

CAQ Alert #2008-18 – March 31, 2008

DEAR CENTER MEMBERS

SEC Issues Letter to Public Companies on MD&A Disclosure Regarding the Application of SFAS 157 (Fair Value Measurements)

On March 28, 2008 the SEC Division of Corporation Finance sent a letter to certain public companies identifying a number of disclosure issues they may wish to consider in preparing Management's Discussion and Analysis (MD&A) for their upcoming quarterly reports on Form 10-Q. An [illustrative copy of the letter](#) has been posted to the SEC website and can be obtained by clicking on the respective link. In a communication to the Center for Audit Quality's SEC Regulations Committee, the SEC staff noted that while the letters were sent to financial institutions, the disclosure issues addressed can be applicable to any company.

Other Related Resources for Auditors

- PCAOB Staff Audit Practice [Alert No. 2 Matters Related to Auditing Fair Value Measurements of Financial Instruments and the Use of Specialists](#) (CAQ Alert [#2007-64](#))
- SEC letter to public companies that have identified investments in structured investment vehicles, conduits or collateralized debt obligations (off-balance sheet entities) ([SEC illustrative letter](#))
- CAQ White Papers on Illiquidity in the Markets (CAQ Alert [#2007-51](#))
- SEC Staff position on subprime loans (CAQ Alert [#2007-41](#))
- SEC Staff views regarding applicability of SFAS 140 pursuant to the American Securitization Forum's framework (CAQ Alert [# 2008-02](#))

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As a member of the Center, your firm will receive periodic updates on important developments related to the PCAOB and the SEC, as well as the activities of the Center, particularly with respect to the submission of comment letters on PCAOB and SEC proposals. To stay abreast of these and other relevant events in public company audit practice, please visit the Center Web site at theCAQ.aicpa.org. Also, we welcome any suggestions or questions - please send them by email to center@theCAQ.org.

Sincerely,

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