

1 April 2009

Sir David Tweedie  
Chair, International Accounting Standards Board  
International Accounting Standard Board  
30 Cannon Street  
EC4M 6XH  
United Kingdom

**Re: ED 10 *Consolidated Financial Statements***

Dear Sir David,

The CFA Institute Centre for Financial Market Integrity (CFA Institute Centre),<sup>1</sup> in consultation with its Corporate Disclosure Policy Council (CDPC)<sup>2</sup>, appreciates the opportunity to comment on the IASB Exposure Draft 10 *Consolidated Financial Statements*.

CFA Institute, through the Centre, represents the views of its membership, which includes portfolio managers, investment analysts, and advisors, worldwide. Central tenets of the CFA Institute Centre mission are to promote fair and transparent global capital markets, and to advocate for investor protection. An integral part of our efforts toward meeting those goals is ensuring that the quality of corporate financial reporting and disclosures provided to investors and other end users is of high quality. The CFA Institute Centre also develops, promulgates, and maintains guidelines encouraging the highest ethical standards for the global investment community through standards such as the CFA Institute Code of Ethics and Standards of Professional Conduct.

---

<sup>1</sup> The CFA Institute Centre for Financial Market Integrity is part of CFA Institute. With offices in Charlottesville, VA, New York, Hong Kong, London, and Brussels, CFA Institute is a global, not-for-profit professional association of more than 95,000 investment analysts, portfolio managers, investment advisors, and other investment professionals in 131 countries, of whom almost 84,000 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 136 member societies in 57 countries and territories.

<sup>2</sup> The objective of the CDPC is to foster the integrity of financial markets through its efforts to address issues affecting the quality of financial reporting and disclosure worldwide. The Council is comprised of investment professionals with extensive expertise and experience in the global capital markets, some of whom are also CFA Institute member volunteers. In this capacity, the Council provides the practitioners' perspective in the promotion of high quality financial reporting and disclosures that meet the needs of investors.

## Executive Summary

### Summary of Proposal in ED 10

- Requires a reporting entity to consolidate the assets, liabilities, equity, revenues, and expenses of those entities it controls.
- Proposes a single definition of control for all entities, and provides guidance on how to apply that definition in particular situations that have been found difficult under the previous guidance. As a consequence, the International Accounting Standards Board (Board) expects that entities will be consolidated on a more consistent basis, making the financial statements of groups more comparable and understandable.
- Explains that a reporting entity controls another entity when it has the *power to direct* the activities of that other entity to *generate returns* for the reporting entity. The consequences of this are that only one party can control an entity and there could be circumstances in which the entity is not controlled by any party.
- Power can be gained in many ways, for example, by having voting rights, by having options or convertible instruments, by means of contractual arrangements, or a combination of these, or by acting as agent with the ability to direct the activities for the benefit of a controlling entity.
- Control conveys the right to obtain benefits (expressed in the proposal as “returns”) from another entity. The concept of returns makes more explicit that a reporting entity may obtain positive or negative returns.
- Provides guidance to assist a reporting entity in determining whether it is considered to be in control of another entity.
- Proposes that a reporting entity assess the particular circumstances of its relationship with a structured entity when making a determination about its control. Factors to consider are the purpose and design of the structured entity and how decisions are made about activities that may cause the returns of the entity to vary.
- Since power can be difficult to assess when considering who controls a structured entity, the Board proposes a risks and rewards “fall back” test if power cannot be assessed. Under this approach a reporting entity would consolidate another entity if it is exposed to a particular level of variability of returns of a structured entity, without any requirement to have the power to direct the activities of that structured entity.
- Requires enhanced disclosure requirements for consolidated entities, particularly relating to the effect of non-controlling interests.

