

April 21, 2015

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

Via email: director@fasb.org

File Reference: 2015-220: *Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives*

Dear Chairman Golden:

The American Bankers Association¹ (ABA) appreciates the opportunity to comment on the exposure draft *Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives* (ED). The intent of the ED is to increase transparency and usefulness of information related to hybrid financial instruments that contain embedded derivatives.

ABA supports the ED's overall objective to improve the usefulness of disclosures. Currently, however, the majority of banks elect to carry most hybrid financial instruments at fair value in conformity with Accounting Standards Codification (ASC) Topics 815-15-25-4 (Embedded Derivatives) and 825-10-15-4 (Fair Value Option, or "FVO"). In other words, the elements of the hybrid instrument are not bifurcated for accounting purposes and, thus, would not be included within the scope of the ED. Based upon our discussions with member banks that hold significant hybrid instruments, there are no predominant businesses, transactions, or specific instruments where bifurcation is consistently common. Further, it is generally expected that any amounts falling into the scope of the ED would be immaterial. Therefore, we believe that the requirements of the ED will neither provide incremental decision-useful information nor promote comparability between companies.

We note that hybrid instruments are already subject to specific disclosures, including the disclosures applicable to all derivative instruments (ASC Topic 815-10-50), as well as disclosures applicable to FVO elections (ASC Topics 815-15-50-28 through 32). If the FASB believes that existing disclosures for derivative instruments require enhancement, we suggest the Board explore these amendments holistically in the context of the FASB's disclosure framework, rather than as a narrow instrument-specific proposal.

¹ The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$14 trillion banking industry and its two million employees.

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Thank you for your attention to these matters and for considering our views. Please feel free to contact me (mgullette@aba.com; 202-663-4986) if you would like to discuss our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Gullette". The signature is written in a cursive, flowing style.

Michael L. Gullette