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November 30, 2012

Ms. Susan Cosper Technical Director File Reference No. 2012-220 Financial Accounting Standard Board 401 Merritt 7 P.O. box 5116 Norwalk, CT 06856-5116

Re: Invitation to Comment – Disclosure Framework

Dear Ms. Cosper,

Deutsche Bank (DB) appreciates the opportunity to comment on the Discussion Paper (DP) on the Disclosure Framework. We broadly support the Financial Accounting Standard Board's (the Board) objective of making financial statements disclosures more effective, coordinated and less redundant. We encourage the Board to continue to work closely with the European Financial Reporting Advisory Group (EFRAG), the Autorité Des Normes Comptables of France (ANC) and the Financial Reporting Council of the United Kingdom (FRC), and to begin working closely with the International Accounting Standards Board (IASB) on development of a converged disclosure framework. DB believes this provides the opportunity for increased global consistency in footnote disclosure requirements, specifically those included under International Financial Reporting Standards. We have provided more details of our key messages below.

## Key Message

We strongly support the Board's objective of improving the effectiveness of disclosures in the notes to the financial statements by clearly communicating the information that is most important to users of each entity's financial statements. We also fully support the Board's secondary objective of reducing the volume of the notes to the financial statements. We note that the current disclosure methodology will typically provide a list of items an entity should consider for disclosure on a 'patchwork' Standard by Standard basis. This disclosure system often results in over disclosure and leads to a lack of transparency or confusion to the reader of the financial statements. Accordingly, we offer our support to the Staff during this comprehensive and long-term project and provide the following points for your consideration:

 We support the Board's efforts to work closely with the EFRAG, ANC and FRC to develop a framework that can be applied under U.S. GAAP, IFRS and other relevant GAAPs. Furthermore, we urge the Board to work closely with the IASB when they begin review and discussions for the comprehensive IFRS disclosure framework. An agreed-upon disclosure framework as a result of FASB's, EFRAG's, ANC's, FRC's as well as the IASB's input will enhance comparability and the value of financial information reported globally.

- Many of the disclosure requirements included in the footnotes to the financial statements and those required by the SEC in the MD&A section of forms 10-K and 20-F, as well as information required by foreign securities and regulatory authorities, are at times overlapping and often redundant. An effective and efficient disclosure framework should not be based solely on footnote requirements, but should also include all other reporting disclosure requirements, in particular those required in the Management's Discussion and Analysis section. We suggest therefore that in addition to working closely with EFRAG and the local standard setters as discussed in the preceding bullet, that the Board also considers working closely with the SEC and other foreign securities authorities and regulators to reduce this overlap. As we indicated in our September 25, 2012 comment letter on Disclosures about Liquidity Risk and Interest Rate Risk, we believe international consistency is essential and should take precedence in developing a disclosure framework.
- Furthermore, following from the preceding point, we believe that the Board, together with the SEC and other securities regulators, would need to consider what the boundaries between the contents of the notes to the financial statements should be versus that of the other parts of the financial report such as the MD&A. Doing so would assist in eliminating some of the duplication that currently exists today and streamline financial reporting.
- Replacing specific disclosure requirements and instead establishing a broad disclosure standard that reporting entities would use their own discretion to determine the relevant footnote disclosures could create significant issues in the U.S. legal and regulatory environment, including inconsistencies in application that could affect the comparability of the information included in different entities' notes to the financial statements, even if in the same industry. Furthermore, a framework that requires significant judgment may result in the creation of de facto disclosure guidance from the public accounting firms as users request information from their auditors to support their disclosure process. Therefore in lieu of a broad disclosure standard, we suggest the Board consider defining disclosure objectives for each topic and supplement the objectives with 'best practice application guidance' (that is, a list of potential recommended disclosures would be given, but would not be required) such that preparers are allowed discretion to assess what is relevant to disclose considering their specific facts and circumstances and industry. We believe this model would alleviate the concerns mentioned in the previous paragraph and bolster comparability.
- Determining disclosure relevance, by whether a disclosure would be "expected to change users' assessments of prospects for future cash flows by a material amount" is subjective, particularly if no further guidance on materiality is provided. Therefore, the Board should give

consideration to articulating a clear definition of disclosure relevance and materiality to assist preparers to make sound judgments around what information to disclose.

We hope you find our comments useful and relevant and we would be glad to work with you in the deliberation of these and other points to arrive at a final framework. Should you wish to discuss any of the comments or responses in this letter, please do not hesitate to contact Michael Fehrman, Managing Director and Head of Americas Accounting Policy and Advisory Group at <a href="Michael.Fehrman@db.com">Michael.Fehrman@db.com</a> or at (212)-250-2660, or contact Karin Dohm, Managing Director and Global Head of Accounting Policy and Advisory Group at <a href="Karin.Dohm@db.com">Karin.Dohm@db.com</a> or at +49 69 910 31183.

Yours sincerely,

Karin Dohm

**Managing Director** 

Global Head, Accounting Policy and Advisory Group

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