## Summary of CFA Institute Positions

- Accounting standards that permit companies to structure financial arrangements to avoid recognition or disclosure of material risk exposures need to be eliminated. We strongly believe that financial reporting standards setters and regulators should no longer permit off-balance sheet (OBS) assets, liabilities, and activities. The only way an entity acquires OBS assets, assumes OBS liabilities, and engages in OBS activities is by using the credit, liquidity, and other financial resources provided by investors or creditors of the entity. Therefore, investors must be informed of how their investment is being used, and the risks incurred by such activities.
- We agree with the definition of control; however, we believe it can be greatly enhanced by including a discussion of the key indicators of control that would make it more clear and operational for preparers. We recommend that the ED provide a list of indicators that would help preparers and their auditors assess whether an entity exercises control, irrespective of the level of voting interest. However, we emphasize that a “checklist” approach to assessing control should be avoided and that these indicators are meant to augment the analysis. Illustrative examples in the accounting standard would be very helpful in this regard.
- Assessment of control should be conducted on a continuous basis and it should consider related arrangements- in the assessment of both obtaining and losing control. Continuous consideration is a transparent means of identifying risks and rewards.
- There needs to be greater clarity dealing with a party that holds voting rights directly and as an agent.
- The definition of a structured entity should be modified to state that it represents an entity the activities of which are determined through any means other than voting rights.
- The two criteria: 1) power to direct activities, and 2) provide returns will lead to more structuring opportunities to avoid consolidations because entities will create arrangements in which no party has more power than another. There needs to be a fall-back test based on risk and rewards when it is unclear whether any single party is in control.
- We support the disclosure requirements as noted in the ED. In addition, we support the disclosure of additional information to allow a user to consolidate those structured entities the reporting entity does not consolidate. We strongly believe that management should be required to disclose the basis for conclusions derived from its qualitative assessment of the indicators of control.

- Assets and liabilities consolidated upon transition to the new accounting standard should be measured and recognized at fair value.

### General Comments

The unprecedented level of losses reported by financial institutions related to off-balance sheet entities highlights the urgency to strengthen the requirements for identifying which entities a company controls as well as to bringing greater transparency to off-balance sheet activities (preferably by eliminating all off-balance sheet reporting). In addition, such losses have laid bare the need to convey the extent to which reporting entities are exposed to risks from off-balance sheet activities. We strongly believe that investors require clear and complete information about a company's contingencies, commitments, and risk exposures in order to make reasoned and informed investment decisions. Accounting standards that permit companies to structure financial arrangements to avoid recognition or disclosure of material risks exposures *must be eliminated*.

It is the CFA Institute Centre's long-standing position regarding the financial reporting of on- or off-balance sheet assets and liabilities that:

- Assets that a company owns or effectively controls, on which a company expects to receive future returns, should be properly recorded in the company's balance sheet with gains and losses recorded as incurred in the income statement; and that
- Liabilities or other obligations for which the company bears exposure to risk should be properly recorded in the company's balance sheet with gains or losses recorded as incurred in the income statement.

We strongly believe that financial reporting standard setters and regulators should no longer permit off-balance sheet assets, liabilities and activities. The only way an entity acquires OBS assets, assumes OBS liabilities, and engages in OBS activities is by using the credit, liquidity, and other financial resources provided by investors or creditors in the entity. Therefore, investors must be informed of the risks incurred by OBS activities and the degree to which an entity's capital may be at risk.

**We have read the consolidated financial statements of certain foreign private issuers reporting to the US Securities and Exchange Commission using IFRS for 2006, 2007 and 2008. Those financial statements have reported significant losses related to their involvement with previously unconsolidated structured investment vehicles (SIV). The disclosures in the consolidated financial statements for the periods before the beginning of the liquidity crisis in 2007 provided little or no disclosure about such involvement. However, by the end of 2007, these foreign private issuers reported that certain SIVs would be consolidated because of the issuer's significant level of continuing involvement. These losses point clearly to the fact that investors were informed too late about these significant risk exposures. The IASB should ensure that the new accounting standard would have**

**captured this risk exposure much earlier by explicitly requiring that reputational risk be considered in the control assessment and by providing illustrative examples.**

CFA Institute surveyed its membership in 2007, 2003, and 1999 regarding the importance and quality of information provided for off-balance sheet assets and liabilities and risks and exposures to risks. As noted in the table below, respondents rated these disclosures high in importance, yet showed low ratings for the quality of information provided. These results underscore that consolidation and disclosure standards are critical to the investor's understanding of an entity's exposure to off-balance sheet transactions and risks.

