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July 14, 2014

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

RE: Invitation to Comment, "Conceptual Framework for Financial Reporting – Chapter 8: Notes to Financial Statements" (File Reference No. 2014-200)

Dear Technical Director:

We appreciate the opportunity to comment on the Board's Exposure Draft, Conceptual Framework for Financial Reporting – Chapter 8: Notes to Financial Statements. We continue to support the Board's objective of developing a disclosure framework to help the Board establish more effective disclosure requirements. We believe that a disclosure framework to be used by the Board in developing disclosure requirements should reduce inconsistency in disclosure requirements, reduce complexity, and enhance the usefulness and understandability of financial statement disclosures.

We believe that the Board should continue to be responsible for establishing appropriate and relevant disclosure requirements to maintain an appropriate level of comparability among reporting entities. Preparers should be responsible for implementing those requirements in a manner that best communicates their business, operations, and financial results and should have the flexibility in assessing whether specific disclosures are relevant in their circumstances, rather than providing all disclosures identified by the Board for each specific topic that is material to the entity. Accordingly, we believe that the Board's separate component of the disclosure framework project on the entity's decision process to promote the appropriate exercise of judgment in meeting disclosure objectives is critical to achieving more effective financial statement disclosures.

The development of the conceptual framework could significantly impact future standard-setting decisions and differences in conceptual frameworks could result in significantly different standard-setting decisions by the FASB and the International Accounting Standards Board. Therefore, we believe that further cooperation between the Boards in developing their conceptual frameworks is needed to further enhance the likelihood that the Boards will develop more comparable, if not common, standards.

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Improving the Relevance and Usefulness of Financial Reporting

As noted in paragraph P5 of the Exposure Draft, "the FASB concluded that a comprehensive reconsideration of all concepts would not be an efficient use of its resources." In addition, that paragraph notes that "the FASB adopted an approach that focuses on the improvement of the existing framework, giving priority to issues that are likely to yield standard-setting benefits in the near term." With respect to financial statement disclosures, the Exposure Draft generally describes a disclosure framework within the context of current boundaries of the financial statements and current regulatory limitations. Although we agree that the Board should develop a disclosure framework based on current perspectives on the boundaries of financial statements and within current auditing and regulatory limitations, we believe the Board should also pursue longer-term efforts to improve the relevance and usefulness of financial statements by explicitly considering the appropriate boundaries of financial statements at the framework level giving consideration to broader potential changes in the scope of information that could be reported in financial statements, including notes and potential supplementary information, and the presentation of financial statements and disclosures. Those efforts would require significant cooperation and coordination with others, such as regulators and those responsible for auditing standards, and would require extensive efforts to better understand the needs of users of financial information.

We understand that the FASB has recently reactivated its financial statement presentation project with a more limited scope to address certain financial performance reporting issues, which appear to be within the context of current perspectives on the scope of the financial statements. We support that effort. However, as noted in the prior paragraph, we also believe a broader consideration of issues related to the scope and boundaries of the financial statements would be appropriate as well. The addition of a broader, longer-term project on financial statement presentation and the boundaries of financial statement disclosures would allow the Board to develop a longer-term vision of potential major improvements in the scope and presentation of financial information and a plan to move towards that vision in manageable steps. We believe those efforts would be consistent with the FASB's mission to improve financial accounting and reporting and an expansion of the disclosure framework and financial statement presentation projects would provide the Board with the opportunity to take significant steps towards improving the relevance and usefulness of financial reporting.

Clarifying the Concepts in the Framework on the Boundaries of Financial Reporting

Within the context of the current project addressed in the Exposure Draft, we believe the success of this effort depends in part on further clarifying the scope of information to be included in the notes to the financial statements and information that may be communicated outside of the financial statements. With the broad discussion of the types and limitations of information to be disclosed in notes to the financial statements and the nature of the decision questions to be considered in establishing disclosure requirements, it is unclear how helpful the framework will be to the Board in assessing potential disclosure requirements. We believe that further clarification of the principles and concepts distinguishing the type of information appropriate to communicate in notes to the financial statements, as supplementary information to financial statements, and outside the financial statements would further assist the Board in making decisions about disclosure requirements.

