

# SFbulletin

By Stephen Barlas, Bill Boehman, Dennis Whitney

## GOVERNMENT



### FSOC Recs on Money Market Funds Would Pose Challenges for Corporate Accounting

By Stephen Barlas

The Money Market Mutual Fund Reform recommendations expected early in 2013 from the Financial Stability Oversight Council (FSOC) will have an effect on corporate accounting. The recommendations, which will go to the Securities & Exchange Commission (SEC), will be based on a proposal the FSOC unveiled last November. The Council was created by the Dodd-Frank Act, and its members are top federal banking and securities regulators. The FSOC proposal was closely aligned with the Money Market Reform Proposal backed by former SEC Chairman Mary Schapiro. When Schapiro was ready to put her proposal to a vote in front of the other four SEC commissioners in August 2012, however, she determined she didn't have the votes to pass it so withdrew it. The proposal the FSOC sends to the four SEC commissioners, minus the departed Schapiro, will either have to be acted on or rejected. If rejected, the FSOC could declare money market funds (MMFs) "systemically important," which allows the Council, under Dodd-Frank, to regulate them.

The FSOC/Schapiro proposal offers three alternatives: (1) Funds could float their net asset value (NAV) rather than set it at \$1 per share; (2) large investors would have to wait 30 days to withdraw some of their money; or (3) funds would have to maintain capital buffers worth 3% of assets.

Those proposals have a downside for corporate

accounting departments. Brad Fox, vice president and treasurer of Safeway, Inc., who's a member of the board of directors of the National Association of Corporate Treasurers, told Congress last summer, "Most treasury workstations built for managing corporate cash do not have accounting systems to track NAVs on each transfer into and out of money market funds. Putting the systems issue aside, many treasurers would refrain from returning to money market funds to avoid the significant time and effort required to record the gains and losses on each investment and the potential impact on quarterly earnings results."

According to May 2012 data from the Investment Company Institute (ICI), corporate treasurers with cash balances and other institutional investors invested up to \$900 billion—or approximately 65% of the assets—in prime MMFs because they provide liquidity, flexibility, transparency, investment diversity, and built-in credit analysis. There are no comparable investment alternatives available in the marketplace today, according to Fox. MMFs also represent a significant source of affordable, short-term financing for many Main Street companies. Approximately 40% of all corporate commercial paper in the marketplace is purchased by these funds, Fox notes.

The question, however, is whether the FSOC will buck strong opposition from the MMF industry. Its chief lobbying arm is the ICI. ICI President and CEO Paul Schott Stevens poured scorn on the FSOC proposal after it was announced. He said, "ICI and its members continue to oppose these reform concepts. When aired in the past, these concepts have elicited strong opposition for their adverse impacts on investors, issuers, and the economy from hundreds of organizations representing state and local governments, businesses, and others, as well as members of Congress from both parties."

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## BOOKS



# The Conversation Starter

**W**hat constitutes a great presentation of numbers? If you're like me, you know it when you see it. A great presentation instantly focuses your attention on the relevant data and gives you that "Aha!" moment. Unless you had the good fortune of being mentored by someone who had mastered these skills, gathering this knowledge can take years. If you search for books on the topic, you'll find many great texts and references on effective writing or how to create great PowerPoint presentations. Until now, you were hard pressed to come across a book that truly focused on the effective communication of numbers.

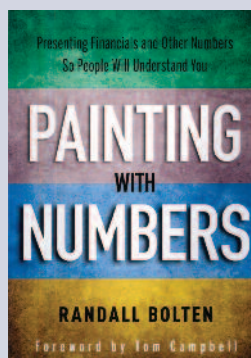
*Painting with Numbers* by Randall Bolten is a first-of-its-kind book focused on presenting numbers effectively. Bolten points out that mathematics, for most of us, was taught as a computational skill. Very little attention, if any, was given to using numbers and mathematics as a language for describing complex problems and situations. Over his nearly 20-year career as the CFO of high-growth Silicon Valley companies, Bolten noticed how small changes to a document that contained numbers could have a huge effect on how well the numbers were understood. His goal in writing *Painting with Numbers* was "to give you all you need to know to communicate financials and other numbers so that you can tell your story in a way that is clear, comprehensible, concise, elegant, and, most of

all, effective." To do that, he divided his book into four parts: The Rules, The Tools, Real Mastery, and Wrap Up.

In The Rules, concepts like the "Deadly Sins of Presenting Numbers" are introduced. Some deadly sins are "simple" while others are "subtle" and can affect your professional image. The first sin is failing to right-justify numbers, which is a "simple" sin and not one that most of us in finance and accounting professions normally commit. Sin two, however, is more common: basing the column width or row height on the length of the caption. And as an example of a sin that affects your professional image, there's sin 12: requiring your audience to format your report for it to print correctly. These simple techniques don't seem like much, but applying them consistently will have a substantial impact on your presentation.

The Tools section covers topics that increase the efficiency and effectiveness of the presentations you create. Topics are presented as "Instant Payoff Tips" and "Long-Term Payoff Tips." Learning to use the database functionality of Excel is an Instant Payoff Tip suggested to increase your ability to work with large amounts of data.

The Real Mastery section builds on



the essential topics covered in The Rules and The Tools. It adds the next level of topics that impact the quality of your presentations. Topics ranged from the adjectives we use in presentations, to the value of incorporating key indicators, to the impact of Generally

Accepted Accounting Principles.

A chapter specifically on the "natural" profit and loss (P&L) statement is one to which we can all relate. All of the aspects of style that go into creating the most effective natural P&L statement for a given company are discussed in detail.

Finally, Wrap Up considers ethical issues, such as "speaking the truth" in the numbers we present, and outlines recommendations for how to use the book to improve the effectiveness of our own presentations.

*Painting with Numbers* does an excellent job of covering all the topics that go into effectively communicating with numbers. Bolten's style of writing is engaging, entertaining, and, most important, effective at delivering his message. This book hasn't only become a key reference on my bookshelf, but I also now have a comprehensive, textbook-style reference to use when I mentor others on communicating effectively with numbers.—Bill Boehman, CMA, CPA, [bill\\_boehman@yamaha-motor.com](mailto:bill_boehman@yamaha-motor.com)

# SFbulletin

## Treasury Exempts Foreign Exchange Swaps from Clearing

There's some good news on the corporate financial front: The Treasury Department decided that companies that hedge with foreign exchange (FX) swaps and forwards won't be forced onto regulated trading platforms or clearinghouses. Dodd-Frank raised that possibility, but it also required the Treasury Department to determine whether the characteristics of FX swaps (for example, that their short maturities mean they're less risky and have a smaller chance of default) mean they shouldn't have to meet all the requirements that other derivatives will have to meet. Treasury provided that exemption last November, but the final determination is narrowly tailored. FX swaps and forwards will remain subject to the Dodd-Frank requirement to report trades to repositories and rigorous business conduct standards. Additionally,

Dodd-Frank makes it illegal to use these instruments to evade other derivatives reforms. Importantly, the final determination doesn't extend to other FX derivatives, such as FX options, currency swaps, and nondeliverable forwards. These other FX derivatives will be subject to mandatory clearing and exchange-trading requirements.

### Sharing Your IMA Life

Most IMA® members share a strong spirit of camaraderie. What have your experiences as a member of IMA been like? Do you have a story about them you'd like to share? If so, please consider writing an IMA Life column that will be published in *Strategic Finance*. You can be a student member, a young professional, in the midst of your career, or retired. If you would like to write an IMA Life article, please e-mail Kathy Williams at [kwilliams@imanet.org](mailto:kwilliams@imanet.org).



## Congratulations, New CMAs

The following IMA members became a CMA between July 1, 2012, and September 30, 2012. This list is a continuation from the December 2012 issue of *Strategic Finance*.

Andre Popp, CMA	Hailing Ren, CMA	Ajay Kumar Roy, CMA, ACMA	Natalia Sergeevna Savchenko, CMA
Towy Van Poppel, CMA	Ruxian Ren, CMA	Bina Russel, CMA	James Henry Scali, CMA
Sandra Possin, CMA, CPA	Ahmed Rezk Rezk Mady, CMA	Gary L. Russell, CMA	Chantal Schellekens, CMA
Akshay Prabhudesai, CMA, ACMA	Andrew Rhea, CMA	Frederik B. Rydell, CMA	Tina E. Schriener, CMA
Jason S. Pringle, CMA	Mark Alan Rice, CMA	Patrick Q. Ryherd, CMA, CPA	Jente Schuitemaker, CMA
Jing Qi, CMA	Effie Richardson, CMA	Meghan Kathleen Rzepczynski, CMA, CFE	Stans Schumacher, CMA, CBM
Yuzhong Qian, CMA	Kerry Ann Steinhauer Riel, CMA	Muhammad Saad Saboor, CMA	Philip Schuyler, CMA, CPA
Nika Qiao, CMA, CPA	Bryan J. Roberts, CMA	Sadeq Hussain Safar, CMA	Feras M. Seder, CMA
Shuyu Qiao, CMA	Eric Roberts, CMA	Dina I. Safiullina, CMA	Oindrila Sen Gupta, CMA
Qianwen Qiu, CMA	Jenelle Margaret Roberts, CMA	Mahmoud Said, CMA	Nehad A. Serry, CMA
Wilson T. Quintela, CMA	Joyce Rogers, CMA, PMP	Arasure Rangasamy Saikumar, Sr., CMA, ACMA	Indra Setiadi, CMA
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Rebecca L. Redell, CMA	Melissa Roper, CMA		Moh'D Al Marei Sharan, CMA
	Catherine C. Roth, CMA		

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 Xiaoyan Shen, CMA  
 Xinhua Shen, CMA  
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 CISA, CIS, CA, ACMA  
 Ramesh Shettigar, CMA  
 Yu Chi Shui, CMA  
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 Ryan Wendell Skeete, CMA  
 Kristian Smelik, CMA  
 Esther E. Smit, CMA  
 Ecehan Sofuoglu, CMA  
 Mario Sokol, CMA  
 Katherine Spalding, CMA, CPA  
 Erica Camille Sphuler, CMA, CIA  
 Biju P. Sreedharan, CMA  
 Martina Stavikova, CMA  
 Stacey Stephens, CMA  
 Richard Stinehart, CMA  
 Taylor A. Stokes, CMA  
 Mary F. Stone, CMA  
 Ruihong Su, CMA  
 Janardhana Sarma  
 Subrahmonian, CMA  
 Susil Kumar Subudhi, CMA,  
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 Luke Sullivan, CMA  
 Xiaofeng Sun, CMA  
 Yi Sun, CMA  
 Murali Sundararaman, CMA  
 Ahmad D. Sunji, CMA  
 Krishan Lal Swami, CMA, ACMA  
 Na Ta, CMA  
 Anju Bala Tak, CMA  
 Wenbin Tang, CMA, CPA  
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 Lisa Van Der Veer, CMA  
 Henk-Jan Van Drie I, CMA  
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 Peter Arnold Van Meijel, CMA  
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 Huiwen Xiang, CMA  
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 Hongbo Xie, CMA  
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 Xiaowen Xiong, CMA, CPIM,  
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 Zhenglin Xiong, CMA  
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