

February 1, 2012

Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

File Reference No. EITF 11-A: Consolidation (Topic 810) Parent's Accounting for the Cumulative Translation Adjustment upon the Sale or Transfer of a Group of Assets That is a Nonprofit Activity or a Business within a Consolidated Foreign Entity

The Bank of New York Mellon Corporation ("BNY Mellon") appreciates the opportunity comment on the proposed Accounting Standards Update ("ASU") referenced above. BNY Mellon is a global financial institution with operations in 36 countries throughout the world and for the year ended 31 December, 2011 derived 37% of our total revenues from operations outside the U.S.

We believe that the current guidance about releasing to earnings ("recycling") amounts previously recognised in Other Comprehensive Income as Cumulative Translation Adjustments ("CTA") is clearly defined in Topic 830 Foreign Currency Matters – Translation of Financial Statements. That guidance, which has been in place for a number of years and generally is well understood, limits release of CTA to earnings to sales and completely or substantially completely liquidations of an investment in a foreign entity. Accordingly, we believe that the proposed ASU would represent a substantive change in GAAP and as such should be characterised as such rather than merely as a "clarification".

Notwithstanding that we see little reason for any current diversity in practice, we do not object to amending GAAP such that the model for recycling CTA is changed from an "entity" model to a "business" model as we believe that this is likely to mean more comparability between accounting for transactions that are similar in substance.

Should the FASB proceed with the proposed ASU, then we strongly support the proposed approach of allowing a "systematic and rational" approach to allocating CTA to be released to earnings rather than mandating a specific approach. We believe that such a principles-based approach allows the use of judgement, which we believe is important given that different entities may structure their operations and investments in different ways.

Our detailed responses to the individual questions posed in the proposed ASU are set out in the Appendix to this letter.

Thank you for considering the comments provided in this letter. If you have any questions, then please contact me at 212-635-7080.

Sincerely yours

Controller

## Appendix: Detailed responses to individual questions

Question 1: Do you agree that the scope of this proposed Update should be limited to situations involving the loss of a controlling financial interest over a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity? If not, please explain why and indicate what other situations, if any, should be addressed by this proposed Update.

We agree with the scope of the proposed Update. To an extent, the threshold for release of CTA to earnings is somewhat arbitrary; however, adopting a "business" as the level of transaction at which such reclassification is appropriate as it ensures that transactions that are similar in substance are accounted for similarly – see our response to Question 2, below.

We believe that a further lowering of the threshold of transactions for which release of CTA is appropriate, for example, to the disposition of individual assets, would not represent an improvement in financial reporting and would impose significant costs on preparers that would not be justified by any associated benefits to users of financial statements.

Question 2: Do you agree that an entity should apply the guidance in Subtopic 810-10, as clarified by the amendments in this proposed Update, for the release of the cumulative translation adjustment into earnings upon the loss of a controlling financial interest over a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity? If not, please explain why.

We agree that an entity should apply the guidance in Subtopic 810-10 to such transactions. We believe that transactions that are similar in substance should be accounted for similarly. For example, whether a reporting entity sells substantially all of the assets in a subsidiary or sells its investment in the stock of that subsidiary generally should not, in our view, affect the reported gain or loss unless, and only to the extent that, the transactions differ in substance (for example, if different transactions produce a different income tax effect).

Additionally, we do not believe that determining whether a disposition of a group of assets constitutes a business will impose additional time or cost burden on businesses. Such a determination already is required for the purposes of determining whether to allocate goodwill in determining the gain or loss on disposal [ASC 350-35-52]. To ensure that the same guidance about determining what constitutes a business is applied for those different purposes, we suggest that the related amendments to the Accounting Standards Codification either include 'business' in bold text, indicating a term contained in the Master Glossary, or directly cross reference the guidance found in ASC 805-10-55-5 through 55-9.

Question 3: Do you agree that upon the loss of a controlling financial interest over a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity, if a parent has hedged part (or all) of its net investment in the related foreign entity, the parent should release into earnings the related amount of Cumulative gain or loss on the hedge attributable to the nonprofit activity or business, along with the appropriate portion of the cumulative translation adjustment? If not, please explain why.

We agree – this is consistent with the principle that recognition of gains or losses on the effective portion of a designated hedging instrument should be consistent with recognition of gains or losses on the related hedged item.

Question 4: Do you agree that the amount of the cumulative translation adjustment to release into earnings upon a sale or transfer of a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity should be measured in a systematic and rational manner that reflects an asset group's relative portion of the cumulative translation adjustment associated with the related foreign entity? If not, please explain a preferred measurement method.

We strongly agree with the proposed principles-based approach. Different entities organise their operations in different ways and have different information on which to determine the amount of CTA to release into earnings; accordingly, we believe that management judgement is needed to determine the appropriate amount.

**Question 5:** Do you agree that the amendments in this proposed Update should be applied prospectively? If not, please explain why.

We agree with prospective application. We believe that there is little benefit for investors in restating prior periods as the transactions affected generally are one-off transactions that are unlikely to give investors useful information about future cash flow prospects.

**Question 6:** Do you agree that an entity should be permitted to early adopt the amendments in this proposed Update? If not, please explain why.

We agree that an entity should be permitted to early adopt the proposed amendments. We believe that this would not lead to a significant loss of comparability of financial information between entities due to the one-off nature of such transactions (see our response to Question 5, above) and the variability of the associated CTA affects.

**Question 7:** How much time would be necessary to implement the provisions of this proposed Update? We believe that a significant implementation period would not be necessary.