Joseph L. Sclafani  
Executive Vice President and Controller  

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

Re: Comments on Proposed FASB Staff Position No. 142-d, Amortization and Impairment of Acquired Renewable Intangible Assets  

Dear Sir/Madam:  

JPMorgan Chase & Co. (JPMC) appreciates the opportunity to comment on the Proposed FASB Staff Position No. 142-d, Amortization and Impairment of Acquired Renewable Intangible Assets. JPMC supports the FASB Staff's efforts to improve the financial accounting and reporting related to business combination activity. Although we conceptually agree that the guidance used to determine the useful life of intangible assets for amortization purposes under FASB Statement No. 142, Goodwill and Other Intangible Assets ("SFAS 142"), generally should be consistent with the guidance used to determine the period of expected cash flows used to estimate the initial fair value of those intangible assets under FASB Statement No. 141, Business Combinations ("SFAS 141"), we do not support the proposed guidance in its current form. In fact, the proposed FSP will create new practice issues and add complexity to SFAS 142. Our comments on key concepts and our concerns are discussed below:  

We believe that efforts to address the perceived inconsistencies related to the initial and subsequent accounting for "renewable intangible assets” should focus solely on amending the wording in SFAS 141 and SFAS 142 for consistency and providing additional clarity in the basis of conclusions of both statements to indicate that there would be a rebuttable presumption that the useful life for amortization purposes should be consistent with the useful life used for determining the fair value of those intangible assets. If the Board continues down with the proposal to create a new class of intangible assets as introduced in this FSP, then this issue should be addressed in a broader context rather than in an FSP.  

We do not believe it is necessary or appropriate to introduce a new type of intangible asset class (i.e., finite-lived renewable intangible assets) with subsequent amortization and impairment testing models that differ from all other finite-lived intangible assets. As a practical matter and based on the definition of renewable intangible assets as provided
by the proposed FSP, we believe most intangible assets within our industry (with the exception of servicing assets) could be considered renewable under the proposed guidance. SFAS 142 should not be made more complex: intangible assets should either be amortized and reviewed for impairment consistent with SFAS 144 or not amortized and reviewed for impairment, similar to goodwill and indefinite-lived assets, consistent with SFAS 142.

Further, we do not believe that basing an amortization methodology on the relative value of discounted cash flows is appropriate in all instances. In fact, basing an amortization methodology on the relative value of discounted cash flows could result in a counterintuitive income statement presentation – the reported net income related to certain intangible assets would increase each year, rather than reflect the reality that the net income was actually equal every year (because revenues were constant over time). Again, the amortization methodology introduced in this FSP introduces an inconsistent approach to how similar assets are to be amortized.

We appreciate the opportunity to submit our views and would be pleased to discuss our comments with you at your convenience. If you have any questions, then please contact me at 212-270-7559 or Shannon Warren at 212-648-0906.

Very truly yours,

Joseph L. Sclafani