Importance <sup>3</sup>	Survey Year		
	2007	2003	1999
Off-balance sheet assets and liabilities (e.g., operating leases, securitized assets, etc.)	4.3	4.5	4.2
Risks and exposures to risks (e.g., business, financial and market risk factors)	4.1	4.1	3.9

Quality	Survey Year		
	2007	2003	1999
Off-balance sheet assets and liabilities (e.g., operating leases, securitized assets, etc.)	2.9	2.6	2.9
Risks and exposures to risks (e.g., business, financial and market risk factors)	3.1	2.8	3.0

As noted in the CFA Institute Centre's publication *A Comprehensive Business Reporting Model*,<sup>4</sup> investors require clear and complete disclosure of a company's risk exposures, its strategies for managing risks, and the effectiveness of those strategies. We believe that consolidation of entities where the reporting entity has the power to direct the activities of the entity and receives returns generated by such activities, combined with enhanced quantitative and qualitative disclosure, will better illuminate a company's exposure to risk. Developing accounting standards that eliminate structuring opportunities designed to mask the faithful representation of the substance of a transaction will benefit investors, regulators and other users of financial statements.

The most critical issue to be addressed by the proposed standard relates to the definition of control, as defined in the ED:

<sup>3</sup> Importance scale: 1= not important to 5=very important; Quality scale: 1=not useful and/or not provided to 5=very useful. The ratings shown represent the weighted average mean based on the total responses for each question and/or specific item set within a given question. If respondents selected "no opinion" or did not make a selection, this response or lack thereof is not included in the total responses used to calculate the mean rating.

<sup>4</sup> *A Comprehensive Business Reporting Model*, July 2007 [www.cfapubs.org/doi/abs/10.2469/ccb.v2007.n6.4818](http://www.cfapubs.org/doi/abs/10.2469/ccb.v2007.n6.4818)

Re: IASB ED 10 Consolidated Financial Statements  
1 April 2009  
Page 6

*A reporting entity controls another entity when the reporting entity has the power to direct the activities of that other entity to generate returns for the reporting entity [emphasis added].*

We fundamentally agree that both the power to direct the activities and the ability to generate returns are key attributes for determining the reporting entity.

We agree with the definition of control; however, we believe it can be greatly enhanced by including a discussion of the key indicators of control that would make it more clear and operational for preparers. We recommend that the ED provide a list of indicators that would help preparers and their auditors assess whether an entity exercises control, irrespective of the level of voting interest. To that end, an affirmative answer to any of the following five questions should be considered a rebuttable presumption that control exists:

1. Does the reporting entity have a majority voting interest in the election of an entity's governing body or the right to appoint a majority of the members of its governing body?
2. Does the reporting entity have a large minority voting interest in the election of an entity's governing body or the right to appoint the largest block of members of its governing body, and no other party or organized group of parties has a significant voting interest or appointment right?
3. Does the reporting entity have a unilateral ability to (1) obtain a majority voting interest in the election of an entity's governing body or (2) obtain a right to appoint a majority of the entity's governing body through the present ownership of convertible securities or other rights that are currently exercisable at the option of the holder and the expected benefits from converting those securities or exercising that right exceeds its expected cost?
4. Is the entity the only general partner in a limited partnership, and no other partner or organized group of partners has the power to dissolve the limited partnership or otherwise remove the general partner?
5. Is the reporting entity dependent on the investee because the investee activities are a critical part of the reporting entity's business model (e.g., customer, supplier, finance provider)?

Qualitative assessments are essential to determining control. For example other factors to consider would include the operational details of how an entity is managed, the dependence of one organization on another, agent relationships (i.e., the level of fees paid to agents and who bear the ultimate risk), options and warrants (e.g., even if unexercised their mere existence may in fact be a controlling factor since a disagreement or other motivation may result in exercise), etc. We strongly believe that management should be required to disclose the basis for the consolidation decision derived from its qualitative assessment of the indicators of control.

Re: IASB ED 10 Consolidated Financial Statements

1 April 2009

Page 7

Furthermore, enterprises may use kick-out rights in structuring opportunities to achieve a conclusion that no single entity has the power to direct the activities of the entity. We believe that the qualitative analysis should *exclude* kick-out rights unless they are substantive and held by a single party. Without such a requirement, we fear that the proposal would provide significant structuring opportunities, and may actually increase the amount of structured entities left unconsolidated or derecognized.

We also emphasize that even in situations where kick-out rights are held unilaterally, the holder is not necessarily deemed to have control if the exercise of such rights would create an economic disadvantage. In accordance with the ED, substantive kick-out rights must have both of the following characteristics:

- The decision maker can be removed by the vote of a simple majority, and
- The parties holding the kick-out rights have the ability to exercise those rights if they choose to do so; that is, there are no significant barriers to the exercise of the rights.

