



The Association of  
Accountants and  
Financial Professionals  
in Business

June 5, 2022

Ms. Hillary H. Salo  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

File Reference: No. 2022-001

Dear Ms. Salo:

The Financial Reporting Committee (FRC or Committee) of the Institute of Management Accountants (IMA) is writing to share its views on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update – *Reference Rate Reform (Topic 848) and Derivatives and Hedging (Topic 815): Deferral of the Sunset Date of Topic 848 and Amendments to the Definition of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap Rate* (Proposed Update).

The IMA is a global association representing over 140,000 accountants and finance team professionals. Our members work inside organizations of various sizes, industries and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities, and multinational corporations. The FRC is the financial reporting technical committee of the IMA. The Committee includes preparers of financial statements for some of the largest companies in the world, representatives from the world's largest accounting firms, valuation experts, accounting consultants, academics, and analysts. The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals, and other documents issued by domestic and international agencies and organizations. Additional information on the FRC can be found at [www.imanet.org](http://www.imanet.org) (About IMA, Advocacy, Financial Reporting Committee).

The Committee agrees with the Board's objective to provide temporary accounting relief to facilitate the market-wide transition from interbank offered rates such as LIBOR. We believe that deferring the sunset date of the transition relief provided by ASC 848 provides entities with adequate time to complete the transition away from all tenors of LIBOR. We also support the amendment to the Master Glossary that expands the definition of the Secured Overnight Financing Rate "SOFR" swap rate to include the SOFR term rate, thereby identifying term SOFR as a benchmark interest rate and enabling entities to designate this rate as the hedged risk in hedge relationships involving a fixed-rate financial instrument. We believe this amendment aligns with the Alternative Reference Rate Committee's recommendation of a forward-looking term SOFR rate as a preferred replacement rate for LIBOR and reflects the emergence of a term SOFR rate in the marketplace. We encourage the FASB to continue to monitor developments in the marketplace related to reference rate reform and to continue facilitating the transition away from interbank offered rates where warranted.



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We appreciate the opportunity to provide comments on the Proposed Update and would be pleased to discuss our letter with the FASB or its staff at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Josh D. Paul". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Josh Paul  
Chair-Elect, Financial Reporting Committee  
Institute of Management Accountants  
[jpaul@paloaltonetworks.com](mailto:jpaul@paloaltonetworks.com)