

ABA Response: ABA sees no reason to disallow early adoption.

Question 22: Do you believe that the effective date should be the same for a public entity as it is for a nonpublic entity? If not, why?

ABA Response: We believe most banks, no matter the size or ownership structure, will require 4 years to implement the CECL model, due to the historical information and systems changes that will be required: custodians require approximately 3 years merely for the operational capability to process the new requirements. An additional year is likely needed to ensure that adequate historical data is maintained. Since there are significant changes proposed, not only are internal reports needed for bankers to use analytically and for financial reporting, new reports must be designed and prepared by custodians to satisfy their individual customer needs.

Questions for Preparers and Auditors

Question 23: Do you believe that the transition provision in this proposed Update is operable? If not, why?

ABA Response: See answers to question 20 and 21.

Question 24: How much time would be needed to implement the proposed guidance? What type of system and process?

ABA Response: See answer to question 22.