Barriers include financial penalties or operational barriers associated with replacing the decision maker that would act as a significant disincentive for removal. This underscores the need for careful scrutiny of the underlying kick-out rights provisions.

In the remainder of our letter we respond to the specific questions asked in the exposure draft.

### **Specific Comments**

*Question 1: Do you think that the proposed control definition could be applied to all entities within the scope of IAS 27 as well as those within the scope of SIC-12? If not, what are the application difficulties?*

There is an internal conflict in the definition of control as it is discussed in the ED. On the one hand it states that a reporting entity should consolidate another entity when it in fact controls the other entity, but on the other hand it states that consolidation is appropriate when a reporting entity has the ability to be in control (paragraph 27) of that entity. Even though the proposed definition may be applied to both voting interest entities (IAS 27) and structured entities (SIC 12), the requirement to satisfy both criteria of power and returns will create significant structuring opportunities in the context of structured entities because it will be reasonably easy to structure entities in which no party is deemed to have the power to direct the activities.

*Question 2: Is the control principle as articulated in the draft IFRS an appropriate basis for consolidation?*

As noted above, we agree with the definition of control provided that the indicators of control are also present. In addition, the ED states that one element of control involves the power to direct the activities of another entity and that there are many ways to do so including by having voting rights, options or convertible instruments, by means of contractual arrangements; or by a



Re: IASB *ED 10 Consolidated Financial Statements*  
1 April 2009  
Page 8

combination of these. Control also may be gained by having an agent with the ability to direct the activities for the benefit of the controlling entity.

The ED states that governing the strategic operating and financing policies of an entity is in most cases that same as having power to direct the activities of the entity. However, the power to govern the strategic operating and financing policies is only one way to direct the activities of an entity. We believe the definition should be clarified to avoid different interpretations depending on the facts and circumstances to which it is applied.

In paragraphs 4 through 6 of the ED, we observe the use of the term “shared control.” We encourage providing parameters as to what constitutes shared power to significantly enhance compliance and the quality of application. We suggest that mutual consent agreements would be a strong indicator of shared power over a structured entity’s activities and assets.

*Question 3: Are the requirements and guidance regarding the assessment of control sufficient to enable the consistent application of the control definition? If not, why not? What additional guidance is needed or what guidance should be removed?*

We agree that the assessment of control should be conducted on a continuous basis and should include a consideration of related arrangements – both in the assessment of gaining and losing control. Continuous consideration is a transparent means of identifying risks and rewards. However, the ED also states that an entity could hold a minority, but the largest share of the voting rights and still control the entity by other means, including its ability to appoint management or through contractual arrangements. Those arrangements could allow the reporting entity to direct the activities of the other entity. What is not clear is the nature of “other means” that would be sufficient to assess whether control exists when less than a majority of voting shares are owned. We suggest that this be clarified to strengthen the meaning in order to minimize misinterpretation and resultant structuring opportunities.

Furthermore, we believe that the standard should include the indicators of control as noted above.

*Question 4: Do you agree with the Board’s proposals regarding options and convertible instruments when assessing control of an entity? If not, please describe in what situations, if any, you think that options or convertible instruments would give the option holder the power to direct the activities of an entity.*

If the cost of exercising an option (strike price) or converting a convertible instrument (conversion price) is fixed, and if such exercise or conversion would enable the reporting entity to obtain a majority of voting interests or the power to control, we believe that constitutes control. However, a fair value option or other conversion right would fail to meet the returns requirement of the control definition because the returns would depend on the terms of exercise or conversion. It is only once the instrument holder has obtained the shares that it has access to returns.



Re: IASB ED 10 Consolidated Financial Statements  
1 April 2009  
Page 9

*Question 5: Do you agree with the Board's proposals for situations in which a party holds voting rights both directly and on behalf of other parties as an agent? If not, please describe the circumstances in which the proposals would lead to an inappropriate consolidation outcome.*

We believe there needs to be greater clarity in the Board's proposal dealing with a party that holds voting rights – directly and as an agent. On the one hand, paragraph 27 states that a reporting entity with less than half of the voting rights has the power to direct activities of another entity if:

- a) it has more voting rights than any other party; and
- b) its voting rights are sufficient to give the reporting entity the ability to determine the entity's strategic operating and financing policies.

On the other hand, paragraphs B9 through B16 discuss circumstances in which a reporting entity has the power to direct the activities of another entity when other conditions are present. Those conditions would appear to require a lower threshold than the ability to direct strategic operating and financing policies.

