WELLS FARGO

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February 9, 2016

Via email

Russell G. Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. 2015-340: Proposed Accounting Standards Update, *Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance*

Dear Mr. Golden:

Wells Fargo & Company (Wells Fargo) is a diversified, community-based financial services company with $1.8 trillion in assets providing banking, insurance, investments, mortgage, and consumer and commercial finance services. We appreciate the opportunity to comment on the FASB's Proposed Accounting Standards Update: *Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance* (the "Proposal").

While we support the FASB's goal to improve the effectiveness of disclosures in the notes to financial statements, we do not support the Proposal. The scope of the Proposal is ambiguous and the incremental costs necessary to track and quantify the disclosure information, to the extent operational, outweighs the perceived benefits to users. We do not believe there is a need for additional standard setting or disclosure guidance as relevant information about material arrangements should already be disclosed either in the notes to the financial statements or Management's Discussion & Analysis ("MD&A"). We recommend the FASB reconsider the need for the Proposal as we are unaware of investor interest or requests for additional information in this area.

The scope of the Proposal appears to cast a wide net as the notion of discretionary government assistance is overly broad. Financial institutions participate in many widely-available government initiatives in which a governmental agency reserves some discretion over participation as a safeguard. Absent further clarification, the proposal may unintentionally scope in many standard government programs that we participate in through the normal course of business for which disclosure is not particularly useful to investors. The government discretion implicit in many of these programs or arrangements may remain open to interpretation presenting a risk of scope creep, increased cost and diversity in the application of the Proposal.

The FASB's recently issued revenue recognition standard (ASC 606) provides an instructive example of the need to explicitly define the scope of the Proposal. Since its issuance, preparers and auditors of the financial services industry have spent considerable time and resources seeking clarification on the scope of ASC 606. While judgments are necessary and integral to the application of accounting standards, the scope of a standard should be sufficiently clear to avoid misinterpretation and diversity in application across similar facts and circumstances.

The Proposal also does not adequately distinguish between government programs that provide assistance versus programs that provide incentives to facilitate broader economic policy goals. Many government programs are designed to incentivize economic development by promoting investment in underserved communities (e.g., low-income housing) or underdeveloped industries (e.g., renewable energy) that would not otherwise be economically viable. Similarly, other government programs are designed to promote government initiatives, such as home ownership or secondary education, whereby government support (e.g., loan guarantees) facilitates accessibility and affordability of funds. While financial institutions do benefit from participation in these programs, they act as the conduit through which the primary benefits are conveyed to the ultimate recipients. These initiatives are not designed to provide financial support to the participating financial institution. Likewise, financial institutions may receive discretionary employment-related benefits (e.g., hiring, training and facilities) earned in the form of grants, tax credits, rebates or exemptions that are designed to promote job creation/ relocation and economic stimulus in various tax jurisdictions. Characterization of the value received by financial institutions under these types of initiatives as government assistance would be misleading and the voluminous additional disclosures would not be meaningful.

We understand that an objective of the Proposal was to eliminate a disparity between U.S. GAAP and IFRS. However, the scope of the Proposal exceeds that of International Accounting Standard 20, *Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20"). IAS 20 excludes income tax related benefits. However, the Proposal only includes a general statement suggesting that most income tax related assistance would not be within its scope. We do not believe the Proposal's subjective framework which relies on an evaluation of the level of government discretion will yield similar disclosures when compared to IAS 20.

Many financial services companies make investments which receive income tax credits (e.g. low-income housing or renewable energy). The existing requirements under ASC 740, *Income Taxes*, to disclose the reconciliation of the statutory tax rate to the effective tax rate further supports exclusion of income tax credits from the scope of the Proposal. We believe this disclosure clearly provides the amount of income tax credit received, but it may also be included in the scope of the Proposal. Accordingly, we believe that the requirements of the Proposal would be duplicative for income tax credits.

The quantification of all forms of assistance received in connection with government programs may not be feasible. The Proposal requires the disclosure of government assistance received but not recognized directly in the financial statements. The information necessary to comply with this requirement is not currently available as current systems have not been designed and are not capable of tracking amounts *not recorded.* To quantify assistance received, preparers will need to develop and track hypothetical transactions that exclude government assistance to compare to the actual transactions that include government assistance. This may be particularly burdensome for transactions that would not exist but for the government assistance. We are concerned by the costs and complexities of the assumptions associated with the additional processes and mechanisms that would be necessary to track and report otherwise unrecorded hypothetical transactions. These costs and complexities would vastly outweigh any perceived benefit related to the proposed disclosures.

While we support efforts to increase transparency and reduce diversity in practice, we are concerned that the FASB has not sufficiently limited the scope of the Proposal and as a result, many standard government programs may be included even when a financial institution's involvement is limited to serving as a conduit of the government's initiatives and investment. Given the concerns regarding operability, the anticipated incremental implementation costs and the fact that there is no user interest or requests for additional information of government assistance, we encourage the FASB to suspend work on this project.

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We appreciate the opportunity to comment on the Proposal and are willing to work with the FASB as you proceed with further deliberations on the topic. If you have any questions, please contact me at 415-222-3119 or Mario Mastrantoni at 704-383-9678.

Sincerely,

/s/ Richard D. Levy

Richard D. Levy
Executive Vice President & Controller