2006.
Statement 26, <i>Presentation of Significant Assumptions for the Statement of Social Insurance: Amending SFFAS 25</i>	Effective for periods beginning after September 30, 2006.
Interpretation 7, <i>Items Held for Remanufacture</i>	Effective March 16, 2007.
Technical Release 7, <i>Clarification of Standards Relating to the National Aeronautics and Space Administration's Space Exploration Equipment</i>	Effective May 25, 2007.
Projects in Request-for-Comment Stage	
Proposed Statement, <i>Accounting for Federal Oil and Gas Resources</i>	Comments due September 21, 2007.
Proposed Statement, <i>Reporting Gains and Losses From Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>	Comments due November 30, 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 23, <i>Borrowing Costs</i>	Effective for annual periods beginning on or after January 1, 2009.
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 14, <i>IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	Effective for annual periods beginning on or after January 1, 2008.
IFRIC Interpretation 13, <i>Customer Loyalty Programmes</i>	Effective for annual periods beginning on or after July 1, 2008.
IFRIC Interpretation 12, <i>Service Concession Arrangements</i>	Effective for annual periods beginning on or after January 1, 2008.

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.
Projects in Request-for-Comment Stage	
IASB Exposure Draft, Proposed <i>IFRS for Small and Medium-sized Entities</i>	Comments due October 1, 2007.
IFRIC Draft Interpretation D21, <i>Real Estate Sales</i>	Comments due October 5, 2007.
IFRIC Draft Interpretation D22, <i>Hedges of a Net Investment in a Foreign Operation</i>	Comments due October 19, 2007.
IASB Discussion Paper, <i>Preliminary Views on Insurance Contracts</i>	Comments due November 16, 2007.

Appendix C: Abbreviations

AcSEC	Accounting Standards Executive Committee	IFRIC	International Financial Reporting Interpretations Committee
AICPA	American Institute of Certified Public Accountants	IFRS	International Financial Reporting Standard
APB	Accounting Principles Board	ITAC	Investors Technical Advisory Committee
ARB	Accounting Research Bulletin	ITC	Invitation to Comment
ASB	Auditing Standards Board	MD&A	Management's Discussion and Analysis
COSO	Committee of Sponsoring Organizations of the Treadway Commission	NAIC	National Association of Insurance Commissioners
DIG	Derivatives Implementation Group	NCGA	National Council on Governmental Accounting
DTC	Draft Technical Correction	PCAOB	Public Company Accounting Oversight Board
EITF	Emerging Issues Task Force	SAB	Staff Accounting Bulletin
FAS	Financial Accounting Standard	SAS	Statement on Auditing Standards
FASAB	Federal Accounting Standards Advisory Board	SEC	Securities and Exchange Commission
FASB	Financial Accounting Standards Board	SFFAC	Statement of Federal Financial Accounting Concepts
FIN	FASB Interpretation	SFFAS	Statement of Federal Financial Accounting Standards
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	SSARS	Statement on Standards for Accounting and Review Services
IAS	International Accounting Standard	TPA	Technical Practice Aid
IASB	International Accounting Standards Board		
IFAC	International Federation of Accountants		

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.aicpa.org (AICPA); www.sec.gov (SEC); www.fasab.gov (FASAB); www.gasb.org (GASB); and www.iasb.org or www.iasplus.com/index.htm (IASB and IFRIC).

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