October 7, 2019

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

File Reference No. 2019-720

Dear FASB Board Members and Staff:

The PNC Financial Services Group, Inc. ("PNC" or "we") appreciates the opportunity to comment on the Financial Accounting Standards Board's ("FASB" or the "Board") Invitation to Comment, Identifiable Intangible Assets and Subsequent Accounting for Goodwill (the "ITC"). We support the FASB's ongoing efforts to address questions and cost/benefit concerns raised by stakeholders regarding the subsequent accounting for goodwill.

Overall, we would be supportive of a goodwill amortization model, and believe the useful life should be consistent with the PCC alternative1 which allows for an amortization period of 10 years or less. With an amortization model, we believe the annual impairment test should no longer be required and instead should be replaced with an event or trigger-based analysis to identify potential goodwill impairment. Further, we would support the option to perform an impairment analysis at a level higher than the reporting unit level, such as the operating segment level. Accordingly, the related financial statement disclosures should be revised to reflect any changes to the existing goodwill accounting model.

While we recognize that certain cost savings would be achieved by subsuming all intangible assets into goodwill, we believe certain intangible assets should be separately identified and recorded in the financial statements. Definite-lived intangible assets, such as contractual-based intangible assets as well as core deposit intangible ("CDI") assets, should be recognized separately from goodwill as they represent assets acquired in a business combination. We would not be opposed to the option to subsume indefinite-lived intangible assets into the goodwill balance since they are similar in nature.

In addition, we understand that the Board did not consider a direct write-off method as an option in this ITC. Under a direct write-off method, the excess purchase price over the fair value of the net assets acquired (i.e., goodwill) would be immediately written off to equity. This method would provide the most cost savings to entities by eliminating the subsequent accounting for goodwill. We would encourage the Board to consider this option while evaluating comments and determining the next steps for the subsequent accounting for goodwill. This option is further discussed in Question 28 of Appendix A.

Appendix A contains our detailed responses to the Questions for Respondents in the ITC.

We appreciate the opportunity to share our views with the Board. We welcome any questions or comments you may have on this letter. Please contact me (412-762-6543) with any questions about PNC's comments.

*****

---

1 ASU 2014-02, Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill (a consensus of the Private Company Council)
Sincerely,

Michael Yenchek
Director of Accounting Policy
The PNC Financial Services Group, Inc.

cc: Mr. John (JJ) Matthews
    Director of Finance Governance & Corporate Accounting
    The PNC Financial Services Group, Inc.

Mr. Gregory H. Kozich
Senior Vice President and Corporate Controller
The PNC Financial Services Group, Inc.
Appendix A
Responses to Questions for Respondents

Section 1: Whether to Change the Subsequent Accounting for Goodwill

1. What is goodwill, or in your experience what does goodwill mainly represent?

We understand that there may be differing definitions of what goodwill represents across various entities. In our experience, goodwill represents the premium paid for the future economic value and benefit of combining the entities involved in a business combination. We believe the significance of goodwill diminishes over time as businesses are integrated and acquired assets and liabilities turnover.

2. Do the benefits of the information provided by the current goodwill impairment model justify the cost of providing that information? Please explain why or why not in the context of costs and benefits.

As a preparer of financial statements, we do not believe that the benefits of the information provided by the current goodwill impairment model justify the costs of providing that information. We applaud the Board’s previous efforts to simplify the goodwill impairment analysis by creating a qualitative screen in Step Zero and eliminating Step Two. However, the goodwill impairment analysis continues to remain a very time-consuming and judgmental analysis, with increasing auditor focus and scrutiny. In addition, banks and other financial services institutions are analyzed, measured and regulated based on regulatory capital, which excludes goodwill. Therefore, a significant amount of time and effort is involved in the accounting for and evaluation of an asset that has limited value to our investors, analysts and regulators.

3. On a cost-benefit basis, relative to the current impairment-only model, do you support (or oppose) goodwill amortization with impairment testing? Please explain why in your response.

We would be supportive of a goodwill amortization model with impairment testing when considering the costs and benefits associated with the current impairment-only model. From a cost-benefit perspective, amortizing goodwill would allow for more simplified accounting and reporting and greatly reduce the time and effort currently spent on performing the annual goodwill impairment analysis. In addition, we believe a goodwill amortization model better aligns with our view of goodwill. By permitting companies to amortize goodwill, the goodwill balance will decrease as the acquired business is integrated into the existing business.