Also, the guidance in paragraph B11 states that in assessing whether it has voting rights sufficient to control another entity, the reporting entity excludes the voting rights it holds as agent only if the reporting entity can demonstrate that it is obliged to act in the best interests of those parties or has implemented policies and procedures that ensure the independence of the decision-making in its role as an agent from that as a holder of voting rights directly.

The question might arise regarding what kind of evidence would be required to demonstrate that the reporting entity is acting in the best interests of third parties or has established sufficient policies to ensure independence. This guidance may be challenging to implement and audit.

Also, in paragraph B7, if a party is deemed to be a fiduciary, then the party is presumed not to control the entity. We believe that the fiduciary exception should be eliminated, and analysis of the fee structure remuneration should stand alone in assessing who has control or power.

*Question 6: Do you agree with the definition of a structured entity in paragraph 30 of the draft IFRS? If not, how would you describe or define such an entity?*

We believe that the definition of a structured entity should be far broader, and comprehensive enough to capture any entity whose activities are determined through any means other than voting rights. In effect, we believe that all structured entities that draw upon an entity's resources (i.e., have a claim on its assets or result in obligations) should be included. Currently, the definition of control dealing with voting interest entities may be determined by the ability to direct the power of an entity's activities through the use of voting rights and other means (contractual rights, access to residual assets, ability to enter into significant transactions.)

Re: IASB ED 10 Consolidated Financial Statements  
1 April 2009  
Page 10

*Question 7: Are the requirements and guidance regarding the assessment of control of a structured entity in paragraphs 30–38 of the draft IFRS sufficient to enable consistent application of the control definition? If not, why not? What additional guidance is needed?*

We believe that the requirement to satisfy both criteria of power to direct activities, and to provide returns will lead to more structuring opportunities to avoid consolidation because reporting entities will create arrangements in which no party has more power than another. We do not believe that the level of exposure to the variability of returns should be presumed to be correlated with the level of power. The structure of the guidance will potentially create situations in which power is intentionally dispersed to avoid consolidation. We believe that control should be evaluated from a risk and rewards perspective to augment legal or other such assessments when it is unclear whether one party has control. In this analysis, it should be made clear that the potential risks and rewards could be implicit or overt. We believe that any transferor or sponsor that has the explicit or implicit ability to act to modify the activities of a structured entity to preserve its financial flexibility should be required to consolidate such structured entity. We stress that there should not be any “brain dead” structured entities. All entities are either the reporting entity or a controlled entity and therefore consolidated.

*Question 8: Should the IFRS on consolidated financial statements include a risks and rewards ‘fall back’ test? If so, what level of variability of returns should be the basis for the test and why? Please state how you would calculate the variability of returns and why you believe it is appropriate to have an exception to the principle that consolidation is on the basis of control.*

We believe that there should be a risks and rewards “fall back” test, which is similar to the view we expressed in our response to the proposed amendments to FASB Statement No. 140 and FIN 46R.<sup>5</sup> This test would be designed to cover situations in which it is not possible to determine which party has the power to direct activities. There may be a reporting entity with a sufficiently large exposure to the variability of returns to have implicit incentives to exercise its right to preserve the financial flexibility of the structured entity, and other investors are likely to cooperate with that reporting entity to give it the power to direct.

*Question 9: Do the proposed disclosure requirements described in paragraph 48 provide decision-useful information? Please identify any disclosure requirements that you think should be removed from, or added to, the draft IFRS.*

We support the disclosure requirements discussed in the ED. In addition, we support the disclosure of sufficient information to allow a user to consolidate those structured entities that the reporting entity does not consolidate but in which it has a significant economic interest. In addition, we recommend disclosures similar to those listed in our response to the FASB Staff

---

<sup>5</sup> Comment letters *Proposed FASB Statement, Accounting for Transfers of Financial Assets-an amendment of FASB Statement No. 140* [www.cfainstitute.org/centre/topics/comment/2008/081118\\_2.html](http://www.cfainstitute.org/centre/topics/comment/2008/081118_2.html) and *Proposed FASB Statement, Amendment to FASB Interpretation No. 46 (R)* [www.cfainstitute.org/centre/topics/comment/2008/081118.html](http://www.cfainstitute.org/centre/topics/comment/2008/081118.html)

Re: IASB ED 10 Consolidated Financial Statements  
1 April 2009  
Page 11

Position FAS 140-e and FIN46(R)-e<sup>6</sup>. They include: (1) the reason for continuing involvement, and (2) the likelihood of the need to use alternative funding methods. Entities should always follow an overriding principle that companies should disclose information that is material to investors even if specific disclosure is not required by a particular standard. For example, an entity should disclose the business purpose, risks, guarantees, liquidity needs, and other information (as it relates to the different classes of continuing involvement) considered beneficial to investors.

