

August 30, 2013

Mr. Russell Golden Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

File Reference: No. 2013-230, Proposed Accounting Standards Update, Presentation of Financial Statements (Topic 205), Reporting Discontinued Operations

Dear FASB Board Members and Staff:

The PNC Financial Services Group, Inc. ("PNC" or "we") appreciates the opportunity to comment on the Proposed Accounting Standards Update, Presentation of Financial Statements (Topic 205), *Reporting Discontinued Operations* (the "Proposed ASU"), which solicits feedback on the Financial Accounting Standards Board's ("FASB's", "the Board's") proposal to change the requirements for reporting discontinued operations.

PNC supports the FASB's efforts to converge the requirements for reporting discontinued operations in ASC 250-20 and IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and streamline the discontinued operations definition to make the resulting presentation and disclosure more decision useful for stakeholders. While we find the proposed definition of discontinued operations to be understandable and agree that this proposal takes several steps to require more meaningful and consistent presentation and disclosure of discontinued operations, there are two improvements to the proposal that we encourage the FASB to make. We believe these changes improve operability as well as ensure more consistent and meaningful presentation. First, we recommend inclusion of quantitative and/or qualitative factors to clarify the application of the term "major" to differentiate between those components of entities or groups of components of entities that would meet the definition of and would be disclosed as discontinued operations. Second, we recommend limiting disclosures to those components of entities, groups of components of entities, businesses, and equity method investments that meet the revised discontinued operations definition.

Revised Definition of Discontinued Operation

PNC supports the revised definition of "Discontinued Operation." Specifically, we agree with the continued inclusion of all businesses that meet the held for sale criteria at the time of acquisition within the definition as well as the expansion of the scope to include equity method investments and components of entities where there is continuing involvement.

We appreciate the Board's inclusion of examples of a "Major Line of Business" and "Major Geographical Area of Operations" within paragraphs ASC 205-20-55-85 through 55-92 of the Proposed ASU. In reviewing these examples, we believe the definition of "major" should be clarified. In the examples provided, the entity has already determined that the identified component or components which are being disposed of represent a line of business or geographical area of operations that is "major". Given that the "major" criterion is a key improvement to the definition of "discontinued operation" and key factor in arriving at a consistent definition of "discontinued operation" between IFRS and US GAAP, we propose that the Board include within the final standard quantitative and/or qualitative factors to clarify the definition of the term "major." Within the clarification of the definition, we recommend that the Board consider using the current "segment" GAAP guidance which requires a public entity to disclose revenue derived from its "major" customers, which are defined as customers representing 10 percent or more of total revenue. Other criteria that could be considered in defining "major" include the significant disposal pro forma financial requirements within Article 11 of Regulation S-X and quantitative thresholds for identifying significant equity method investments within Rule 3 -09 of Regulation S-X.

Presentation and Disclosure Requirements

We support the Board's attempts to change the criteria for reporting discontinued operations so as to provide more decision useful information for the users of financial statements. However, we recommend the use of one set of criteria, specifically the definition of a "discontinued operation," for determining appropriate presentation in the financial statements and disclosure of additional information¹. As the standard works to more narrowly define discontinued operations to provide more decision useful information, we believe that additional disclosures for disposals of components of entities or groups of components of entities which are <u>not</u> deemed to be discontinued operations are not consistent with the proposal's objective.

Transition

We agree with a prospective application to disposals after the effective date. Additionally, we do not anticipate that we would need more than a year to prepare for and implement the amendments within the Proposal.

¹ "The proposed amendments would require a public entity to provide disclosures about a disposal of an individually material component of an entity that does not qualify for discontinued operations presentation in the financial statements." (Proposed ASU, page 2)

We appreciate the Board's request for feedback on this matter and appreciate the opportunity to share our views with the Board and staff. We welcome any questions or comments you may have. Please contact me with any questions about PNC's comments at 412-762-7546.

Sincerely,

John (JJ) Matthews

Director of Accounting Policy

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The PNC Financial Services Group, Inc.

cc:

Mr. Robert Q. Reilly

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