



Deloitte & Touche LLP
695 East Main Street
Stamford, CT 06901-2141
Tel: + 1 203 708 4000
Fax: + 1 203 708 4797
www.deloitte.com

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Mr. Shayne Kuhaneck
Acting Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 2019-600

Re: Proposed Accounting Standards Update, Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative

Dear Mr. Kuhaneck:

Deloitte & Touche LLP is pleased to comment on the FASB's proposed Accounting Standards Update (ASU) *Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*.

We support the Board's efforts to amend the disclosure and presentation requirements in the Codification in response to SEC Final Rule Release No. 33-10532, *Disclosure Update and Simplification*.

Generally, we agree with the amendments in the proposed ASU. However, as noted in our responses to certain of the proposed ASU's questions for respondents (see appendix below), we believe that the Board could clarify some aspects of the proposed guidance.

We would be happy to share additional perspectives and suggestions with the Board and FASB staff on the matters discussed in this letter.

We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please contact Stefanie Tamulis at (203) 563-2648.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl

Stefanie Tamulis

Appendix
Deloitte & Touche LLP
Responses to Proposed ASU's Questions for Respondents

Question 1: Do you agree with the amendments to the Codification in this proposed Update? If not, please explain which proposed amendment(s) you disagree with and why.

We agree with the proposed ASU's amendments to the Codification; however, we have the following recommendations for the Board's consideration:

ASC 805-50-50-3

We agree with the Board's intent in amending ASC 805-50-50-3 to require disclosure of "[t]he separate results of each combined entity before combination for comparative periods presented." We understand that the proposed changes are designed to conform the language in the Codification with that in Regulation S-X, Rule 10-01(b)(3). However, we note that the term "results" is not defined under U.S. GAAP, which may lead to differing interpretations of the specific financial information that must be provided. If the Board wishes to achieve consistent interpretation of the guidance, we recommend that it consider defining that term.

ASC 830-10-45-1

The proposed ASU would amend ASC 830-10-45-1 as follows (underscored text would be added): "The guidance in this Section relates to how a reporting entity determines the functional currency of a foreign entity (including of a foreign entity in a highly inflationary economy) or a reporting entity, remeasures the books of record (if necessary), and characterizes transaction gains and losses (underlined is proposed addition)."

As a result of the addition of "reporting entity" to the sentence, a reporting currency could be the currency of a highly inflationary economy. Under current guidance, it is assumed that a highly inflationary currency would not be a reporting currency for U.S. GAAP purposes. We understand that in accordance with the proposed guidance, if a reporting entity's reporting currency is the currency of a highly inflationary economy and the reporting entity has a foreign operation in a highly inflationary economy, the reporting entity would be required to change the functional currency of the foreign operation from one highly inflationary currency to another highly inflationary currency.

It is unclear whether the Board specifically considered such a scenario when the proposed guidance was drafted. If so, we believe that it would be useful for the Board to include in the ASU's Basis for Conclusions a discussion of the scenario and its rationale for the proposed amendment.

However, if the Board did not take this scenario into account, we recommend that it consider performing additional outreach to further understand whether further modifications to the proposed guidance may be warranted. We recommend that in doing so, the Board consider the guidance in SEC Regulation S-X, Rule 210.3-20(c), which provides the requirements for foreign registrants related to financial statements that are "presented in a currency of a country that has experienced cumulative inflationary effects exceeding a total of 100 percent over the most recent three year period." We also suggest that the Board consider whether the issuer should be allowed or permitted to recast its financial statements under ASC 255 or whether it should provide supplementary information to quantify the effects of changing prices on its financial position and results of operations.

ASC 974-10-50-1

We agree with the FASB's intent in proposing to amend ASC 974-10-50-1 to require disclosure of "[t]he tax status of distributions per unit (for example, ordinary income, capital gain, and return of capital)." However, we recommend that the Board consider performing additional outreach to further understand how the filing deadlines of private entities would be affected by the timing of the disclosure requirements and the availability of the required information.

