



CENTER FOR CAPITAL MARKETS  
C O M P E T I T I V E N E S S

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September 16, 2013

Ms. Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**Re: File Reference No. 2013-310 Exposure Draft of a Proposed Accounting Standard Update - *Definition of a Public Business Entity - An Amendment to the Master Glossary***

Dear Ms. Cospers:

The U.S. Chamber of Commerce (the “Chamber”) is the world’s largest federation of businesses and associations, representing the interests of more than three million U.S. businesses and professional organizations of every size and in every economic sector. These members are both users and preparers of financial information. The Chamber created the Center for Capital Markets Competitiveness (“CCMC”) to promote a modern and effective regulatory structure for capital markets to fully function in a 21<sup>st</sup> century economy. To achieve these goals, the CCMC has supported the development of robust financial reporting systems and encouraged efforts to improve standards and reduce complexity.

The CCMC appreciates the opportunity to comment on the Financial Accounting Standards Board (“FASB”) Exposure Draft on **Exposure Draft of a Proposed Accounting Standard Update - *Definition of a Public Business Entity - An Amendment to the Master Glossary*** (“proposed business definition”).

The CCMC agrees with FASB’s objective to amend the Master Glossary of the FASB Accounting Standards Codification to include one definition of public business entity for use in Generally Accepted Accounting Principles (“U.S. GAAP”) and identifying the types of business entities that would be excluded from the scope of the ***Private Company Decision-Making Framework: A Guide for Evaluating Financial Accounting and Reporting for Private Companies.***

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While the CCMC generally agrees with the proposed criteria for the definition of a public business entity we recommend FASB reconsider some of the criteria to provide clarity in the proposed definition. Specifically, the CCMC recommends that FASB reconsider paragraph (e) of the definition which states that “[i]ts securities are unrestricted, and it is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement.”

Under this scenario, entities that may be participants (such as community banks or registered investment advisors) in the public company capital markets, but do not meet any of the other definitional criteria, would be considered to be a public entity. These entities are providers of liquidity and assist with capital formation for public companies without being public companies themselves. Given the broad nature of this criterion, we envision there may be unintended consequences since the users of financial statements of those non-public entities may have differing needs than the users of financial reports for public entities. If FASB is attempting to address specific issues in adding this criterion in the proposed business definition, it may be more appropriate to specifically identify those entities and the specific issues that FASB is seeking to address by including those entities. The CCMC believes that it would be better for those public capital market participants, that are otherwise private entities, to be excluded from the proposed business definition unless FASB can demonstrate justifications for keeping those entities in the proposed business definition.

Similarly, Congress in passing the Jumpstart Our Business Startups Act (JOBS Act) created a category of emerging growth companies that are exempt from using new accounting standards. The CCMC believes that this should be included in the proposed business definition to reflect the legal obligations of business to use or not use existing U.S. GAAP standards.

Thank you for the opportunity to comment on the proposed business definition and we are prepared to discuss our concerns in more detail at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'TK' followed by a long horizontal flourish.

Tom Quadman