Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116 www.fasb.org Chris Barnard Germany

29 November 2012

- File Reference No. 2012-250
- Balance Sheet (Topic 210)
- Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities

Dear Sir.

Thank you for giving us the opportunity to comment on your Exposure Draft: Balance Sheet (Topic 210); Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities.

The objective of the proposed update is to address implementation issues about the scope of Accounting Standards Update No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. In practice, the standard commercial provisions of many contracts equate to a master netting arrangement. Stakeholders have queried whether it was the FASB's intention to require disclosures for such a broad scope, as this would significantly increase compliance costs and not provide more meaningful information to users of financial statements. This proposed update clarifies (and narrows) the scope of the offsetting disclosures and also addresses any unintended consequences.

I support the amendments in this proposed update, which clarify that the scope of Update 2011-11 would apply to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to a master netting arrangement or similar agreement. This scope clarification will reduce the costs associated with implementing the disclosures, while still providing meaningful information to users of financial statements, and will also improve internal consistency and comparability between U.S. GAAP and IFRS.

## Answers to other specific questions raised by the FASB

## Question 1:

The proposed amendments would require an entity to provide the disclosures required by Section 210-20-50 for derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreements. Do you believe that there are other instruments that should be included in the proposed scope that would provide useful information to users of financial statements as it relates to reconciling differences as a result of offsetting between financial statements prepared in accordance with U.S. GAAP and those financial statements prepared in accordance with IFRS?

I support the proposed amendments. The proposed scope covers the agreements that are most commonly managed net in practice.

## Question 2:

Do you foresee any significant operability or auditing concerns or constraints in implementing the revised scope of the disclosures based on the proposed amendments in Question 1?

No major concerns.

Yours faithfully

C.R.B.

**Chris Barnard**