

## FINANCIAL ACCOUNTING FOUNDATION

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J. MICHAEL COOK  
President

May 20, 1996

Mr. P. Norman Roy  
President  
Financial Executives Institute  
10 Madison Avenue  
Morristown, New Jersey 07962-1938

Dear Norm:

On behalf of the Trustees of the Financial Accounting Foundation, I am writing this additional response to your letter of January 19, 1996.

As I indicated in my letter of February 12, 1996, we appreciate your expression of continued support for private-sector standard setting by the Financial Accounting Standards Board and your commitment to maintaining the independence of the FASB. Your active participation in the standard-setting process and in the work of the Foundation as a sponsoring organization has been a source of strength through the years.

We also appreciate your providing us with your views on the standard-setting process. Many of the matters that you raised have been or will be addressed in the FASB and FAF strategic planning process, the results of which will enhance the standard-setting process.

However, as I have previously discussed with you, the Trustees have specifically considered and rejected your recommendation that agenda control be taken from the FASB and placed in the hands of an independent, third-party organization. In our view, this is not consistent with an essential concept underlying today's standard-setting process, that is, that standard setting is exclusively the province of an independent FASB.

The Trustees have not and will not accept any recommendation that impairs, in fact or appearance, the independence of the FASB, or subjects it to undue influence from any group or body, or impairs its ability to issue timely accounting standards it deems to be in the public interest. Such recommendations would weaken the unanimity of commitment that is essential to preserve private-sector standard setting. We encourage suggestions that would improve the efficiency and effectiveness of the FASB, and we continue to value your organization's participation in the process.

The Trustees are aware of your public statement of April 30, 1996, and we appreciate the views that you expressed. The Trustees look forward to continuing to work with the Financial Executives Institute as we fulfill our responsibility for overseeing and supporting the important work of the FASB.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike', is written over the typed name.

J. Michael Cook