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Technical Director  
File Reference No. 2012-220  
Financial Accounting Standards Board  
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## **Invitation to Comment: Disclosure Framework**

We appreciate the opportunity to respond to the FASB's Discussion Paper related to its Disclosure Framework project ("the Discussion Paper.") BB&T Corporation and its subsidiaries ("BB&T") offer full-service commercial and retail banking and additional financial services such as insurance, investments, retail brokerage, corporate finance, treasury services, international banking, leasing and trust management.

BB&T supports the Board in its effort to improve the effectiveness of footnote disclosures in financial statements. We believe that the concepts outlined in the Discussion Paper represent a good starting point for the development of a disclosure framework that may be used by both the Board in promulgating new disclosure requirements and by reporting entities in applying appropriate judgment regarding the extent of disclosures required in annual or interim financial statements.

While establishing a disclosure framework is important for both annual and interim financial reporting, we are particularly concerned with the growth in interim disclosure requirements. We understand the need to provide financial statement users with timely information to enable investment and credit decisions. However, in many instances we believe that disclosure requirements have not been appropriately differentiated between interim and annual periods. As a result, we believe the development of a disclosure framework that gives appropriate consideration to the compressed deadlines associated with interim reporting should represent the Board's highest priority.

We understand the Board's perspective on reducing the volume of disclosures in financial statements (i.e., reducing disclosure volume is a means of increasing disclosure effectiveness, but is not the sole objective of the project). We share the Board's belief that reducing unnecessary disclosures will assist financial statement users in identifying information that has the potential to impact their investment and credit decisions, but we

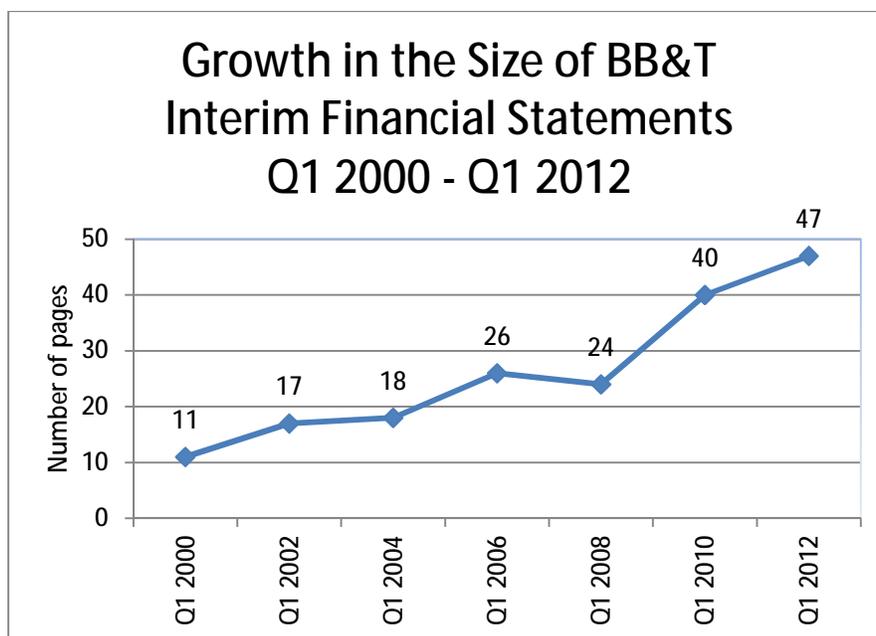
also recognize that financial statement users may have a different perspective than reporting entities in terms of identifying “unnecessary disclosures.”

Establishing a consistent disclosure framework will help the Board balance the needs of financial statement users and preparers. However, we believe that such a framework must be accompanied by extensive implementation guidance in order to provide reporting entities with a reasonable basis for applying selectivity to financial statement disclosures. In the absence of such implementation guidance, we believe that reporting entities would be hesitant to apply judgment and instead default back to providing voluminous disclosures in order to manage the risks associated with disclosures that are deemed inadequate by the Securities and Exchange Commission (“SEC”), financial statement auditors, etc.