We strongly believe that management should be required to disclose the basis for the consolidation decision derived from its qualitative assessment of the indicators of control. Furthermore, management should provide a statement that they are not at risk with respect to structured entities as well as for any OBS assets, OBS liabilities, and OBS activities.

*Question 10: Do you think that reporting entities will, or should, have available the information to meet the disclosure requirements? Please identify those requirements with which you believe it will be difficult for reporting entities to comply, or that are likely to impose significant costs on reporting entities.*

We believe that a reporting entity should be able to acquire the information. Preparers may object to providing expanded disclosures, but we feel that the added transparency is essential to fully understanding the economic effects and risk exposures associated with consolidated entities. Entities with sound risk management and financial reporting practices should have much of the required information readily available as a part of their routine risk assessment for these investments. We also believe that if a reporting entity cannot meet the disclosure requirements, that fact should be disclosed because it informs users about the quality of information in the financial statements and about management's investment process.

*Question 11 (a): Do you think that reputational risk is an appropriate basis for consolidation? If so, please describe how it meets the definition of control and how such a basis of consolidation might work in practice.*

We believe that reputational risk is an appropriate basis for consolidation when it becomes probable that a reporting entity will provide support to a previously unconsolidated investment. Such determination must be made using the facts and circumstances available. For example, if the reporting entity depends on the use of structured entity(ies) for its business model or if the reporting entity's reputation played a role in its clients investing in such an entity, or the structured entity provides a significant stream of income to the reporting entity, then the reporting entity probably has power and exposures that warrant consolidation of the structured entity.

*Question 11 (b): Do you think that the proposed disclosures in paragraph B47 are sufficient? If not, how should they be enhanced?*

---

<sup>6</sup> Comment Letter Proposed FASB Staff Position No. FAS 140-e and FIN 46 (R)-e, Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities [www.cfainstitute.org/centre/topics/comment/2008/081020.html](http://www.cfainstitute.org/centre/topics/comment/2008/081020.html)

Re: IASB *ED 10 Consolidated Financial Statements*  
1 April 2009  
Page 12

We believe the disclosures are sound, but should be augmented with a discussion of the likelihood about the need for more support and whether the reporting entity will provide it. In addition, if the reporting entity does not consolidate such structured entities, it should provide sufficient information for a user to do so.

*Question 12: Do you think that the Board should consider the definition of significant influence and the use of the equity method with a view to developing proposals as part of a separate project that might address the concerns raised relating to IAS 28?*

Yes, we believe that there are circumstances in which a reporting entity has less than a majority of the voting interests in an entity, which it does not consolidate today, but which it would be required to consolidate based on the guidance in the ED. We believe that those circumstances need to be reconciled and included in a cohesive set of requirements for all investments in entities. The consolidation model in the ED has evolved beyond using a simple voting interest model and so the guidance for equity method investees (IAS 28) and the guidance for joint ventures (IAS 31) should be reconciled with the proposed guidance.

### **Closing Remarks**

In closing we thank the Board for the opportunity to comment on the Exposure Draft. We urge the Board to expeditiously issue an improved standard so that significant off-balance sheet transactions are made more transparent to investors and other users of financial statements.

If you, other Board members, or your staff have questions or seek further elaboration of our views, please contact either Matthew M. Waldron, CPA, by phone at +1.434.951.5321, or by e-mail at [matthew.waldron@cfainstitute.org](mailto:matthew.waldron@cfainstitute.org), or Patrick Finnegan, CFA, by phone at +1.212.754.8350, or by e-mail at [patrick.finnegan@cfainstitute.org](mailto:patrick.finnegan@cfainstitute.org).

Sincerely,

*/s/Kurt N. Schacht*

Kurt N. Schacht, CFA  
Managing Director

*/s/ Gerald I. White*

Gerald I. White, CFA  
Chair, Corporate Disclosure Policy  
Council

cc: Corporate Disclosure Policy Council