October 15, 2012

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116


Dear Ms. Cosper:

The 12 Federal Home Loan Banks (the “FHLBanks”) appreciate the opportunity to comment on the Financial Accounting Standards Board’s (the “FASB” or “Board”) Exposure Draft of a Proposed Accounting Standards Update, Comprehensive Income (Topic 220): Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income (hereinafter referred to as the “proposed Update”). The FHLBanks commend the Board for deferring the presentation of reclassification disclosures until the operational concerns of stakeholders could be sufficiently considered. However, the FHLBanks believe that for many entities, the proposed tabular presentation of the income statement classification of significant items reclassified out of each component of accumulated other comprehensive income (“AOCI”) will not provide information that is useful for making investment and credit decisions. Rather, the FHLBanks believe that the combination of the information already included in the financial statements and notes to the financial statements and the proposed amendments to ASC 220-10-45-14A will provide most users with sufficient information. Additionally, the FHLBanks believe that the prescribed tabular disclosure of the income statement classification of significant items reclassified out of each component of AOCI in the proposed amendments to ASC 220-10-45-17 is inconsistent with the disclosure flexibility concept of the Board’s Invitation to Comment - Disclosure Framework and may also result in unnecessary redundancy. Accordingly, the FHLBanks encourage the Board to reconsider certain of the proposed amendments, as discussed further below in our responses to the questions for respondents that are relevant to the FHLBanks.

Question 1: The proposed amendments would require an entity to provide enhanced disclosures to present separately by component reclassifications out of accumulated other comprehensive income. In addition, an entity would be required to provide a tabular disclosure of the effect of items reclassified out of accumulated other comprehensive income on the respective line items of net income, to the extent that the items reclassified
are required under U.S. GAAP to be reclassified to net income in their entirety. In addition, for other items not required under U.S. GAAP to be reclassified in their entirety to net income, the tabular disclosure would require only a cross-reference to other disclosures providing additional detail about these reclassifications. Would the proposed disclosures provide useful information to users of financial statements? If not, please explain why.

The FHLBanks agree a tabular presentation of the effect of items reclassified from AOCI to net income in the notes to the financial statements increases financial statement utility. The FHLBanks currently present reclassifications out of other comprehensive income in their Statements of Comprehensive Income and present a rollforward of the AOCI amounts by component in the notes to the financial statements. The amendments proposed in ASC 220-10-45-14A would simply require the FHLBanks to include the reclassifications in the rollforward presentation. The FHLBanks believe that this presentation would enhance the disclosure.

The proposed amendments to ASC 220-10-45-17 would require entities to present in a tabular format the significant items reclassified out of each component of AOCI and a subtotal for significant items. The FHLBanks believe that for many entities, any such items could be easily cross-referenced from the table required by ASC 220-10-45-14A to their current presentation elsewhere in the notes to the financial statements, thereby avoiding the presentation of redundant information. Accordingly, the FHLBanks believe that the proposed amendments should be revised such that a tabular format is not required. Rather, consistent with the disclosure flexibility concept noted in the Board’s Invitation to Comment - Disclosure Framework, the FHLBanks suggest that the amendments be less prescriptive and thus allow flexibility in the way in which an entity complies with the requirement. In other words, a tabular format should not be required, but may be suggested for entities with voluminous significant items.

Question 2: Would an entity incur significant costs because of the proposed amendments in Question 1? If so, please explain the nature of those costs. The proposed amendments also would require an entity to provide the disclosures about the effect of reclassifications out of accumulated other comprehensive income by component both on an interim basis and on an annual basis. Would an entity incur significant costs because of the proposed requirement for interim-period disclosures? If so, please explain the nature of those costs.

No. The proposed amendments would not be expected to result in significant incremental costs to the FHLBanks for interim or annual periods. The majority of this information is already included in the FHLBanks’ financial statements or in the notes to their financial statements.

Question 4: The Board has discussed the possibility of making these proposed amendments effective for public entities as early as for annual reporting periods ending after December 15, 2012, and to delay the effective date for nonpublic entities by one year. Would those effective dates be practicable? If not, please explain why.
No. Although the FHLBanks currently disclose the majority of this information in either the Statement of Comprehensive Income or in the notes to the financial statements, the FHLBanks propose that the final Accounting Standards Update be effective for interim and annual periods beginning after December 15, 2012. This should give entities sufficient time to fully incorporate the preparation and reporting of the proposed disclosures into their financial reporting processes, including compliance with Sarbanes-Oxley Section 404 and XBRL requirements.

We thank the Board for its consideration of the FHLBanks’ views and welcome the opportunity to discuss this matter with the Board and its staff. Please do not hesitate to contact me at (214) 441-8535.

Sincerely,

Tom Lewis
Senior Vice President and Chief Accounting Officer
Federal Home Loan Bank of Dallas
(On behalf of the Federal Home Loan Banks as Chair of the Controllers’ Committee)