

# JPMORGAN CHASE & CO.

January 13, 2020

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

**Re: File Reference No. 2019-790, Codification Improvements to Hedge Accounting**

Dear Mr. Kuhaneck:

JPMorgan Chase & Co. (“the Firm”) appreciates the opportunity to comment on the Proposed Accounting Standards Update, Codification Improvements to Hedge Accounting (the “Proposed Update”). We commend the FASB’s actions to clarify certain aspects of Accounting Standards Update 2017-12, Targeted Improvements to Accounting for Hedging Activities (“ASU 2017-12”) and to continue to reduce the overall complexity of the hedge accounting model. We strongly support the Board’s efforts to reduce the risk of failed forecasted transactions by explicitly separating the hedged risk from the hedged forecasted transaction. However, we are concerned that the Proposed Update, as drafted, is likely to increase the operational burdens for preparers utilizing cash flow hedge accounting.

As a member of the International Swaps and Derivatives Association (“ISDA”), the Firm participated in the development of that comment letter and we ask the Board to consider ISDA’s recommended amendments to the Proposed Update to improve its effectiveness and operability. We specifically share ISDA’s concerns that the guidance, as drafted, is overly prescriptive regarding the definition of hedged risk, the waterfall for identifying hedged transactions using hindsight, and the documentation of a change in hedged risk. Further, we share ISDA’s concerns about the increased volume of effectiveness testing that will likely be required under the Proposed Update.

Beyond our general support for the direction of the project and the recommended amendments within the ISDA comment letter, we would also like to express our continued support for a “Phase 2” hedge accounting project to address issues that were not addressed in ASU 2017-12 or in the Proposed Update.

We appreciate the opportunity to submit our views. We would be pleased to discuss our comments with you at your convenience.

Sincerely yours,



Bret Dooley