Dear Technical Director,

On behalf of Ultragenyx Pharmaceutical, Inc. we appreciate the opportunity to comment on the Proposed Accounting Standards Update (ASU), Collaborative Arrangements (Topic 808) – Targeted Improvements (the Proposal), issued by the Financial Accounting Standards Board. Ultragenyx is a biopharmaceutical company committed to bringing to patients novel products for the treatment of rare and ultra-rare diseases, with a focus on serious, debilitating genetic diseases.

We support the FASB’s objective to clarify the interaction between Topic 808 and Revenue from Contracts with Customers (ASC 606) and reduce diversity in practice and to reduce the uncertainty in the accounting for collaborative arrangements. We believe that the guidance provides sufficient flexibility to allow for the application of the proposed ASU to various types of collaborative arrangements. The following is our response to the questionnaire for respondents:

Question 1: Would the amendments in this proposed Update clarify when a transaction between collaborative participants is within the scope of the revenue guidance in Topic 606? Would the proposed amendments reduce diversity in practice in this area? If not, please explain why.

While we generally support the proposed FASB Exposure Draft, we request the Board to further add implementation examples specifically for transactions of the most common structures, such as one which incorporates a license of intellectual property and the related payments (i.e. up-front fees and milestones). In practice, nearly all collaborative arrangements include some form of up-front fees and consideration for milestone payments; however, the existing implementation examples in the Exposure Draft do not include these very common payment structures. We note that the FASB Staff did draft and distribute examples that included up-front fees in previous materials. Those examples were shared during the workshops held in December 2017 as part of the FASB’s outreach on this project. We also expect that it would be helpful to provide an example that would include the allocation of various forms of transaction price (e.g. upfront payment, milestones, cost reimbursement, etc.) to different
units of account. We believe that these examples would help reduce diversity in practice and make the standard more operable.

In practice, we believe applying ASC 606 standard to profit-sharing payment could be very challenging. We believe that it would be simpler in implementation examples 1 and 2 for Biotech to conclude that Biotech and Pharma are working in partnership with each other at the mature stage of the collaboration and that neither collaborative partner is a customer of the other at that stage of the collaboration. We expect that the same accounting result would be achieved, in a much simpler way, by not analogizing to Topic 606 for the profit-sharing payments received from Pharma. Instead, we recommend to record the profit sharing payments received from Pharma as revenue under the guidance of Topic 808, as the profit-sharing payments received from Pharma relate directly to third party sales in those examples.

**Question 2:** Is additional guidance necessary to determine whether a collaborative participant is a customer? If so, please provide suggestions.

We believe that the implementation examples are very important in the application of the guidance. See our response to Question 1 regarding the conclusion whether Pharma is a customer of Biotech at the mature stage of the collaboration.

**Question 3:** Are the proposed amendments on presentation in paragraph 808-10-45-3 operable? Would the proposed amendments reduce diversity in practice in this area?

We believe that the amendments on presentation in paragraph 808-10-45-3 could be made more operable by improving the implementation examples. See our response to Question 1,

**Question 4:** Would the proposed amendments on the unit-of-account clarify that the unit-of-account guidance in Topic 606 should be applied for determining if a transaction is within the scope of Topic 606? If not, please explain why.

We support the Proposal's guidance to utilize the Topic 606 guidance on the unit-of-account to determine whether that activity is within the scope of Topic 606. However, we believe that application of allocation of purchase consideration to various unit of accounts could be improved by providing additional relevant examples.

**Question 5:** Should a reporting entity be required to provide additional recurring disclosures (that is, incremental disclosures to those required in Topic 808 and Topic 606) because of the proposed amendments? If so, what additional recurring disclosures should be required?

We believe that the existing disclosure requirements of Topic 808 and 606 are sufficient to allow users of an entity's financial statements to understand the nature and economic substance of the entity's collaborative arrangements.
Question 6: Do you agree with the proposed transition requirements, including the retrospective application to the adoption date of Topic 606? If not, what transition method would be more appropriate and why?

We agree with the transition requirements of the Proposal.

Question 7: How much time is needed to implement the proposed amendments? Should early adoption be permitted?

We believe that a year to evaluate the proposed amendments once the ASU is finalized would be sufficient. Further, early adoption should be permitted.

Question 8: Should entities other than public business entities be provided with more time to implement the proposed amendments? If so, how much more time?

We do not believe that additional time would be required for entities other than public business entities to implement the proposed amendments.

We look forward for your feedback and should you wish to discuss any aspects of our comments in greater detail, please do not hesitate to contact me. We thank you again for the ability to participate in this process.

Sincerely,

Nishant Pansari
Director, Technical Accounting