January 22, 2013

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

RE: Proposed Accounting Standards Update, “Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities” (File Reference No. 2013-200)

Dear Technical Director:

We appreciate the opportunity to respond to the proposed Accounting Standards Update, Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities (the proposed ASU).

We agree with the need to clarify the scope and applicability of Topic 825 to make clear that the requirement of paragraph 825-10-50-10(d) to disclose “the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3)” does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. However, we believe further clarification of the scope of the exemption is needed due to the multiple definitions of a “nonpublic entity”.

While the proposed ASU indicates applicability of the disclosure exemption to a “nonpublic entity,” the Board’s Media Advisory announcing the issuance of the proposed ASU refers to “private companies and nonpublic not-for-profit organizations.” Additionally, the definition of a “nonpublic entity” is different in Topic 820 and Topic 825. It is not clear why Topic 820 and Topic 825 have different definitions for a “nonpublic entity” or which definition is applicable in the proposed ASU. We recommend that the proposed ASU clarify which definition of “nonpublic entity” is to be used.

We understand there are also questions in practice on how employee benefit plans fit within the definition of a nonpublic entity. Although beyond the scope of the proposed ASU, we believe this matter should be considered by the Board.
We agree that the proposed ASU should be effective upon issuance. We recommend that the guidance clarify that the exemption, when finalized, would be applicable for December 31, 2012 financial statements. Accordingly, we encourage the Board to finalize the proposed ASU as soon as possible.

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or Enrique Tejerina at (212) 909-5530.

Sincerely,

KPMG LLP

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