In addition, banks exclude goodwill from many regulatory capital ratios, indicating that goodwill is less relevant. Therefore, we believe the current goodwill model involves an extensive amount of work for often little value to analysts and investors. Our analysts and investors typically focus on tangible common equity, which excludes intangible assets and goodwill. In terms of operability, many controls and processes currently exist that could be leveraged in a goodwill amortization model with impairment testing.

We do not believe that an amortization-only model has conceptual merit. As with any recognized asset on the balance sheet, we believe goodwill should be subject to impairment testing. Additionally, we would support event or trigger-based impairment testing in conjunction with the amortization of goodwill, similar to other long-lived assets such as property, plant and equipment. Although impairment testing can be costly and time consuming, performing a trigger-based impairment test would reduce costs, in terms of time and effort, compared to the

---

2 ASU 2011-08: Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment
3 ASU 2017-04: Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment
current impairment testing requirements. For all of these reasons, it is our opinion that goodwill amortization with trigger-based impairment testing is a better alternative compared with the current impairment-only model.

Although not specifically discussed within this ITC, we understand that under the PCC alternative, private companies are permitted an accounting policy election to amortize goodwill, but amortization is not required. If the staff were to move towards an amortization model for public business entities ("PBEs"), we believe amortization should be required as opposed to an accounting policy election. We believe giving PBEs an option to amortize goodwill will result in diversity in practice and lack of comparability between entities.

In addition, refer to Question 28 for our thoughts on the direct write-off method, which we believe to be the most cost effective option.

4. If the Board were to decide to amortize goodwill, which amortization period characteristics would you support? Please include all that apply in your response and explain why you did not select certain characteristics.
   a. A default period
   b. A cap (or maximum) on the amortization period
   c. A floor (or minimum) on the amortization period
   d. Justification of an alternative amortization period other than a default period
   e. Amortization based on the useful life of the primary identifiable asset acquired
   f. Amortization based on the weighted-average useful lives of identifiable asset(s) acquired
   g. Management's reasonable estimate (based on expected synergies or cash flows as a result of the business combination, the useful life of acquired processes, or other management judgments).

We would be most supportive of either a default period or a cap (or maximum) on the amortization period (options A&B noted above).

Identifying a default period would be the simplest approach and achieve the most cost savings among the options noted above. It would also provide the most comparability between PBEs. From our perspective, we believe a shorter default period (e.g., 10 years) would be preferable compared to a longer amortization period (e.g., 25 years). A shorter amortization period would align better with the estimated useful lives of many of the acquired assets and liabilities, including the identified intangible assets.

We would also support a cap or maximum amortization period and believe a shorter maximum amortization period would be preferable compared to a longer period. For the reasons noted in the preceding paragraph, we believe that a maximum amortization period of 10 years or less would be appropriate and would align PBEs with the private company alternative which states that goodwill "shall be amortized on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates that another useful life is more appropriate." A cap or maximum default period would also allow for judgment on an acquisition-by-acquisition basis, if management determines that the cost-benefit outweighs the default amortization period. Therefore, having an amortization period of 10 years or less would result in greater comparability while also allowing for flexibility.

Because of these reasons, we would be less supportive of the other amortization characteristics mentioned above. Given our preference for a useful life of up to 10 years, we do not believe that a floor is necessary. A floor without a cap would require an entity to justify the amortization period.

---

4 ASU 2014-02, Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill (a consensus of the Private Company Council)
selected, thereby reducing any potential cost savings. Requiring an amortization period based on the useful life or weighted average useful life of the identifiable assets acquired would be difficult to implement if the business combination yields assets with a wide range of useful lives and/or indefinite-lived intangible assets. Finally, amortization periods based on management judgment on an acquisition-by-acquisition basis would require extensive documentation and justification. Although this option may allow for entities to tailor the amortization period to the specific facts and circumstances of the acquisition, it would not necessarily achieve one of the primary objectives of cost savings.

5. Do your views on amortization versus impairment of goodwill depend on the amortization method and/or period? Please indicate yes or no and explain.

Notwithstanding our views noted in the preceding responses, our views on amortization versus impairment of goodwill do not change significantly based on the amortization method and/or period. Regardless of the stance the Board takes on the amortization method and period, we believe that goodwill amortization with trigger-based impairment testing is a better alternative than the current goodwill impairment-only model from a cost-benefit perspective.