We have provided additional feedback on these issues, as well as certain other aspects of the Discussion Paper, as follows:

**Interim disclosure requirements have been growing at an unsustainable pace. The Board should develop a disclosure framework that strikes an appropriate balance between providing financial statement users with decision-useful information and the compressed reporting deadlines associated with interim reporting.**

The chart below depicts the size of BB&T’s interim financial statements<sup>1</sup> (by number of pages) over the period from March 31, 2000 through March 31, 2012:



<sup>1</sup> Excludes “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other information required by the SEC.

As indicated by the chart above, the size of BB&T's interim financial statements has increased approximately 327% over the 12 year period ended March 31, 2012. While we appreciate the Board's desire to provide financial statement users with timely, decision-useful information, we believe the rapid growth in the volume of interim financial statement disclosures is unsustainable in light of the compressed deadlines associated with interim financial reporting. As a result, we believe that the creation of an interim disclosure framework should represent the Board's highest priority as it moves into the next phase of the project.

Paragraph 6.17 of the Discussion Paper outlines certain principles that the Board has considered related to modifying annual disclosure requirements in interim reports. These principles would provide reporting entities with the flexibility to omit annual disclosures from interim financial statements in a number of circumstances including situations where financial statement users can easily estimate a relevant data point based on changes in amounts reflected in the financial statements or where information that would be disclosed has changed very little from the last annual report. These principles appear consistent with the SEC's guidance related to interim disclosures outlined in Article 10 of Regulation S-X as follows (emphasis added):

*The interim financial information shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient so as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, and detailed disclosures prescribed by Rule 4-08 of this Regulation, may be omitted.*

This SEC guidance appears consistent with many of the principles outlined in paragraph 6.17. As a result, we believe the Board should focus its efforts on the development of implementation guidance that provides reporting entities with a reasonable basis for applying judgment in determining the nature and extent of disclosures that should be reflected in interim financial statements. For example:

- What criteria should be used to determine whether a user “can easily estimate” a relevant data point based on changes in the amounts in interim financial statements?

- What thresholds should be used in determining whether information that would be disclosed “has changed very little” from the same disclosure in the last annual report?

In the absence of such implementation guidance, we believe that reporting entities would be hesitant to apply judgment in omitting interim disclosures and therefore not fully benefit from the Board’s efforts in developing an interim disclosure framework. As a result, we recommend the Board establish a process for developing extensive implementation guidance, which will require input from a number of different stakeholders as more fully described below.

**The Board should perform extensive outreach with the SEC, the public accounting profession and other stakeholders as a means of developing a framework (and implementation guidance) that may be applied on a consistent basis.**

While providing reporting entities with the ability to apply judgment in determining the nature and extent of financial statement disclosures would likely lead to more streamlined financial statements that bring greater focus to the most important information, such an approach would also increase the risk of inconsistent application (i.e., reporting entities may inappropriately conclude that certain disclosures are not required). In its role as the primary regulator of the U.S. securities markets, the SEC works closely with public companies to ensure that all meaningful information is disclosed to the investing public. Similarly, the public accounting profession is called upon to evaluate whether a reporting entity’s financial statements, including all required footnote disclosures, have been prepared in accordance with generally accepted accounting principles. In carrying out these responsibilities, the SEC and the public accounting profession will be placed in the position of having to evaluate the adequacy of a reporting entity’s disclosures. As a result, we believe that it is critical that these stakeholders be heavily involved in the development of the disclosure framework and related interpretative guidance.

**The Board should consider the principles outlined in the Discussion Paper as disclosure requirements related to open projects (e.g., liquidity and interest rate risk, financial instruments, leasing, revenue recognition, etc.) are established.**

The Board is currently in various stages of completion on a number of high-profile projects. Based on the disclosure requirements outlined in previous exposure drafts on these projects, it appears reasonable to assume that the volume of annual and interim disclosures could increase significantly once these projects are finalized. While we understand the concepts outlined in the Discussion Paper do not represent preliminary views or proposals of the Board, we believe that it would be prudent for the Board to carefully consider how the disclosure requirements related to these ongoing projects could be structured to improve effectiveness while at the same time avoiding a significant increase in volume.

