March 29, 2016

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


Dear FASB Board Members and Staff:

The PNC Financial Services Group, Inc. ("PNC" or "we") appreciates the opportunity to comment on the Proposed Accounting Standards Update, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (the "Proposed ASU"), which solicits feedback on the Financial Accounting Standards Board’s ("FASB’s", "the Board’s") proposal to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows.

While PNC supports the Board’s efforts to clarify the guidance for classifying cash receipts and payments within the statement of cash flows, we recommend improvements to the proposed guidance for distributions received from equity method investees and the application of the predominance principle to separately identifiable cash flows.

PNC supports the Board’s intent to clarify the cash flow classification for distributions from equity method investees. However, we are concerned that the proposed cumulative earnings approach to determining whether cash flows are a return on investment or return of investment will not only impact their treatment for the statement of cash flows, but also determine the underlying accounting and recognition of those cash flows. This would represent a change in accounting for those entities which currently delineate between return on investment and return of investment based on the nature of the distribution. If the intent is to change the accounting for those distributions, then we believe the decision should be incorporated into the FASB’s project on Improving the Equity Method of Accounting. However, at a minimum, we believe that the guidance could be enhanced through inclusion of an illustrative example of the application of the cumulative-earnings approach demonstrating the required calculation and clarifying the accounting and classification of cash flows from equity method investment distributions.

PNC believes that the Board’s clarification of the application of the predominance principle to separately identifiable cash flows will be helpful in consistently determining the classification of cash receipts and
payments as they arise. While we support the clarification, we are concerned that a retrospective application of this broad principle would require a substantial work set, which may not be impracticable, to evaluate all transactions for which specific cash flow classification guidance does not exist to determine whether the cash receipts and payments are classified consistent with the nature of the underlying source or use of cash flows. We believe a significant work set would be an unintended consequence of the Proposed ASU since it otherwise applies to a specific set of transactions with the goal of reducing diversity in practice. Therefore, we believe that consideration of the predominance principle should be removed from the scope of the Proposed ASU and more appropriately, included in the scope of the FASB’s project on Conceptual Framework – Presentation.

We appreciate the Board’s request for feedback on this matter and the opportunity to share our views with the Board and staff. We welcome any questions or comments you may have. Please contact me with any questions about PNC’s comments at 412-762-1622.

Sincerely,

Ms. Lauren Belot
Director of Accounting Policy
The PNC Financial Services Group, Inc.

cc: Mr. Gregory H. Kozich
Senior Vice President and Controller
The PNC Financial Services Group, Inc.

Mr. John (JJ) Matthews
Director of Finance Governance Oversight and Policy
The PNC Financial Services Group, Inc.