

September 27, 2013

Russell G. Golden  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Via email: [director@fasb.org](mailto:director@fasb.org)

RE: File Reference No. 2013-310: *Definition of a Public Business Entity*

Dear Chairman Golden:

The American Bankers Association (ABA)<sup>1</sup> appreciates the opportunity to comment on the Exposure Draft, *Definition of a Public Business Entity (ED)*. This letter is an addendum to our comments submitted on September 13, resulting from discussions with various constituents that indicate further clarification is required prior to the issuance of an Accounting Standards Update.

Among other things, the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) requires insured banking institutions with over \$500 million in total assets to file an annual report with the banking agencies that includes financial statements based on generally accepted accounting principles. Per FDICIA, annual reports are available for public inspection. In practice, while annual reports are available for public inspection, they are normally not presented for public display by institutions that are not regulated by the Securities and Exchange Commission (SEC). For example, unaudited condensed financial statements or relevant key financial information may often be posted on a company website, while annual reports are generally provided by these companies only when specifically requested.

We believe that the FDICIA requirement requiring the annual report to be available for public inspection is not, in substance, equivalent to criterion E<sup>2</sup> in the ED that would apply to entities whose securities are unrestricted. While relevant bank GAAP financial statements are available for public inspection, they are generally not readily obtainable by the public. We believe that if it is the intent of the Board to consider such banks to be “public”, then the level of public availability should be further clarified. The vast majority of those who use bank financial information, other than regulatory bank examiners who have virtual free access to all bank books and records, obtain it through accessing the publicly available Call Reports that are submitted each quarter. If production of these annual reports is considered to satisfy criterion E, we believe

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<sup>1</sup> ABA represents banks of all sizes and charters and is the voice for our nation’s \$14 trillion banking industry and its two million employees.

<sup>2</sup> Criterion E: “Its securities are unrestricted, and it is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement.”

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there would be little incremental value to users by requiring that they provide the extra information that is required of a public business entity. Indeed, such annual information would normally be considered stale by the time it is available to the public, especially when compared to the quarterly filing schedule of Call Reports.

With this in mind, we recognize that most privately-held banks would not be deemed to have “unrestricted securities” and, thus, would not be considered to be a public business entity, no matter the final resolution of the aforementioned issue. However, we also note that the Board assumes that unrestricted securities can be resold to the public without the company’s control and generally have an active market. Because of the varying interpretations as to the sufficient amount of control that is required, as well as how active a market must be in order to be considered “unrestricted”, we recommend that these terms be defined within the Glossary if criterion E is approved. These assumptions are currently included only within the Basis for Conclusions of the ED (paragraph BC18), but will be a critical part of the Glossary to ensure consistent practice if finalized.

Thank you for your attention to these matters. As noted above, these comments should be read in context of the previous comment letter submitted on September 13. Please feel free to contact me ([mgullette@aba.com](mailto:mgullette@aba.com); 202-663-4986) if you would like to discuss our views.

Sincerely,



Michael L. Gullette