

Via Hand Delivery

February 9, 2017

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Re: Financial CHOICE Act

Dear Chairman Hensarling:

On behalf of the Council of Institutional Investors (CII),¹ we write to urge you exclude from the Financial CHOICE Act any provision that repeals section 978 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides a funding mechanism for the Governmental Accounting Standards Board (GASB).²

CII represents more than 120 employee benefit funds and endowment with \$3 trillion in combined assets under management.³ We believe that it is vitally important to U.S. investors that private sector accounting standard setters like the GASB have a secure, stable source of funding that is not dependent on voluntary contributions of those subject to its standards.⁴

We advocate for policies and regulations that enhance public trust in the global markets and that protect investors. The GASB funding mechanism currently in place provides the GASB with an independent, conflict-free source of funds in order to carry out its important mission of

¹ The Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of corporate, public and union employee benefit plans and endowments with a focused mission: to be the leading voice for effective corporate governance practices for U.S. companies and strong shareowner rights and protections. For more information about CII see http://www.cii.org/about_us.

² For other provisions that CII believes should be excluded from the Financial CHOICE Act, please see our letter of September 12, 2016, at [http://www.cii.org/files/issues_and_advocacy/correspondence/2016/09_12_16_CII_Letter%20to%20Chair%20and%20Ranking%20Member%20of%20Committee%20on%20Financial%20Services%20\(final\).pdf](http://www.cii.org/files/issues_and_advocacy/correspondence/2016/09_12_16_CII_Letter%20to%20Chair%20and%20Ranking%20Member%20of%20Committee%20on%20Financial%20Services%20(final).pdf).

³ CII also has Associate (nonvoting) Members that include more than 50 asset manager firms that manage assets in excess of \$20 trillion. For more information about CII members see <http://www.cii.org/members>.

⁴⁴ See CII, Policies on Other Issues, Independence of Accounting and Auditing Standard Setters (adopted Oct. 7, 2008), http://www.cii.org/policies_other_issues#indep_acct_audit_standards.

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establishing accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).

The independent and predictable source of funds that GASB receives benefits taxpayers and investors because it is free of the conflicts of interest, real or perceived, that were inherent in GASB's old funding source that required GASB's parent, the Financial Accounting Foundation, to solicit voluntary contributions from the very entities that would be bound by its accounting standards. We should not go back to this practice that undermines investor confidence.

We support the GASB's important work and urge you to exclude any provision in your legislation that repeals GASB's current funding mechanism.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney". The signature is written in black ink and is positioned below the word "Sincerely,".

Jeff Mahoney
General Counsel

CC: The Honorable Maxine Waters, Ranking Member, Committee on Financial Services