November 30, 2012

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

Re: File Reference No. 2012-220 Invitation to Comment, *Disclosure Framework*

Dear Technical Director:

SNL Financial (SNL) appreciates the opportunity to address the Financial Accounting Standards Board (FASB) regarding their Invitation to Comment, *Disclosure Framework*. SNL collects, standardizes, and disseminates corporate, financial, market, industry and M&A data, in addition to news and analysis, for the following industries: Financial Institutions, Real Estate, Energy, Media & Communications, and Metals & Mining. Investment banks, investment managers, corporate executives, ratings agencies, government agencies, consulting firms, law firms and media all rely on SNL for timely, accurate information on the companies in our coverage. As a premier data aggregator, we feel that we have a unique perspective on the usage of information found in financial statements and their notes, as the presentation of data within our products is highly impacted by decisions approved by the FASB.

Although our coverage is largely domestic, we are continuing to expand our global coverage which gives us the incentive to urge all standard setters to keep consistency in mind across all constituencies. In this regard, we applaud the FASB for cooperating with the European Financial Reporting Advisory Group (EFRAG), the Financial Reporting Council of the United Kingdom (FRC), and the Autorité Des Normes Comptables of France (ANC) in developing this Invitation to Comment and a similar discussion paper on disclosure framework.

In response to this Invitation to Comment, SNL would first like to encourage more harmonization between the Management Discussion and Analysis (MD&A) and the footnotes to the financial statements which would require more coordination with the Securities and Exchange Commission (SEC). Secondly, we feel that consistent and concise disclosures should be the ultimate goal of the FASB's endeavor to reevaluate disclosure requirements and recommendations, not necessarily to infuse preparer flexibility into the process which, arguable, already exists.

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Chapter 2—The Board's Decision Process

Question 2: *Do the decision questions in this chapter and the related indicated disclosures encompass all of the information appropriate for notes to financial statements that is necessary to assess entities' prospects for future cash flows?*

Although these decision questions appear to touch on much of what SNL would deem necessary disclosure guidance, the expectation that this type of generalized decision method would make disclosures more consistent and effective seems overly optimistic. Examples of disclosures that could potentially get sifted out of the footnotes with this decision-tree approach might be peripheral data such as regulatory capital disclosures for banks (ASC 942-505-50) or statutory accounting reconciliations for insurance companies (ASC 944-505-50).

Question 3: *Do any of the decision questions or the related indicated disclosures identify information that is not appropriate for notes to financial statements or not necessary to assess entities' prospects for future cash flows?*

Questions L8 and L10 attempt to address alternative methods of accounting for or valuing a line item. This could introduce unnecessary noise to the disclosures about the actual method used which was chosen by the reporting entity and subsequently validated by their auditors for good reason.

Question 4: *Would these decision questions be better applied by reporting entities instead of the Board? In other words, should the Board change its practice of establishing detailed requirements in each project and, instead, establish a single overall requirement similar to the questions in this chapter?*

In a broad sense, SNL does not agree with the necessity of an additional decision tree from the prospective of the preparer. Preparers of the financial statements already go through a similar "check-the-box" exercise within their internal financial reporting process as well as in the course of interacting with their outside auditors. These decision questions resemble the job already tasked to the American Institute of CPAs (AICPA) Auditing Standards Board and the Public Company Accounting Oversight Board (PCAOB) which could be construed as redundant and potentially conflicting.

Specifically, SNL does not believe that the decision questions presented would be better applied by reporting entities. For the sake of consistency, the FASB should continue to establish detailed disclosure requirements, especially fine-tuned for tabular presentations. The gravitation to more concept-based disclosure guidance, which is what the last sentence in this question seems to be proposing, would not be in the best interest of financial statement users, in our opinion. If reporting entities were required to apply these decision questions in-house every reporting period, additional work for the preparers and an increase in disclosure volume, rather than a reduction, would likely result. From an extreme point of view, preparers might have more leeway to bury or leave out "irrelevant" but material items that a user might deem useful under this method.

Question 5: *Do you think that this decision process would be successful in helping the Board to set more effective disclosure requirements? If not, what would be a better approach?*
The Board would appreciate it if respondents would apply this decision process to the FASB Accounting Standards Codification® Topics of their own choosing and identify any changes to existing disclosure requirements that would seem to result.