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Elimination of Overlapping Requirements

Further clarification of the principles and concepts for distinguishing the type of information that should be disclosed within the financial statements and information that would be communicated outside the financial statements would also assist the FASB and the SEC staff in their effort to address overlapping disclosure requirements. We believe that effort should begin with the FASB's clarification of the boundaries for general-purpose financial statements because, as the Board observes in the Exposure Draft, many entities that are not subject to SEC or other regulatory requirements will have users of their financial statements who would find the information useful. Clarification of that issue will require coordination with other stakeholders as the project moves forward. Additionally, coordination with the SEC staff will be needed to reduce redundancies and overlapping disclosure requirements within and outside the financial statements applicable to SEC registrants.

Review of Existing Disclosure Requirements

The Board has indicated in the Exposure Draft its intention to utilize the disclosure framework to evaluate existing disclosure requirements. We think this is an important initiative in order to determine whether certain disclosure requirements should be eliminated or revised and whether additional disclosure requirements are needed to provide more consistent disclosures from Topic to Topic. The review of existing requirements should include evaluations of the effectiveness of disclosures under those requirements. The review could be prioritized by beginning with Codification topics for which there are significant concerns about the extent or usefulness of disclosure requirements in an effort to make financial statement disclosures more effective by streamlining existing disclosure requirements, eliminating disclosure requirements no longer necessary, and potentially adding disclosure requirements if needed.

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We look forward to working with the Board as it continues to develop the disclosure framework. Our responses to the Board's specific questions and our other comments are set forth in Appendix I. If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or Paul Munter at (212) 909-5567.

Sincerely,

KPMG LLP

KPMG, LLP

Appendix I

Question 1: Should financial statements of employee benefit plans be excluded from the scope of this chapter of the conceptual framework?

We do not believe that the financial statements of employee benefit plans should be excluded from the scope of this chapter of the conceptual framework. At a framework level, we would expect the decision points with respect to developing disclosure requirements would be similar for the financial statements of an employee benefit plan and other entities. While the type, level, and content of disclosures may differ for an employee benefit plan, we do not believe the framework itself would necessarily be different. To the extent it is determined that the needs of users of financial statements of employee benefit plans differ from the needs of users of the financial statements of other entities because, for example, the users are a more confined group (plan participants), the framework should identify those differences and how those differences may result in different disclosure considerations. We believe differences in user needs would be determined by identifying the needs of users of financial statements of employee benefit plans and the needs of users of financial statements of other entities and a comparison of those needs to identify differences.

Question 2: Do the concepts in this chapter related to not-for-profit entities address the informational needs of resource providers to those entities?

We agree that the Board should consider the contributors of not-for-profit entities in addition to the other types of resource providers when using the concepts in the Framework. However, while the informational needs of some resource providers of not-for-profit financial statements may differ from the resource providers of for-profit entities, there is a diverse population of resources providers for both for-profit and not-for-profit entities and many users of not-for-profit financial statements may have similar needs as those of users of financial statements of a for-profit entity. We believe the concepts within the draft Framework, while not specifically related to not-for-profit entities, should address the informational needs of resource providers for not-for-profit entities if they are considered in the context of all users of those financial statements. To the extent it is determined that the needs of users of financial statements of not-for-profit entities differ from the needs of users of financial statements of other entities, the framework should identify those differences and how those differences may result in different disclosure considerations. We believe differences in user needs would be determined by identifying the unique needs of users of financial statements of not-for-profit entities and the needs of users of financial statements of other entities and a comparison of those needs to identify information differences.

Question 3: Do the concepts in this chapter encompass the information appropriate for disclosure in notes to financial statements that would assist resource providers in their decision making? Are there concepts that should be added or removed?

The concepts included in the chapter appear to encompass appropriate information that may be necessary to assist resource providers in their decision making within the current understanding of the scope of financial statements. However, the Board should consider whether more specific information would be needed in applying the framework when evaluating potential disclosure requirements. More clearly-stated principles may allow the Board to better focus on the concepts that provide for the most relevant information to resource providers. For example, the Board identifies three general types of information to be included in the notes to financial statements. However, the Board does not provide a discussion of the concepts or principles that led the Board to these three types of information. In addition, the Board does not specifically distinguish the type of information that should be provided in the notes to financial

statements, the type of information that should be provided in supplementary information, and the types of information that should be provided outside the financial statements. We believe that additional explanation of the concepts and principles about information that would be appropriate for disclosure in the notes to the financial statements and clarification of the distinctions in information that is appropriate for financial statement disclosures from other information would assist the Board in assessing potential disclosure requirements and help constituents better understand the Board's disclosure decisions. Further clarification of the distinction between financial statement information and other information communicated outside of the financial statements would also assist the Board and the SEC staff and other regulators in addressing redundancy in reporting financial information.

We also believe that consideration should be given to the need for guidance on whether and how specific questions in the Framework should be weighted more heavily than others and when priority should be given to a particular question in the Framework.

Question 4: Are there additional concepts needed to identify information that is unsuitable for requirement by the Board in notes to financial statements even though that information would be consistent with the purpose of the notes?

We agree that the disclosure framework should provide the Board with the flexibility to not require disclosure of information that may have negative consequences for the reporting entity in certain circumstances. However, we believe those circumstances will be limited and further clarification is needed to describe when consideration of potential negative consequences would be appropriate and what potential consequences would be considered.

The last sentence of paragraph P14 states, "In addition, the Board would consider the consequences that may come from an entity providing particular information in notes." We believe the Board needs to clarify what consequences would be considered (i.e., entity-specific, economic, etc.) and how those consequences would be considered. Without clarification, the concept may be interpreted that disclosure of information that has the potential for negative consequences to the entity would be excluded. However, exclusion of disclosures with potential negative consequences may not be consistent with the concepts of faithful representation and neutrality in some situations. In FASB Statement No. 106 on "Employers' Accounting for Postretirement Benefits Other Than Pensions", the Board considered potential negative consequences of the standard and concluded in paragraph 132 that enhancing or diminishing the possibility of those consequences is not the Board's objective. Accordingly, the Board needs to clarify when potential negative consequences would be considered and the types of negative consequences that would be considered as compared to other potential consequences that may result from improved financial reporting.

The Board also should clarify the statements in paragraphs D25 and D31 that the Board would not need to require disclosures about expectations and assumptions with potential negative consequences because those statements could cause confusion with the Board's decisions in the going concern project and existing requirements, such as ASC 275 on disclosures about risks and uncertainties.

Question 5: Do the decision questions in Appendix A identify the information appropriate for the Board to consider requiring for disclosure when setting standards related to line items and other past events and current circumstances and conditions that can assist resource providers in their decision making?

The decision questions appear to encompass appropriate information that may be necessary to assess entities' prospects for future cash flows. However, as written, the questions may be overly broad and may not assist the Board in focusing on the most relevant information appropriate for disclosure in the financial statements. We believe that additional explanation of the concepts and principles about information that would be appropriate for disclosure in the notes to the financial statements and clarification of the distinctions in information that is appropriate for financial statement disclosures from other information would assist the Board in assessing potential disclosure requirements and help constituents better understand the Board's disclosure decisions. Additionally, the framework would be more helpful if it outlined the weighting and priorities that the Board should assign to the various questions.

Question 6: Does the discussion in paragraphs D43 - D50 identify the information appropriate for the Board to consider when setting standards related to information about the reporting entity?

Yes, we believe that the discussion in paragraphs D43 through D50 identifies the information appropriate for the Board to consider related to information about the reporting entity.

Question 7: Will the concepts related to future-oriented information (paragraphs D22-D31) result in disclosures that are appropriate for the notes? If not, what types of information should be included in or excluded from consideration for disclosure in the notes?

As we noted in our accompanying letter, we believe that the Board should consider a broader project to evaluate the appropriate boundaries of financial statements that could lead to further improvements in the usefulness and relevance of financial statements. The results of that broader project may impact the consideration of future-oriented information in the disclosure framework.

Based on current perspectives of the boundaries of financial statements, the concepts related to future-oriented information generally appear appropriate. However, we believe that it is overly-simplistic to suggest that the financial statements do not include future-oriented information. An example of the use of future-oriented information in the recording of financial statement amounts is highlighted in the ongoing joint project for Accounting for Financial Instruments – Credit Impairment. Other areas in existing requirements also involve consideration of future-oriented information, such as going concern assessments, other impairment analyses, and evaluation of the need for a valuation allowance on deferred tax assets. Accordingly, we believe further clarification of the Board's concepts on consideration of future-oriented information would be helpful.

The Exposure Draft acknowledges the need to consider the potential cost to a reporting entity that may outweigh the benefits of the disclosure to a resource provider, which is often a consideration related to provided future-oriented information. While the discussion of the cost constraint is focused on the cost to the preparer of the financial statements, it should be noted that there may also be situations where there could be a cost to users for not providing information.

Question 8: Do the concepts in this chapter appropriately distinguish the types of information that are appropriate for the notes from the analysis management provides in other communications?

No. The concepts in this chapter do not sufficiently distinguish the types of information that are appropriate for the notes to the financial statements from the analysis management provides otherwise. We believe that the Board must first evaluate appropriate disclosures for general purpose financial statements and then work with the SEC and others to eliminate redundant requirements outside of the financial statements. Requirements for certain entities to provide information outside the financial statements would not be justification to eliminate disclosure requirements in generally accepted accounting principles when that information would otherwise be appropriate for disclosure in the financial statements.

Question 9: Are the concepts related to disclosure requirements for interim periods (paragraphs D60-D71) appropriate? If not, are there concepts that should be added or removed?

Consistent with existing requirements on interim period reporting, interim financial information is viewed as an integral part of annual periods and are not designed to be full sets of general purpose financial statements. We agree that some information needed to understand the interim financial information should be obtained from a reading and evaluation of the information included in the most recent annual financial statements. However, we question the assertion in paragraph D60 that financial statements for interim periods generally are provided for different reasons than providing annual financial statements as this appears to conflict with the basic premise of interim financial information as stated in ASC 270-10-45-1 and 45-2. We understand that financial analysis may be evaluated by resource providers on an interim basis, as well as, on an annual basis. Therefore, the need for relevant interim period financial reporting disclosures may be as important as annual disclosures. We also understand that there is a balance between the timeliness of disclosure and the extent of information to be provided, which highlights the importance of the concepts related to interim period disclosure. We also note that some standards have required disclosures in both annual and interim periods, which would suggest that in some cases the Board has determined that the disclosure for annual and interim periods needs to be discrete. We believe the Board should provide further explanation of those factors that may impact their decisions about disclosures in interim financial information.

Question 10: If no disclosure guidance for a transaction, event, or line item is specified in U.S. GAAP, how will an entity consider the nonauthoritative guidance in this chapter?

We believe this question would be more appropriately addressed in the second phase of the disclosure project on the entity's decision process.

In addition, this is an appropriate question for the Board itself to consider in identifying appropriate disclosure requirements. If the Board has appropriately evaluated the framework in establishing the disclosure requirements for specific areas within generally accepted accounting principles, then it is unclear how the Board would expect preparers to evaluate those same considerations and come to different conclusions.