

October 3, 2019

Technical Director, Financial Accounting Standards Board

File Reference No. 2019-770

Re: Proposed Accounting Standards Update *Reference Rate Reform, Topic 848 Facilitating the Effects of Reference Rate Reform on Financial Reporting*

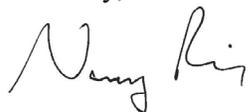
The California Society of CPA's ("CalCPA") Accounting Principles and Assurance Services Committee (the "Committee") is the senior technical committee of CalCPA. CalCPA has approximately 43,500 members. The Committee consists of 51 members, of whom 45 percent are from local or regional firms, 32 percent are from large multi-office CPA firms, 12 percent are sole practitioners in public practice, 6 percent are in academia and 5 percent are in international firms. Members of the Committee are with CPA firms serving a large number of public and nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans and governmental organizations.

The Committee supports the objective of the proposed ASU. We believe that they are practical and operable, and meet the need created by discontinuance of LIBOR or another reference rate.

We are aware of uncertainties about the suitability of new reference rates, particularly related to recent volatility in the Secured Overnight Financing Rate (SOFR). It is not known how this might affect adoption of SOFR, willingness of market participants to use it, and the timing of the adoption of this and other reference rates. Further, there may be uncertainty as to when LIBOR will cease to be a reference rate. We agree with the reasons that the Board proposes limiting the proposed amendments prospectively to contract modifications made and hedging relationships existing as of or entered into on or after the date of adoption and through December 31, 2022. However, we suggest that the Board extend this date if it appears that the December 31, 2022 date will not afford entities the intended relief. In addition, we suggest the Board provide indication that this ASU could also impact other areas such as Topic 842 and Topic 470.

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

Sincerely,



Nancy A. Rix, Chair
Accounting Principles and Assurance Services Committee
California Society of Certified Public Accountants