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August 25, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

File Reference No. 1830-100

Re: Exposure Draft: *Fair Value Measurement and Disclosures (Topic 820)*

The Accounting Principles and Auditing Standards Committee (the AP&AS “Committee”) of the California Society of Certified Public Accountants (CalCPA) is pleased to provide our comments to the Financial Accounting Standards Board (“FASB”) on the proposed accounting standard update.

The AP&AS Committee is the senior technical committee of the CalCPA. CalCPA has approximately 32,000 members. The Committee is comprised of 50 members, of whom 67 percent are from local or regional firms, 23 percent are sole practitioners in public practice, 5 percent are in industry and 5 percent are in academia.

Following are the committee’s responses to the ED for your consideration.

1. This Exposure Draft represents the Board’s commitment toward developing common fair value measurement guidance with the IASB. Do you think the proposed amendments:
 - a. Would improve the understandability of the fair value measurement guidance in U.S. GAAP? If not, why?

Committee response: Yes.

- b. Would result in any unintended consequences on the application of the proposed amendments? If so, please describe those consequences.

Committee response: No.

2. The Board has decided to specify that the concepts of highest and best use and valuation premise are only to be applied when measuring the fair value of nonfinancial assets. Are

there situations in which those concepts could be applied to financial assets or to liabilities? If so, please describe those situations.

Committee response: No.

3. Do you agree with the proposed guidance for measuring the fair value of an instrument classified in shareholders' equity? Why or why not?

Committee response: Yes.

4. The Board has decided to permit an exception to fair value measurement requirements for measuring the fair value of a group of financial assets and financial liabilities that are managed on the basis of the reporting entity's net exposure to a particular market risk (or risks) (that is, interest rate risk, currency risk, or other price risk) or to the credit risk of a particular counterparty.

- a. Do you think that proposal is appropriate? If not, why not?

Committee response: The committee believes the proposal is appropriate and the guidance should be clear that reporting entities should account for financial assets in the same manner in which they are held or managed.

- b. Do you believe that the application of the proposed guidance would change the fair value measurements of financial assets and financial liabilities that are managed on the basis of the reporting entity's net exposure to those risks? If so, please describe how the proposed guidance would affect current practice.

Committee response: No.

5. The Board has decided to clarify the meaning of a blockage factor and to prohibit the use of a blockage factor when fair value is measured using a quoted price for an asset or a liability (or similar assets or liabilities). Do you think that proposal is appropriate? If not, why not?

Committee response: Yes. The committee believes that allowing for a blockage factor would lead to unnecessary inconsistencies.

6. The Board has decided to specify that other premiums and discounts (for example, a control premium or a noncontrolling interest discount) should be taken into account in fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy when market participants would take into account those premiums or discounts when pricing an asset or a liability consistent with the unit of account for that asset or liability.

- a. Do you think that proposal is appropriate? If not, why not?

Committee response: Yes.

- b. When the unit of account for a particular asset or liability is not clearly specified in another Topic, how would you apply that proposed guidance in practice? Please describe the circumstances (that is, the asset or liability and the relevant Topic) for which the unit of account is not clear.

Committee response: If the unit of account for a particular asset or liability is not clearly specified in another Topic, the unit should be aggregated or disaggregated in a manner consistent with what market participants would dictate.

7. The Board has decided to require a reporting entity to disclose a measurement uncertainty analysis that takes into account the effect of correlation between unobservable inputs for recurring fair value measurements categorized within Level 3 of the fair value hierarchy unless another Topic specifies that such a disclosure is not required for a particular asset or liability (for example, the Board has decided in its project on the accounting for financial instruments that a measurement uncertainty analysis disclosure would not be required for investments in unquoted equity instruments). Do you think that proposal is appropriate? If not, why not?

Committee response: The committee believes this will lead to meaningless "boilerplate" types of disclosures of little value, so it is not appropriate. This is past the practical limit of what information disclosures in financial statements can meaningfully convey. However we support whatever "converged solution" the Boards reach.

8. Are there alternative disclosures to the proposed measurement uncertainty analysis that you believe might provide users of financial statements with information about the measurement uncertainty inherent in fair value measurements categorized within Level 3 of the fair value hierarchy that the Board should consider instead? If so, please provide a description of those disclosures and the reasons why you think that information would be more useful and more cost-beneficial.

Committee response: No.

9. The Board has decided to require limited retrospective transition. Do you think that proposal is appropriate? If not, why not?

Committee response: Yes.

10. There is no link to the transition guidance for the proposed amendments that the Board believes would not change practice. Are there any proposed amendments that are not linked to the transition guidance that you think should be linked? If so, please identify those proposed amendments and why you think they should be linked to the transition guidance.

Committee response: No.

11. The amendments in this proposed Update would apply to public and nonpublic entities (that is, private companies and not-for-profit organizations). Should any of the proposed amendments be different for nonpublic entities? If so, please identify those proposed amendments and describe how and why you think they should be different.

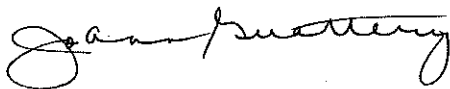
Committee response: No.

12. How much time do you think constituents would need to prepare for and implement the amendments in this proposed Update?

Committee response: We believe one year from the formal adoption date would be sufficient time for larger reporting entities to prepare. If the additional disclosures contemplated in question #7 become a requirement, then smaller reporting entities should be allowed to defer implementation for a longer period of time.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Sincerely,

A handwritten signature in cursive script that reads "JoAnn Guattery".

JoAnn Guattery, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants