

December 13, 2010

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

Re: FASB File Reference No. 1880-100 Clarifications to Accounting for Troubled Debt Restructurings by Creditors (Topic 310)

Dear Sir,

The Bank of New York Mellon Corporation ("BNY Mellon") is a global financial institution with \$254 billion in assets and \$1.1 trillion in assets under management. BNY Mellon appreciates the opportunity to comment on the FASB's Exposure Draft on *Clarifications to Accounting for Troubled Debt Restructurings by Creditors (Topic 310)* (the "Exposure Draft").

BNY Mellon is a strong supporter of a full adoption of International Financial Reporting Standards ("IFRS") globally and because there is no concept under IFRS, we do not believe that the accounting for troubled debt restructurings in the U.S. requires any further change. In fact the surfacing of the issues contained in this ED further highlights a need to comprehensively readdress whether troubled debt restructuring accounting has relevance in the presentation and disclosures of a U.S. entity's financial statements.

The FASB's proposal will broaden the definition of what modified loans will need to be treated for accounting purposes as troubled debt restructurings. The IASB has no similar accounting concept and therefore the accounting and disclosure differences between U.S. GAAP and IFRS will grow. We believe that the "troubled debt restructuring" definition is lacking in foundation to the accounting principles and is somewhat more of a regulatory concept. As is currently required, the determination that a loan modification is a "troubled debt restructuring" necessarily triggers the need to measure impairment (ASC 310-10-35).

We believe that users are more concerned with the core financial metrics (e.g., nature, number and aggregate amounts) regarding the loan modification activity that occurs during the accounting period presented and how such loans are captured in the measurement of the allowance for credit losses. The IASB and the FASB's ongoing deliberations about impairment models are likely to dispense with the triggers, therefore we would strongly recommend that the FASB reconsider its proposal to extend the applicability of the "troubled debt restructuring" designation indefinitely and seriously consider removing it from the U.S. GAAP literature.

We believe that the new disclosures required in the Credit Quality Disclosures Accounting Standard Update (that are now proposed to be effective commencing for June 30, 2011 period-end financial statements) will provide users with all of the relevant information they require about loan modifications that are made during each accounting period. We would recommend that such disclosures not be required to use the terminology "troubled debt restructurings" but should capture the more broader group of "modified loans".

We believe that the proposal to require retrospective disclosures of "troubled debt restructurings" for each of the periods presented would require very significant effort by preparers for little benefit to users. It would also require judgments to be applied and documented using 20-20 hindsight in an attempt on a modification-by-modification basis to decide what the credit officer would have known at the date of the modification. This would appear a fruitless and costly exercise.

## Conclusion

We are not supportive of any further extension of the applicability of the definition of what loan modifications are "troubled debt restructurings" because there is no such concept within IFRS; and the two boards are in the midst of working towards a converged solution to impairment accounting that will have a direct impact on any future relevance of "troubled debt restructurings" because triggering is likely to end. The new Credit Quality Disclosures, if revised to be applicable to "loan modifications" will provide all of the decision-useful information necessary.

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Thank you for considering our comments. If you have any questions or require further information, please contact me at 212-635-7080.

Sincerely,

John A. Park Controller

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