ASC Master Glossary — Foreign Currency

The proposed ASU would remove the term "Foreign Currency" from the defined terms in ASC 830-30. As a result, the definition's reference to the term "Special Drawing Rights" would also be removed. Accordingly, since that term is not used elsewhere in ASC 830-30, we recommend that the Board consider removing from ASC 830-30 "Special Drawing Rights" as a defined term.

ASC Master Glossary — Amount at Risk Under Repurchase Agreements and Amount at Risk Under Reverse Repurchase Agreements

The proposed ASU defines "Amount at Risk Under Repurchase Agreements" as:

The excess of the carrying amount (**or market value**, if higher than the carrying amount or if there is no carrying amount) of the securities or other assets sold under agreement to repurchase, including accrued interest plus any cash or other assets on deposit to secure the repurchase obligation, over the amount of the repurchase liability (adjusted for accrued interest). [Emphasis added]

Further, the proposed ASU defines "Amount at Risk Under Reverse Repurchase Agreements" as:

The excess of the carrying amount of the reverse repurchase agreements over the **market value of assets** delivered in accordance with the agreements by the counterparty to the entity (or to a third-party agent that has affirmatively agreed to act on behalf of the entity) and not returned to the counterparty, except in exchange for **their approximate market value** in a separate transaction. [Emphasis added]

Both definitions mention the "market value" of securities or assets subject to such repurchase agreements. However, we note that some securities or assets subject to repurchase agreements may not have a "market value." We therefore recommend adjusting the wording of both definitions to clarify that "market value" represents the fair value of such securities or assets subject to the repurchase agreement.

Question 2: Would the proposed amendments result in decision-useful information? Please explain why or why not.

Yes, we believe that the proposed amendments would result in decision-useful information because they align the guidance in the Codification with the SEC's requirements.

Question 3: For entities other than public business entities, are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability concerns and why?

We are not aware of any reason why the proposed disclosure requirements would not be operable or auditable.

Question 4: For entities other than public business entities, would any of the proposed disclosure requirements impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

The proposed amendments may result in greater costs for entities other than public business entities because such organizations would not have already been subject to the SEC's disclosure requirements. However, we are not aware of any significant incremental costs that would be imposed by the proposed changes.

Question 5: The proposed amendment to paragraph 850-10-50-4A would not apply to entities other than public business entities. Do you agree with this proposed scope? Are there other proposed disclosure requirements that entities other than public business entities should not be required to apply? If so, please explain why.

We agree that the proposed amendment to ASC 850-10-50-4A should not apply to entities other than public business entities given that the costs of preparing and auditing the information may outweigh the expected benefits for private-company financial statement users.

Question 6: The proposed amendment to paragraph 810-10-50-1C would require that an entity disclose the names of newly consolidated or deconsolidated entities. Would this proposed disclosure requirement impose incremental costs for entities other than public business entities? If so, please describe the nature and extent of the additional costs.

While the costs associated with the proposed amendments may be greater for entities other than public business entities given that such organizations would not have been subject to the SEC's disclosure requirements, we do not believe that the proposed requirement in ASC 810-10-50-1C would impose significant incremental costs.

Question 7: Should the proposed amendments be applied prospectively to financial statements issued after the effective date? If not, what transition method would be more appropriate and why?

Yes, we agree that the proposed amendments should be applied prospectively to financial statements issued after the effective date.

Question 8: How much time would be needed to implement the proposed amendments? Should early adoption be permitted? Would the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities? Why or why not?

We do not believe that a significant transition period would be necessary for public business entities given that they are already subject to the SEC's disclosure requirements. In addition, while it may be helpful for entities other than public business entities to have additional transition time given that they have not been subject to the SEC's disclosure requirements, we do not believe that the transition period would need to be lengthy if the proposed amendments were applied prospectively.

Question 10: Do you agree with the Board's decision not to propose amendments to the Codification for certain referred disclosures? If not, please explain why.

We understand the rationale for not proposing amendments to the Codification for certain referred disclosures, as the Board describes in the proposed ASU's Basis for Conclusions.