6. Regarding the goodwill amortization period, would equity investors receive decision-useful information when an entity justifies an amortization period other than a default period? If so, does the benefit of this information justify the cost (whether operational or other types of costs)? Please explain.

We recognize that selecting a default amortization period could be somewhat arbitrary compared to an entity justifying an amortization period specific to each acquisition. However, it is our opinion that this would not outweigh the cost savings and comparability between entities that could be achieved by having a default amortization period. We also considered whether a default amortization period could also be viewed as being less meaningful to users of financial statements since it may not correlate to the characteristics of a specific acquisition. However, we believe many users of the financial statements adjust goodwill from their metrics and analysis, thereby placing less emphasis on the amortization period. Further requiring entities to justify an amortization period would likely create the need for increased disclosures adding to the costs of preparing the financial statements.

7. Do the amendments in Update 2017-04 (eliminating Step 2 of the goodwill impairment test) reduce the cost to perform the goodwill impairment test? Do the amendments in Update 2017-04 reduce the usefulness of financial reporting information for users? Please explain.

Given the types of assets that are maintained on a bank’s balance sheet, we do not view the elimination of Step Two to be an improvement over the current process. We believe that the elimination of Step Two may cause goodwill impairment, if required to be taken, to be overstated due to the fact that impairment will now be measured based on the results of Step One as opposed to remeasuring the balance sheet at fair value to calculate the goodwill impairment. Assets such as loans and CDI would typically have a higher fair value than carrying value, which would not be considered with the elimination of Step Two. Therefore, we believe that the elimination of Step Two could result in a misleading goodwill impairment charge. Further, we note that financial institutions regularly fair value their assets for financial or regulatory reporting and many of the processes involved in Step Two would be leveraged from existing fair value processes. Therefore, we would not expect any significant cost savings as a result of the elimination of Step Two once it has been adopted, effective January 1, 2020.

8. Do the amendments in Update 2011-08 (qualitative screen) reduce the cost to perform the goodwill impairment test? Do the amendments in Update 2011-08 reduce the usefulness of financial reporting information for users? Please explain and describe any improvements you would recommend to the qualitative screen.
We have recently moved to a qualitative approach (Step Zero) when performing our annual goodwill impairment. We did not realize significant cost savings in the initial year of implementing this approach but expect to realize cost savings in subsequent years absent any significant changes to our businesses or the economic environment.

To be most cost effective, we would encourage the Board to modify the timing requirement of Step Zero and consider moving from an annual requirement to an event or trigger-based requirement, as discussed in Question 9.

9. Relative to the current impairment model, how much do you support (or oppose) removing the requirement to assess goodwill (qualitatively or quantitatively) for impairment at least annually? Please explain why in your response.

We would be supportive of removing the annual requirement to assess goodwill (qualitatively or quantitatively) for impairment and would recommend that the Board consider moving to an event or trigger-based impairment analysis. This would allow for significant cost savings, while still providing relevant information regarding our business that investors and users of our financial statements seek. Once a trigger is identified, an entity would then perform an impairment analysis. We believe this alternative approach would be an improvement over the current requirement from a cost-benefit perspective.

10. Relative to the current impairment model, how much do you support (or oppose) providing an option to test goodwill at the entity level (or at a level other than the reporting unit)? Please explain why in your response.

We would be supportive of an option for entities to perform the goodwill impairment analysis at a level other than the reporting unit level and would suggest that the analysis be performed at the operating segment level. Depending on how entities define their current reporting units, performing the goodwill impairment analysis at the segment level may be an opportunity to reduce costs, as entities already produce financial information and assess business performance at the operating segment level.

We recognize that performing the impairment test at the entity level would provide the most cost savings for many entities. However, performing the analysis at the entity level could mask an impairment for an underperforming business and may not provide timely information for investors and users of the financial statements.

11. What other changes to the impairment test could the Board consider? Please be as specific as possible.

As mentioned previously, we believe that the Board should consider making the impairment analysis based on a triggering event rather than an annual requirement, as discussed in Question 9.

12. The possible approaches to subsequent accounting for goodwill include (a) an impairment-only model, (b) an amortization model combined with an impairment test, or (c) an amortization-only model. In addition, the impairment test employed in alternative (a) or (b) could be simplified or retained as is. Please indicate whether you support the following alternatives by answering “yes” or “no” to the questions in the table below. Please explain your response.
<table>
<thead>
<tr>
<th>Impairment only</th>
<th>Do You Support the Indicated Model? Yes/No</th>
<th>Do You Support Requiring an Impairment Assessment Only upon a Triggering Event? Yes/No</th>
<th>Do You Support Allowing Testing at the Entity Level or a Level Other Than the Reporting Unit? Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization with impairment</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Amortization only</td>
<td>No</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Of the options provided in the table, we would be most supportive of option (b), an amortization model combined with an impairment test based upon a triggering event as an improvement over today's impairment-only model. As described in Question 3, an amortization model with impairment testing better aligns with our views on goodwill and would allow for operational cost savings. The combination of amortization and impairment analysis would allow an entity to remove a non-earning asset from the books as the related acquired business is integrated into the existing operations. In addition, requiring impairment analysis would be consistent with other similar assets held on the balance sheet. We would be less supportive of an amortization-only model. Please see Question 9 for our rationale supporting a trigger-based impairment analysis. Please see Question 10 for our rationale supporting an impairment test at a level other than the reporting unit level.

**Section 2: Whether to Modify the Recognition of Intangible Assets in a Business Combination**

13. Please describe what, if any, cost savings would be achieved if certain recognized intangible assets (for example, noncompete agreements or certain customer-related intangible assets) were subsumed into goodwill and amortized. Please be as specific as possible. For example, include specific purchase price allocation or subsequent accounting cost savings. Please list any additional intangible items the Board should consider subsuming into goodwill.

We do not believe that subsuming all intangible assets acquired in a business combination into goodwill would be an improvement over the current requirement to separately identify and account for intangible assets. Separately identifiable intangible assets, such as contractual-based intangible assets and CDIs, should continue to be recorded separately from goodwill as we believe they are distinct assets. Those that are contract-based (non-compete agreements, lease intangibles, etc.) typically have distinct terms which would dictate the useful life of the underlying intangible asset. From a valuation perspective, we acknowledge that the process can encompass significant judgments and assumptions, but believe the financial services industry has developed acceptable valuation approaches to value these assets. We would be supportive of subsuming certain indefinite-lived intangible assets (e.g., trademarks, trade names) into goodwill as we believe these assets are similar to goodwill. Therefore, if the Board were to move forward with subsuming intangible assets into goodwill, we encourage the Board to carefully consider which intangibles should be subsumed and to provide an option rather than a requirement.

From a cost savings perspective, any intangible assets that would be subsumed into goodwill would reduce the time and effort spent during the initial purchase accounting in a business combination. However, the actual cost savings would depend on the facts and circumstances of the business combination. As noted above, we believe there is value to separately identifying certain definite-lived intangible assets and do not believe the potential cost savings would outweigh these benefits.

14. Please describe what, if any, decision-useful information would be lost if certain recognized intangible assets (for example, noncompete agreements or certain
customer-related intangible assets, or other items) were subsumed into goodwill and amortized. Please be as specific as possible. For example, include specific analyses you perform that no longer would be possible.

For entities in the financial services industry, we believe analysts and investors are focused on certain intangible assets such as CDis acquired during a business combination, as well as the value of those CDIs in periods subsequent to the acquisition. As a result, decision-useful information may be reduced if these types of intangible assets were required to be subsumed into goodwill.

15. How reliable is the measurement of certain recognized intangible assets (for example, noncompete agreements or certain customer-related intangible assets)?

While we acknowledge that the valuation and measurement of intangible assets often includes significant management judgment and assumptions, we believe we are able to reasonably value definite-lived intangible assets. For financial institutions, business combinations often yield industry-standard intangible assets (e.g., non-compete agreements, CDI, etc.) and over the years have developed industry-accepted valuation approaches. As such, we believe the current requirement to separately identify definite-lived intangible assets is operable.

16. To gauge the market activity, are you aware of instances in which any recognized intangible assets are sold outside a business acquisition? If so, how often does this occur? Please explain.

We have not recently sold a recognized intangible asset outside of a business combination. However, we envision instances where an entity could sell a separately identified intangible asset such as a customer list.

17. Of the possible approaches presented, which would you support on a cost-benefit basis? Please rank the approaches (1 representing your most preferable approach) and explain why you may not have selected certain approaches.

a. Approach 1: Extend the Private Company Alternative to Subsume Certain CRIs and all NCAs into Goodwill
b. Approach 2: Apply a Principles-Based Criterion for Intangible Assets
c. Approach 3: Subsume All Intangible Assets into Goodwill
d. Approach 4: Do Not Amend the Existing Guidance

We would be most supportive of Approach 2 to apply a principles-based criterion for recognizing intangible assets. We believe that contractual-based intangible assets and other financial services specific intangible assets should not be subsumed into goodwill, as discussed in Question 13. From a cost-benefit perspective, Approach 3 would allow for the most cost savings, followed by Approach 1. However, we believe that decision-useful information may be lost for analysts and investors if either of these approaches were to be implemented. We do not believe that Approach 4 would allow for any cost savings.

18. As it relates to Approach 2 (a principles-based criterion), please comment on the operability of recognizing intangible assets based, in part, on assessing whether they meet the asset definition.

As it relates to Approach 2, we do not believe that there are any operability issues as it pertains to the current guidance of identifying and recognizing intangible assets based on the definition of an asset.

19. Approaches 1–3 assume that subsuming additional items into goodwill would necessitate the amortization of goodwill. Do you agree or disagree? Please explain why.
Subsuming certain intangible assets into goodwill would not change our view that goodwill should be amortized.

Section 3: Whether to Add or Change Disclosures about Goodwill and Intangible Assets

20. What is your assessment of the incremental costs and benefits of disclosing the facts and circumstances that led to impairment testing that have not led to a goodwill impairment loss?

In our opinion, the costs would not justify the benefits of disclosing facts and circumstances that led to impairment testing when no goodwill impairment existed. A detailed analysis of the impairment test, when the results of such test led to no impairment loss, could result in a significant increase to disclosure and related costs to produce. We believe that the current disclosure requirements provide the most useful information to investors if an entity were close to failing an impairment test.

21. What other, operable ideas about new or enhanced disclosures would you suggest the Board consider related to goodwill?

We believe the disclosure requirements for the goodwill impairment-only model are sufficient for investors and users of the financial statements. However, if a goodwill amortization model is adopted, we recommend that the Board consider revising the disclosure requirements to include the amortization period (if the Board does not proceed with a default period), the amount of amortization expense recognized in each of the periods presented and the line item where that amortization expense is recorded.

22. What is your assessment of the incremental costs and benefits of disclosing quantitative and qualitative information about the agreements underpinning material intangible items in (a) the period of the acquisition and (b) any changes to those agreements for several years post-acquisition? Please explain.

In our opinion, the current disclosure requirements around the acquisition of intangible assets appear to provide sufficient and decision-useful information to investors and users of the financial statements. The incremental costs would not justify the benefits of disclosing quantitative and qualitative information about the agreements underpinning material intangible items in both the period of acquisition and any changes to those agreements for several years post-acquisition.

23. Are there other changes (deletions and/or additions) to the current disclosure requirements for goodwill or intangible items that the Board should consider? Please be as specific as possible and explain why.

We believe current disclosures are sufficient for investors and users of the financial statements.

Section 4: Comparability and Scope

24. Under current GAAP, to what extent does noncomparability in the accounting for goodwill and certain recognized intangible assets between PBEs and private business entities and not-for-profit entities reduce the usefulness of financial reporting information? Please explain your response.

Given our peer group is comprised of public business entities, we do not believe there is a lack of comparability surrounding goodwill and intangible assets. However, for other peer groups and other industries, we can see where there could be noncomparability in the accounting for goodwill and certain intangible assets between PBEs, private business entities and not-for-profit entities, resulting in less useful information for investors and analysts.
Generally, we and our external analysts compare our metrics to those of our peers and others in the industry. While our peers fall in the public entity space, some entities operating in the financial services industry may be private entities. We do not believe that the information needs of users of financial statements differ greatly between public and private entities, regardless of whether that user is an investor, analyst or regulator. From an investor perspective, comparability between all entities is valuable when making investment decisions. From an analyst perspective, comparability between all entities is important when evaluating financial performance. Although not the primary driver, we would be supportive of more closely aligning the accounting for goodwill for public business entities, private companies and not-for-profits.

25. Please describe the implications on costs and benefits of providing PBEs with an option on how to account for goodwill and intangible assets and the option for the method and frequency of impairment testing (described previously in Sections 1 and 2).

From a cost-benefit perspective, an option on how an entity accounts for goodwill and intangible assets, including the method and frequency of impairment testing, could be advantageous. Entities could choose the method that best aligns the benefits received from goodwill and intangible assets with the period of expense or impairment. The benefits could justify the costs if these assets were accounted for most appropriately on an entity-by-entity basis.

We would not be supportive of the Board providing PBEs with an option on how to account for goodwill and intangible assets. From a comparability perspective, providing PBEs with the option to choose how to account for goodwill and intangible assets could create diversity in practice in terms of whether or not they amortize goodwill, different amortization periods, and what intangible assets are subsumed into goodwill, making PBEs less comparable than under the current goodwill accounting model. This could cause analysts and investors to make adjustments to financial results in order to compare various PBEs.

26. To what extent does noncomparability in the accounting for goodwill and certain recognized intangible assets between PBEs reporting under GAAP and PBEs reporting under IFRS reduce the usefulness of financial reporting information? Please explain your response.

We do not believe that noncomparability between PBEs reporting under GAAP and IFRS negatively impacts the usefulness of financial reporting information. Under current GAAP and IFRS, many differences exist throughout various topics of accounting that do not seem to have a significant effect on the comparability of domestic and foreign entities. If differences exist between GAAP and IFRS in the subsequent accounting of goodwill, we believe that analysts and investors would treat these differences as they currently treat differences in other accounting topics.

27. Please indicate the sources of comparability that are most important to you regarding goodwill and intangible assets. Please select all that apply and explain why comparability is not important to you in certain cases.

a. Comparability among all entities reporting under GAAP (one requirement for PBEs, private business entities, and not-for-profit entities)
b. Comparability among all PBEs reporting under GAAP
c. Comparability among all private business entities and all not-for-profit entities reporting under GAAP
d. Comparability among all PBEs reporting under GAAP and PBEs reporting under IFRS.

Given the options listed, we believe that comparability among our peer group would be the most important to us. Currently, our peer group includes PBEs, but there could be times when we are compared to other companies, including private companies. Based on this, Option (a) above is
the option that includes the widest array of entities in the financial services industry, as it encompasses all public entities as well as other entities that may operate in our industry. Option (b) would be our second most important source of comparability since most of our peers operating in the financial services industry are public business entities. Option (c) is not as important to us since we are not a private business entity or a not-for-profit entity. Option (d) is not as important to us given the other differences that exist between US GAAP and IFRS today.

Other Topics for Consideration

28. Do you have any comments related to the Other Topics for Consideration Section or other general comments?

While we are supportive of a goodwill amortization model, we would encourage the Board to consider the direct write-off method, which we believe to be the most cost effective option. Under the direct write-off method, goodwill would be immediately written off against equity upon the closing of a business combination. Since goodwill is a 'discounted' asset (non-earning asset), it is often already adjusted out of various performance metrics. In addition, banks are measured, analyzed, and regulated based on a number of regulatory capital ratios and requirements, in which goodwill is already excluded. The direct write-off of goodwill upon acquisition would eliminate the recognition of a non-earning asset, and would eliminate any ongoing or subsequent accounting and impairment considerations. We believe the business combination disclosures could be revised to include the amount of 'goodwill' that would have been recognized at the time of an acquisition. In addition, the disclosures could incorporate the amount of goodwill written-off in each of the periods presented, and the line item in which the write-off was recorded. Overall, we believe that the direct write-off method would bring the greatest comparability among peers who may be more or less acquisitive, focus on simplification and provide for the most cost effective option.

In addition, if the Board were to move forward with a goodwill amortization model, we believe that the most appropriate transition approach would be the modified retrospective adoption method. This would allow entities to record a transition adjustment through retained earnings on the date of adoption for the amount of goodwill amortization that would have been taken since the original acquisition date had the standard always been in effect. We do not believe that the prospective adoption method would be appropriate given various acquisition dates prior to adoption.

Additionally, we would encourage the Board to review and align the accounting for contingent consideration in a business combination and contingent consideration in an asset purchase.

Next Steps

29. Would you be interested and able to participate in the roundtable?

Yes. We would look forward to the opportunity to participate in the roundtable on the issues discussed in this ITC.