**The Board should consider whether changes to its due process and post-implementation review procedures could drive improvements in the effectiveness of disclosure requirements.**

While we recognize that the FASB performs significant outreach in connection with the projects on its technical plan and periodically performs post-implementation reviews of recently adopted accounting standard updates, we believe that it would be appropriate for the Board to consider how changes to these procedures may provide more meaningful insight into how proposed, recently adopted, or long-standing disclosure requirements provide decision-useful information to financial statement users. Such insight may include:

- How financial statement users would use the information provided by proposed/recently adopted disclosure requirements.
- Estimates of the time and effort required to prepare proposed disclosures.
- Whether proposed/recently adopted disclosures represent “new” information (i.e., is such information available in other regulatory reports?).
- Whether financial statement users continue to use information provided in connection with long-standing disclosure requirements (i.e., are there any long-standing disclosure items that are no longer relevant?).

We believe that disclosure effectiveness should be evaluated from a number of different perspectives. While the creation of a disclosure framework will presumably lead to more consistent decisions related to financial statement disclosures, we believe that it would also be appropriate to devote more attention to the source of requests for new disclosure information. By spending more time understanding why financial statement users desire additional information related to a given financial statement issue, the Board may be able to identify the most effective means of meeting the financial statement users’ needs and avoid requiring disclosures that ultimately result in additional “clutter” within the financial statements.

**We have summarized certain additional feedback related to the direction of the disclosure framework project as follows:**

*Use of Baseline Assumptions*

We believe that it would be appropriate for the Board to develop a disclosure framework that incorporates an expectation that financial statement users have a reasonable baseline understanding of GAAP, the company’s industry and standard accounting policies. Under

such a framework, financial statement preparers would be expected to disclose variances from certain baseline expectations, but they would not be expected to repeat basic information that would reasonably be expected to be known or obtainable by financial statement users. We believe this represents an effective and efficient method of providing meaningful financial statement disclosures, and it could potentially result in a significant reduction to the volume of disclosures.

*Methods for Achieving Disclosure Selectivity*

We do not believe it would be appropriate for the Board to implement quantitative thresholds as a means of achieving disclosure selectivity. Such an approach would require the Board to establish “bright lines” that would not give appropriate consideration to qualitative factors that have the potential to significantly impact the disclosure decision-making process. We believe that financial statement preparers are in the best position to evaluate whether financial statement disclosures are required. We believe that a broad system of general guidelines for determining relevant disclosures, along with an appropriate level of implementation guidance, would be the foundation for an effective and efficient disclosure framework.

Similarly, we do not believe that a tiered system for establishing disclosure requirements is desirable, as it would further perpetuate the current “checklist style” approach to evaluating whether financial statement disclosures are required, and it would add another level of complexity to the overall disclosure requirements. Specifically, we believe it would place additional burden on preparers, because they would have to determine disclosure requirements in a multi-step process for each affected balance. Overall, we support a judgment-based disclosure system that provides preparers with the flexibility to determine the appropriate level of disclosure based on a quantitative and qualitative evaluation of facts and circumstances related to a potential disclosure item.

*Organization and Formatting*

We do not believe that the Board should prescribe a standard order of footnotes as such an approach could increase the risk of important information being overlooked by users. The implementation of a prescribed ordering system would essentially convert the financial statements to a form template, which might help users find specific information they seek but might also prevent them from reviewing the information that management deems to be the most pertinent.

If the Board determines that a prescribed ordering system is necessary, we believe that the ordering of disclosures should mirror the ordering of balances in the basic financial statements.

Technical Director

2012-220  
Comment Letter No. 61  
November 30, 2012  
Page 7

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "H. R. Sturkie, III", is written over a light gray rectangular background.

Henry R. Sturkie, III  
Assistant Corporate Controller