September 9 2019

Mr. Shayne Kuhaneck
Acting Technical Director
Financial Accounting Standards Board
401 Merritt 7
06856-5116PO Box 5116
Norwalk, CT

Re: Proposed Accounting Standards Update, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates.

Dear Mr. Kuhaneck

Barclays appreciates the opportunity to provide comments on the Proposed Accounting Standards Update, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates (the “Proposed Update”). We are supportive of establishing an effective date methodology for new accounting standards that differentiates between larger publicly traded reporting entities (“bucket 1”) and all other types of reporting entities (“bucket 2”).

Barclays is a foreign private issuer registered with the Securities and Exchange Commission (SEC) who files financial statements with the SEC under International Financial Reporting Standards as issued by the International Accounting Standards Board. However, Barclays’ US operations include numerous reporting entities which issue either audited financial statements or regulatory filings, or both, prepared under US GAAP. Our corporate structure in the US includes a US Intermediate Holding Company (IHC), Barclays US LLC, as required by Regulation YY of the Federal Reserve. The IHC indirectly holds the significant entities in which our US operations are conducted including our two primary operating subsidiaries, Barclays Capital Inc., a registered securities broker-dealer with the SEC and Barclays Bank Delaware, a state chartered bank in which our retail banking activities are conducted.
Each of these three entities, as well as certain other US subsidiaries, prepare audited financial statements prepared under US GAAP.

The complexities associated with being a dual reporting entity (both IFRS and US GAAP reporting requirements) bring about certain challenges including many of those outlined by the FASB in the basis for conclusions of this Proposed Update. Therefore, we do believe there is merit in the effective date philosophy being proposed by the FASB, not just with respect to adoption of Credit Losses, Hedging and Leases but for future accounting standard setting projects as well.

However, the definition of SEC filer from the Master Glossary and application of the SEC’s Smaller Reporting Companies definition creates certain challenges with respect to application of the proposed effective date framework, particularly for reporting groups that include SEC registered broker-dealers. Broker-dealers regulated by the SEC are required to furnish their audited financial statements to the SEC. As a result, these broker-dealers technically meet the definition of an SEC filer under the Master Glossary even though they may not have any external equity or debt investors. The SEC’s definition of a Smaller Reporting Company excludes investment companies, asset-backed issuers and majority-owned subsidiary of a parent that is not a smaller reporting company.

Barclays Capital Inc. our SEC registered broker-dealer is an indirect wholly owned subsidiary of Barclays PLC a foreign private issuer, large accelerated filer with the SEC. As a result, we believe that Barclays Capital Inc. would be included in bucket 1 of large public registrants and would not be afforded the delay in adopting new accounting standards eligible for other entities who are not large publicly traded companies. Further complicating this issue is that the IHC, the parent of the broker-dealer and head of the US reporting group would otherwise be eligible for the deferred effective date application afforded to entities in bucket 2, but given one of its significant subsidiaries would not be eligible to utilize the deferral, this would result in all Barclays subsidiaries within the IHC also being required to early adopt new accounting standards to maintain consistency within the consolidated US GAAP reporting group.
Some may view that as part of a large accelerated SEC registered company that the individual subsidiaries should not be impacted with the various challenges set forth in the Proposed Update that smaller companies may face. However, because the SEC registrant parent reports under IFRS and the individual subsidiaries also report under US GAAP, these challenges do very much exist. In certain situations, the adoption of non-converged new accounting standards under IFRS and US GAAP actually create competing resource constraints (as was the case for the adoption of IFRS 9 *Classification and Measurement* and ASU 2016-01 *Recognition and Measurement of Financial Assets and Financial Liabilities*). Furthermore, our various US GAAP reporting subsidiaries generally apply a much lower materiality threshold than for the IFRS group reporting, potentially subjecting the US GAAP subsidiaries to higher degrees of precision and operational complexities when adopting new accounting standards. Lastly, many of these subsidiaries operate as separate smaller companies and do not necessarily benefit from the synergies and resources of the consolidated group.

Based on these factors, we believe it is critical that the FASB revise or clarify its scoping criteria between the two groups of entities and that broker-dealers registered with the SEC should not be captured in the bucket 1 group of large public companies simply because of their requirement to provide financial statements to their regulator.

We thank you for the opportunity to provide our views on the Proposed Update. Please contact David Elizandro (david.elizandro@barclays.com) at 212-412-3318 if you have any questions or comments regarding the responses included herein.

Yours sincerely

Matt Larson
Barclays, Chief Financial Officer - Americas