February 5, 2018

Russell G. Golden
Chairman
Financial Accounting Standards Board
301 Merritt 7
PO Box 5116
Norwalk, CT 06856-05116

Delivered Email

SUBJECT: Re: Leases (File Reference No. 2018-200)

Dear Mr. Golden,

The Railcar Leasing Coalition (“Coalition”) appreciates the opportunity to comment on the Proposed ASU which has been issued by the Financial Accounting Standards Board ("the Board") to address issues raised by its constituents regarding the implementation of Topic 842 (ASC 842 – Leases). Our Coalition represents many of the largest railcar lessors doing business in North America, with some companies operating globally as well. We have been closely engaged throughout the standard setting process and plan to continue to provide feedback to the Board to support implementation objectives on the new lease accounting guidelines.

The Coalition strongly supports the proposed practical expedient whereby lessors can elect not to separate non-lease components from lease components when the combined components would result in an operating lease and the non-lease components have the same pattern of revenue recognition as the lease components. This policy election would significantly reduce the costs and complexity for our members associated with applying Topic 842. We further believe that aggregating these components will not deprive investors of useful information because generally financial statements already separately disclose, where significant, the cost of providing the asset and the cost of providing the non-lease components. We would also ask that the Board consider extending this practical expedient to finance leases where the choice to separate or not separate non-lease components from lease components would change neither lease classification nor pattern of revenue recognition.

The Coalition also supports the proposed option that would allow entities to use the effective date of Topic 842 as the date of initial application by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We support the view that this will reduce the complexity and cost of transition requirements associated with implementing the new standard. We believe this optional transition method will provide relief to reporting entities and will not compromise the usefulness of the information provided to readers of the financial statements and related footnote disclosures. We agree that the information provided in the required disclosures would mitigate the potential lack of comparability resulting from this transition option. Furthermore, this proposed optional transition method is more consistent with IFRS 16, with which certain members of our group must also comply.
Thanks again for seeking the perspectives of your constituents as part of the improvement process. We are available to assist the Board and its staff by providing any additional information as may be useful.

Sincerely,

Jay Wilensky – On behalf of the Railcar Leasing Coalition
Vice President, Accounting & Finance
Chicago Freight Car Leasing
425 N. Martingale Rd, 6th Floor
Schaumburg, IL 60173
Jay.Wilensky@crdx.com
847-384-4414