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# FIAC

## Financial Institutions Accounting Committee

April 7, 2006

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Dear Members of the SEC Advisory Committee on Smaller Public Companies:

The Financial Institutions Accounting Committee of the Financial Managers Society thanks you for the opportunity to provide commentary to the SEC Advisory Committee on Smaller Public Companies (the "Committee") regarding the exposure draft of the Committee's final report ("Report"). The many hours of work that the Committee dedicated to this Report is evidenced by a comprehensive and well balanced approach to issues that cannot be resolved with a one-size-fits-all approach.

FIAC is a standing committee of the Financial Managers Society comprised of 12 financial professionals working in executive level positions in the banking industry. FIAC's primary responsibility is to evaluate those accounting and regulatory matters that affect financial institutions. The Financial Managers Society (the "Society") is a professional association of approximately 1,600 CFO's, Controllers, CEO's and auditors. Although its mission is primarily educational, through FIAC, the Society monitors and responds to significant regulatory or accounting changes that will impact its membership.

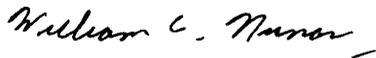
We believe that Sarbanes-Oxley Act of 2002 has had a profound and positive impact on both the national and international capital markets. We understand the many unique challenges faced by smaller public companies including complying with ever increasing regulatory burdens. We believe though that investors in these smaller public companies deserve a similar level of protection as those of larger public companies. And, in fact, based upon the increased performance pressures facing a smaller public company as well as increased risk of internal control override, additional internal control considerations could be warranted. We support the Committee's alternate recommendations that the PCAOB develop a new auditing standard for smaller public companies rather the exempting or modifying compliance with existing assessment standards.

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We believe that this revised standard could provide alternatives to documentation and testing that are more appropriately scaled to smaller companies operations. We believe that these revised standards should retain the operational testing element of an internal control effectiveness assessment.

Once again, thank you for the opportunity to provide our comments.

Respectfully,



William C. Nunan, Chairman  
Financial Institutions Accounting Committee