



May 28, 2024

Edward C. Bernard, Chair  
Financial Accounting Foundation Board of Trustees  
801 Main Avenue  
PO Box 5116  
Norwalk, CT 06856-5116

**Re: Review of the Private Company Council: Request for Comment**

Dear Mr. Bernard:

The U.S. Chamber of Commerce (“Chamber”) Center for Capital Markets Competitiveness appreciates the opportunity to comment on the Financial Accounting Standards Board (“FASB”) Private Company Council (“PCC”) as part of the Financial Accounting Foundation (“FAF”) Board of Trustees’ review of the PCC and Request for Comment (“RFC”).

The Chamber strongly supports the PCC and the important role it plays in advising FASB and improving the process of setting accounting standards for private companies. While the U.S. Generally Accepted Accounting Principles (“US GAAP”) must be the foundation for public and private general purpose financial reporting, the users and uses of private company reporting differ from those of public entities. US GAAP must be tailored to reflect the differences and meet the needs of private company users.

The Chamber applauds the PCC for the efficacy of its work in meeting this objective and its accomplishments over the last decade. Since FAF’s three-year review of the PCC in 2015,<sup>1</sup> the PCC has made process improvements, including establishing a Technical Agenda Consultation Group and supplementing FASB project teams with private company specific working groups.

Moreover, the PCC has expanded its efforts on behalf of private company reporting and contributed to enhancing U.S. GAAP so that it is decision-useful, in a cost-benefit effective way, for users of all types of entities – both public and private.

To illustrate, the PCC addressed longstanding financial reporting issues raised by private company stakeholders that led to FASB issuing Accounting Standards Updates (“ASUs”) on goodwill, intangibles, consolidation, hedge accounting, transition guidance, equity-classified share-based awards, and profits interest awards. In its role as the primary advisory body to FASB on private company accounting matters, the PCC also influenced private company practical expedients and simplifications in major FASB standards on leases and revenue.

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<sup>1</sup> See the FAF *Three-Year Review of the Private Company Council* (February 2015).

Further, the PCC continually provides input on FASB technical agenda and research projects in all areas of GAAP. Some examples since the last review include distinguishing liabilities from equity, statement of cash flows, disclosures, income taxes, business combinations, stock compensation, consolidations, financial instruments, financial performance projects, and goodwill and other intangible assets.

The Chamber also applauds the PCC for being an important impetus for simplifying financial reporting for both public and private companies.<sup>2</sup> For example, the PCC identified opportunities to reduce complexity in U.S. GAAP for development stage organizations and in the areas of accounting for goodwill, certain intangible areas, share-based payment transactions to both employees and non-employees, and variable interest entities in common control arrangements.

Importantly, the PCC has undertaken significant activities to engage with private company stakeholders and solicit feedback on financial reporting issues. For example, the PCC holds town hall and liaison meetings both virtually and in-person in venues across the United States. The Chamber encourages FAF and the PCC to continue these outreach efforts.

We greatly appreciate the work and dedication of FAF, the PCC, and FASB in understanding and addressing the needs of stakeholders in private company financial reporting. As a member of the Blue-Ribbon Panel on Standard Setting for Private Companies, whose recommendations were the genesis for the PCC, the Chamber has long been committed to working with FAF, the PCC, and FASB to make the system effective and efficient for all stakeholders in private company financial reporting.

The PCC's work is essential to the more than 20 million businesses that are private and the capital formation tools they need to develop and grow. The Chamber looks forward to continuing our commitment to FAF, the PCC, and FASB.

Sincerely,

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

Tom Quadman  
Executive Vice President  
Center for Capital Markets Competitiveness  
U.S. Chamber of Commerce

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<sup>2</sup> See the letter to FAF from the U.S. Chamber of Commerce Center for Capital Markets Competitiveness on the *Three-Year Review of the Private Company Council* dated May 26, 2015.