

September 10, 2012

Ms. Leslie F. Seidman  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116  
[lfseidman@fasb.org](mailto:lfseidman@fasb.org)

Mr. Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC 4M 6XH  
United Kingdom  
[hhoogervorst@ifrs.org](mailto:hhoogervorst@ifrs.org)

**Delivered Electronically**

**Re: Reference: No. 1850-100, Exposure Draft: *Leases* and  
Exposure Draft, *Leases*, ED/2010/9**

Dear Chairman Seidman and Chairman Hoogervorst:

Our organizations represent all sectors of the global economy, representing businesses, real estate and investors that employ tens of millions of workers worldwide and that, as preparers and users of financial statements, rely on the accuracy of financial reporting by companies globally. As such, we recognize that accurate and transparent financial reporting based on high-quality accounting standards is a cornerstone of global and domestic capital markets.

We wish to also thank Chairman Seidman for meeting with us on June 4, 2012, and the continuous efforts by the Financial Accounting Standards Board (“FASB”) and the International Accounting Standards Board (“IASB”) to have an ongoing dialogue and exchange of views regarding the *Proposed Accounting Standards Update on Leases* (“lease accounting proposal”).

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Throughout the consideration of the lease accounting proposal, we have written collectively and individually to provide our input, assessments and proposed changes to improve the lease accounting proposal.<sup>1</sup>

While we have raised a series of substantive concerns regarding the leases proposal, we have also raised a series of procedural concerns that directly impact the foundation of this effort. These issues, as well as recent investor concerns, prompt us to write this letter despite some beneficial changes to the real estate portions of the lease accounting proposal.

In our May 26, 2011 letter, we raised serious concerns regarding the process of consideration of the lease accounting proposal and that a failure to address those issues would adversely impact the development of an accounting standard that would have broad negative implications for businesses, investors and the economy as a whole. At that time, we specifically asked the Boards to identify the complete range of investor interests they are attempting to address in the accounting proposal. We also asked if the FASB and IASB consulted with a representative cross section of investor interests in determining the need for revising the lease accounting standard and in developing those revisions. Furthermore on July 8, 2011, we stated that we agreed with the assessment of the European Financial Reporting Advisory Group (“EFRAG”) that the lease accounting proposal was not a substantial improvement over the existing leases standard and concurred that the FASB and IASB should carry out a “fundamental rethink” of the lease accounting project.

Unfortunately, these concerns have come to fruition.

The lack of transparency in the identification of investor outreach continues to cloud the ability of all participants to understand if the Boards have engaged in discussions with a representative cross section of investors and the interests of investors that FASB and IASB are seeking to advance. The July 24, 2012 meeting of the Investors Technical Advisory Committee (“ITAC”) highlighted the divergent

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<sup>1</sup> See October 21, 2010 letter to G-20 Finance Ministers, December 8, 2010 comment letter to FASB and IASB, May 26, 2011 letter to FASB and IASB, July 8, 2011 letter to FASB and IASB and the April 26, 2012 letter to FASB and IASB. While these were collective letters signed by over 30 trade associations, these associations have filed many individual comment letters as well.

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views of investors and raised serious concerns about the objective of the lease accounting project and whether investors will receive any additional decision-useful information under the new proposed standard. During the ITAC meeting investors also raised concerns regarding the adverse impacts on the financial statements themselves.

If investors are raising these questions at this stage of the years-long lease accounting project, it begs the question of why this project is moving forward at this time in its current form.

Accordingly, we respectfully renew our July 8, 2011 request that FASB and IASB conduct a “fundamental rethink” of the lease accounting project.

Thank you for your consideration of this request, and we are available to discuss these concerns in greater detail.

Sincerely,

American Council of Life Insurers  
American Financial Services Association  
American Trucking Association  
Building Owners and Managers Association (BOMA)  
CCIM Institute  
Equipment Leasing and Finance Association  
Group of North American Insurance Enterprises  
Institute of Real Estate Management  
International Council of Shopping Centers  
NAIOP, Commercial Real Estate Development Association  
National Association of Realtors  
National Parking Association  
National Restaurant Association  
Real Estate Board of New York  
Real Estate Information Standards  
Realtors Land Institute  
Society of Industrial and Office Realtors

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The Financial Services Roundtable  
The Real Estate Roundtable  
Truck Renting and Leasing Association  
U.S. Chamber of Commerce