These decision questions could be a helpful tool for the FASB Board and staff to utilize when developing future disclosure requirements and recommendations. Specifically, L4, L5, L7 and L9 encompass the spirit of SNL's most popular data sets and the type of information that our clients are keenly interested in.

Chapter 3—Making Disclosure Requirements Flexible
Question 6: *Would any of the possibilities in this chapter (see paragraphs 3.8 and 3.11) be a practical and effective way to establish flexible disclosure requirements?*

Of the possibilities presented, the only viable options, in our opinion, were in paragraph 3.11(b) and (c), with 3.11(c) being the preferred approach. However, SNL would like to emphasize that a minimum set of disclosures should not be less than what is typically required in the existing accounting standards but considered as more of a baseline, in other words. From our perspective, comparability from one company to another would be sacrificed with the other approaches mentioned.

Chapter 4—Reporting Entities' Decisions about Disclosure Relevance
Question 9: *This chapter attempts to provide a benchmark for judgments about disclosure relevance by clarifying the objective for the judgments. Is the description of the approach clear enough to be understandable? If not, what points are unclear?*

Chapter 4 clearly describes the difference between materiality and relevance and why that distinction might be helpful to the disclosure framework. However, the detailed discussion of "could" verses "would" as it relates to probability and timing seemed unnecessary as these characteristics are already taken into consideration in many of the existing standards, like those for contingencies for example.

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Question 10: *Can this approach (or any approach that involves describing the objective for the judgments) help identify relevant disclosures? If so, what can be done to improve it? If not, is there a better alternative? What obstacles do you see, if any, to the approach described?*

SNL does not agree with the approach that reporting entities should have the option to omit certain disclosures about material items that they deem irrelevant. While SNL does agree that material items might be regarded as inconsequential to certain financial statement users, that judgment is not necessarily for the preparers to make. The example given in the Invitation to Comment involving the curtailed benefit plan in paragraph 3.4 glosses over the importance of a financial statement user's ability to see the full picture (i.e. the entire set of minimum required disclosures on both material benefit plan liabilities). Only then can users relate those disclosures to the face of the financial statements and the overall evaluation of the company. The idea of drastically reducing the disclosures on the curtailed plan would negatively impact the transparency into the company's total benefit plan liability. On the other hand, SNL does see how the notion of relevance could be utilized in a minimum/expanded disclosure approach as explained in paragraph 3.11(c).

Chapter 5—Format and Organization

Question 12: *Would any of the suggestions for format improve the effectiveness of disclosures in notes? If so, which ones? If not, why not?*

The most valuable parts of Chapter 5, from SNL's perspective, were the emphases on cross referencing in paragraphs 5.12, 5.13, and 5.14 and on tabular presentation in paragraph 5.10. At the very least, a related footnote number presented on the face of the balance sheet next to each line item label, as discussed in paragraph 5.12, should be required for the balance sheet (and where applicable on the income statement). In some cases, when necessary, a specific line item might have multiple footnote references. Having these reference numbers clearly would aid us in providing the most robust and comprehensive financial data to our clients.

As an aside, the fact that an entire chapter of the Invitation to Comment was devoted to format and organization of the footnotes without any discussion about how the evolution of eXtensible Business Reporting Language (XBRL) might affect these issues was disappointing. SNL was hoping that the FASB would take into consideration the idea that financial statement users in the future would likely consume financial data predominately though data feeds rather than combing through raw documents.

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Question 14: *Do any of the suggested methods of organizing notes to financial statements improve the effectiveness of disclosure?*

SNL feels strongly that the order of the footnotes should remain in order of the balance sheet line items. All companies should follow this order, without exception, to retain the ability to quickly compare one company to another. There should not be any flexibility to allow reporting entities to alter the order of the notes. Although SNL's clients heavily utilize the queriability of our aggregated data, they still periodically enjoy digging into a Form 10-K or 10-Q. This ability, in addition to SNL's ability to quickly gather data, would be hindered if notes did not have a standardized order and format.

