July 25, 2016

Susan M. Cosper, Technical Director
FASB
401 Meridian 7, PO Box 5116
Norwalk, CT 06856-5116

Via Email to director@fasb.org

Re: File Reference Number 2016-260

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on proposed Accounting Standards Update, Consolidation (Topic 810): Interests Held through Related Parties That are under Common Control. We agree with the Board's conclusion in this proposal that a reporting entity should treat indirect interests in a variable interest entity held through related parties under common control the same as indirect interests held through related parties that are not under common control when assessing whether the reporting entity is the primary beneficiary of the variable interest entity.

We support the Board's acknowledgement in the basis for conclusion that it will continue to evaluate clarifications to variable interest entity consolidation guidance for common control arrangements as part of a separate project.

Our responses to the Questions for Respondents

Question 1: If a reporting entity is the single decision maker of a VIE, the amendments in this proposed Update would require that reporting entity to include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties to determine whether it is the primary beneficiary of that VIE. This evaluation would include all related parties as defined in paragraph 810-10-25-43, including those under common control with the single decision maker. Do you agree with this approach? If not, please explain why.

We agree with the approach in the proposed guidance. However, we believe that the Board should reconsider making any other clarifications to the guidance in ASC 810-10-25-42, because such clarifications, unless made throughout ASC 810, would be confusing. For example, the guidance in ASC 810-10-55-37D would continue to use the words economic interests, whereas these words would be changed to variable interests in paragraph 810-10-25-42. Such changes on a selective basis may lead stakeholders to believe that they should consider variable
interests differently when applying these paragraphs, which we do not believe is the Board’s intent.

**Question 2:** Would the proposed amendments adequately address stakeholders’ concerns that, in certain situations involving entities under common control, the amendments in Update 2015-02 may require a single decision maker of a VIE to consolidate that VIE even if it has little to no direct variable interests in the VIE?

We agree that the proposed amendments would address situations where a single decision maker would be required to consolidate a variable interest entity even if it had little or no direct variable interest in that variable interest entity. However, as stated earlier in our letter, we agree that the Board should further clarify the application of the variable interest entity guidance in situations involving entities under common control.

**Question 3:** Do you agree with the proposed transition requirements in paragraph 810-10-65-8? If not, what transition approach would be more appropriate?

We agree.

**Question 4:** Should a reporting entity be required to provide the transition disclosures specified in this proposed Update? Should any other disclosures be required? If so, please explain why.

We agree with the transition disclosures specified in the proposed Update. We do not believe any additional transition disclosures should be required.

**Question 5:** Should the proposed amendments be effective immediately upon issuance of a final Update for all entities that already have adopted the amendments in Update 2015-02?

We do not believe that the proposed amendments should be made immediately effective for entities that already have adopted the amendments in Update 2015-02. We believe that the Board should provide adequate time for such entities to apply the proposed amendments upon issuance of a final Update. We hold this view because adopting this guidance will cause some entities to either consolidate or deconsolidate a variable interest entity. Those reporting entities will need time to learn about and apply the guidance. Therefore, we believe that the guidance should be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 for all entities.

However, we believe that early adoption of the guidance should be allowed upon issuance of a final Update for entities that already have adopted the amendments in Update 2015-02.

**Question 6:** Should entities that have not yet adopted the amendments in Update 2015-02 be required to adopt the amendments in this proposed Update at the same time they adopt the amendments in Update 2015-02?
Yes. We believe that entities that have not yet adopted the amendments in Accounting Standards Update 2015-02 should adopt the guidance in this proposed update and in Update 2015-02 at the same time.

********************************

If you have any questions about our response, or wish to further discuss our comments, please contact Rahul Gupta, Partner, 312 602 8084, rahul.gupta@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP