

**Congress of the United States**  
**Washington, DC 20515**

December 21, 2018

Russell G. Golden  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

Dear Chairman Golden:

We are writing today to express our sincere concerns surrounding the Financial Accounting Standards Board's (FASB) Current Expected Credit Loss (CECL) accounting standard.

Historically, FASB has been considered the world's preeminent independent accounting standard-setter because of its rigorous process for developing U.S. standards. Given the recent actions by the International Accounting Standards Board to replace FASB as the world standard-setter, it is appropriate for the SEC to evaluate FASB's standard development process to ensure that it retains its well-deserved reputation.

On December 11, 2018, the Subcommittee on Financial Institutions and Consumer Credit held a hearing assessing the impact of FASB's CECL accounting standard. Panelists representing numerous industries in the financial sector and Members on both sides of the aisle expressed concern over the affects CECL will have on industry, markets and consumers. In addition to continuing the conversation around the serious policy concerns stemming from CECL, witnesses highlighted process concerns that leave us questioning whether current accounting standard development lacks the rigor and certainty of pre-financial crisis standards needed to meet the needs of investors and other stakeholders.

FASB standard setting should be enhanced through formal review and approval processes and ensuring new rules will not create unnecessary accounting volatility or market instability. These enhancements should not apply to CECL alone but all standards drafted by FASB.

We encourage you to consider a number of internal processes, including a reconsideration of the role of Transition Resource Groups (TRGs) and re-introduce required pre-issuance field testing. Such a move would ensure that stakeholders including investors and corporate management would be better able to assess and understand how any new standard would affect an entity. We also believe it vital that FASB introduce independent investor surveys. Appropriate education and other background related to key provisions of a standard should be provided to survey participants including field testing insights. Finally, obtaining and reviewing comprehensive cost-benefit analysis is critical. This was a featured topic during the December 11<sup>th</sup> hearing. The cost-benefit analysis must be quantitative and qualitative, especially since new accounting standards require extremely expensive IT implementation work. FASB also should expect that for any proposed standard, the U.S. Securities and Exchange Commission has a responsibility to ensure that the proposed standard does not create unnecessary volatility for necessary consumer products, such as 30-year mortgages and fixed annuities.

It is the mission of FASB to establish and improve the financial accounting standards through a comprehensive and inclusive process. As the premier authority on accounting standards, FASB must work to ensure any changes involving accounting standards acknowledge the affects the rule will have on

market stability, accounting unpredictability, and access to credit. Furthermore, it is our hope FASB will address the concerns raised in the December 11<sup>th</sup> hearing, consider all feedback received at the public roundtable FASB expects to hold in January 2019, and ultimately administer appropriate meaningful changes to the CECL standard. We thank you in advance for your prompt action.

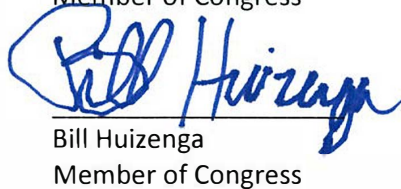
Sincerely,



Blaine Luetkemeyer  
Member of Congress



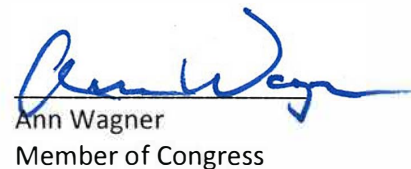
Ted Budd  
Member of Congress



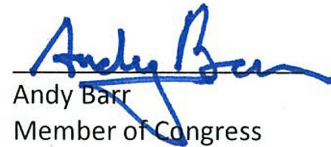
Bill Huizenga  
Member of Congress



Alexander X. Mooney  
Member of Congress



Ann Wagner  
Member of Congress



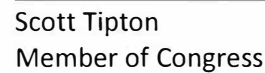
Andy Barr  
Member of Congress



Trey Hollingsworth  
Member of Congress



Barry Loudermilk  
Member of Congress



Scott Tipton  
Member of Congress

CC: The Honorable Jay Clayton, Chairman, U.S. Securities and Exchange Commission