Question 15: *Are there different ways in which information should be organized in notes to financial statements?*

On a related tangent, SNL believes that users of the financial statements would be well served to have additional cross referencing, not just within the financial statements and footnotes, but also to regulatory filings (or any other agency-required filing that uses U.S. GAAP data as its basis; examples include FERC filings and FDIC call reports). Our clients often use data from many of these different sources. Requiring more transparency about how these filings relate to one another would be highly valuable.

Chapter 6—Disclosures for Interim Financial Statements
Question 17: *If you think that a framework for the Board's use in deciding on disclosure requirements for interim financial statements would improve the effectiveness of interim reporting, what factors should the Board consider when setting disclosure requirements for interim financial statements?*

SNL believes that it should be the Board that uses a disclosure framework when deciding on disclosure requirements for the interim periods, not the individual reporting entities. We feel that consistency of relevant disclosures from quarterly reports to annual reports should be the primary goal when reevaluating disclosures for interim periods. It is the preference of our clients as well as our internal content analysts to have a similar level of detailed disclosure in interim periods as the annual reports. Again, consistency and comprehensiveness of the data available across all reporting periods is highly valued. Making assumptions or judgment calls in the interim periods due to lack of disclosure negatively impacts the ability to perform trend analyses. However, SNL realizes that it is not realistic for interim footnotes to include the same level of detail as annual reports under the current regime but it should be the benchmark to reach for.

Further, SNL feels that it might be helpful to require an audited half year report, like so many companies in accordance with International Financial Reporting Standards (IFRS) offer, while scaling back on the data provided in the first and third quarters. SNL sees some merit in the efficiencies gained in interim statement preparation and consistency of application between companies on a global basis. The filings for the first and third quarters could almost be viewed as bridges between year end and half year, potentially just containing tables without much text at all. It is the hope among the accounting and finance community that financial information ultimately be updated to investors on a daily basis in the distant future. In light of that, it might be beneficial for the FASB to test the limits of what a timely but reduced dataset might look like in Q1 and Q3 documents. However, with a proposed audited half year report, the filing deadlines at that time would clearly need to be extended.

Chapter 7—Other Matters for Discussion
Question 20: *Would the change to the requirements described in paragraph 7.8 for disclosure of the summary of accounting policies improve the effectiveness of disclosure?*

Although this change might reduce the volume of disclosure, SNL does not believe it would necessarily improve the effectiveness of that disclosure. The accounting policies disclosure is extremely valuable from a data collection standpoint when trying to discern how companies account for certain items. SNL does agree that the inordinate amount of boilerplate language could be replaced by Codification references and brief explanations of major accounting decisions made by management. This is where SNL sees XBRL having an impact due to the fact that each tag has a related accounting standard reference embedded in its metadata.

Question 22: *Are there other required disclosures that could be modified or eliminated in the short term that would result in a significant reduction in the volume of notes to financial statements?*

Although seemingly counterintuitive, the volume of footnotes might be reduced by having more prescriptive disclosure guidance with a stronger emphasis on *required,* standardized tables and charts. SNL understands that the FASB is unable to review all of its existing disclosure guidance in the Codification in light of this new proposed decision framework but we do see value in the Board revisiting and revising at least some of the more onerous footnotes (Pensions, Fair value measurement, and Derivatives come to mind).

A common complaint among our internal content analysts is that many companies take their own spin on the FASB suggested disclosure examples in the accounting guidance. Often, companies will disaggregate related data into many different tables and charts found in different places in the notes. This lack of disclosure aggregation makes it difficult to piece together the full picture of a certain line item. For example, the fair value measurement footnote, debt detail/maturity schedules and asset quality disclosure commonly are sited as overly complicated and presented piecemeal without a truly aggregate view of the data as compared to the face of the financial statements.

In summary, SNL supports the efforts of the FASB to streamline the footnotes of the financial statements and does not feel that the reporting entities need more flexibility than is already afforded to achieve this objective. Our business depends on the availability of consistent and comprehensive financial data so SNL is excited to be a part of this brainstorming exercise about how to make U.S. GAAP disclosures more consumable. We would be glad to discuss our comments with the Board members or the FASB staff at your convenience.

Sincerely,

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