Grant Thornton

April 30, 2015

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Via Email to director@fasb.org

Re: File Reference No. 2015-220

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on the proposed Accounting Standards Update (ASU), *Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives*. We support the Board's objective to increase the transparency and usefulness of the information provided in the notes to the financial statements about hybrid financial instruments that contain bifurcated embedded derivatives. However, we do not support the issuance of the proposed guidance as a final ASU because, in our view, the costs of implementing the proposed guidance do not justify its benefits.

While we acknowledge that disclosing the linkage between bifurcated embedded derivatives and their host contract in the notes to the financial statements provides incremental information to users, we do not believe this information will be particularly useful to investors and analysts. We note that this project follows from the Board's decision to retain the current accounting model for hybrid financial instruments as part of its larger project on the classification and measurement of financial instruments. An alternative methodology that the Board considered and rejected as part of the classification and measurement project would have required entities to initially and subsequently measure certain hybrid financial instruments at fair value, thus obviating the need to analyze hybrid instruments for embedded derivatives requiring separate accounting. While we agree with the Board's decision not to adopt that alternative methodology, we believe amending the disclosure requirements in ASC 825-10-50 to require disaggregated fair value information for hybrid financial assets and financial liabilities would be a better way to meet this project's objective of increasing the transparency and usefulness of the information provided in the notes to the financial statements about hybrid financial instruments that contain bifurcated embedded derivatives.

We note the proposed guidance includes an illustrative tabular disclosure that is disaggregated by type of underlying (e.g. equity, commodity, and interest rate). Although this disaggregation would provide additional information to users, it is not a requirement of the proposed guidance. Also, it is unclear how an entity would categorize compound derivatives in this type of disclosure. If the Board decides to finalize the proposed guidance, and finds this type of disaggregation important to users, then we believe the disclosure requirements should align with the guidance in ASC 815-10-50-4D(a). However, we note that such a requirement would introduce additional costs for reporting entities.

It is our view that the potential costs of implementing the proposed guidance do not justify its benefits to users.

Our responses to the Questions for Respondents follow.

Question 1: Will the amendments in this proposed Update result in more transparent, decision-useful information about hybrid financial instruments with bifurcated embedded derivatives? If not, please explain why.

We do not believe the proposed amendments will significantly improve the transparency and decision-usefulness of information provided to users about hybrid financial instruments with bifurcated embedded derivatives. As explained in the forepart of this letter, we believe the principal means of communicating information about a financial instrument's economic characteristics is through its fair value. Merely showing the linkage between a host contract and its embedded derivative(s), while retaining disparate measurement bases for the separated components, does not provide sufficient benefits to users to justify the potential costs of disclosing this information.

Question 2: Should the scope of the amendments in this proposed Update be extended to include nonfinancial hybrid instruments with embedded derivatives that require bifurcation under Topic 815? If yes, please explain why and identify any other instruments that should be included in the proposed amendments.

We do not believe the scope of the amendments should be extended to include nonfinancial hybrid instruments. In our experience, nonfinancial hybrid instruments that contain embedded derivatives requiring bifurcation are often leases or executory contracts that are unrecognized and cannot be linked to bifurcated embedded derivatives in the manner described in the proposed ASU. Further, since we do not believe the proposed guidance provides significant incremental useful information to users about hybrid financial instruments, we do not support expanding the scope to nonfinancial hybrid instruments for the same reasons.

Question 3: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

We believe the proposed disclosure requirements are operable and auditable.

Question 4: The proposed amendments would apply to all entities. Should the proposed amendments be different for entities that are not public business entities? If so, please describe how and why you think they should be different.

We do not believe the proposed amendments should be different for entities that are not public business entities.

Question 5: How much time would be needed to implement the proposed guidance? Should the amount of time needed to implement the proposed amendments by entities that are not public business entities be different from the amount of time needed by public business entities?

We do not believe public business entities will need a significant amount of time to implement the proposed amendments. We believe that other entities would benefit from a one year deferral relative to public business entities to learn from their implementation of the proposed guidance and to address potential implementation issues.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Mark Scoles, Partner, Accounting Principles Consulting Group, at 312.602.8780 or mark.scoles@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP