



Richard D. Levy
Executive Vice President & Controller

MAC A0163-039
343 Sansome Street, 3rd Floor
San Francisco, CA 94104
415 222-3119
415 975-6871 Fax
richard.d.levy@wellsfargo.com

January 27, 2011

Via email

Ms. Leslie Seidman, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Discussion Paper, *Effective Dates and Transition Methods*, FASB File Reference No. 1890-100

Dear Ms. Seidman:

We appreciate the opportunity to comment on the Discussion Paper, *Effective Dates and Transition Methods* (the "DP"), issued jointly by the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB"). Wells Fargo & Company (Wells Fargo) is a diversified financial services company with over \$1.2 trillion in assets providing banking, insurance, leasing, trust and investments, mortgage banking, investment banking, retail banking, and consumer finance services. We are a preparer of financial statements in accordance with U.S. GAAP and a public registrant with securities registered on the New York Stock Exchange. We are also an investor and creditor as we provide capital and debt financing to a wide range of retail and corporate clients. Our comments are made considering these perspectives.

Executive Summary

We welcome the efforts of the FASB to solicit feedback on the effective dates and transition methods to be applied upon the adoption of the projects referenced in the DP (the "Projects"). The Projects represent broad and pervasive revisions to many core accounting principles used by financial institutions, particularly the proposed guidance related to financial instruments and leases. The Projects will significantly affect our accounting and financial reporting systems as well as our business and risk management practices and related internal controls. Accordingly, we encourage the FASB to adopt a transition schedule that will afford companies sufficient time and flexibility to implement the Projects.

In summary, we recommend:

- A single effective date with the ability to early adopt sequentially if a single date is not practicable ;
- A retrospective transition method for all Projects as of the beginning of the year immediately preceding the effective date;
- A minimum transition period of five years for a single effective date approach;
- Uniform standards with uniform effective dates for standards jointly issued by the FASB and IASB; and
- Deferral of the Financial Statement Presentation¹ project until the Projects are implemented.

Specific Comments on the DP

Our specific comments related to the DP are expressed below.

- We support a single effective date. A single date approach has many advantages for both users and preparers. Because implementation costs and resources can be leveraged, preparers will have the flexibility to determine the most cost effective and efficient approach to implement and sequence the proposed standards during the transition period, without the imposition of arbitrary time constraints. Accordingly, a single date approach should be less disruptive due to the avoidance of costly and time consuming redundancies for multiple and repetitive changes to the financial reporting systems and “starts” and “stops” to the financial reporting process for each proposed new standard. Finally, a single date approach will minimize complexity and enhance comparability for users because the changes in the results of operations and financial position will occur simultaneously.

However, we acknowledge that the Projects may not affect all preparers equally and unique organizational facts and circumstances may dictate a sequential approach. For example, companies may prefer a sequential approach based on their industry, size, level of sophistication, or volume of transactions. Accordingly, we recommend that the FASB provide for early adoption of standards, as long as related standards are implemented simultaneously. Concerns about lack of comparability should be mitigated by existing disclosure requirements for accounting standards to be adopted in future periods². In addition, industry peer groups will more than likely employ similar implementation strategies which should further mitigate concerns about comparability.

¹ Proposed Accounting Standards Update, *STAFF DRAFT of an Exposure Draft on Financial Statement Presentation, July 1, 2010*.

² SEC Staff Accounting Bulletin No. 74, *Disclosure of the Impact that Recently Issued Accounting Standards Will Have on the Financial Statements of the Registrant When Adopted in a Future Period*.

- We support a limited retrospective transition. The transition method for all Projects should be retrospective as of the beginning of the year immediately preceding the effective date. Accordingly, users will be provided with two years of comparative financial statements. Additional information regarding significant historical trends can be provided through disclosure without the need to restate additional historical periods. In addition, we encourage the FASB to permit application of the proposed guidance only to transactions in existence at the effective date. Restatement of additional historical periods or transactions that are no longer in effect will be costly and time consuming and will not provide sufficient incremental benefit to users. We believe this approach will balance the needs of both users and preparers for comparative information and historical trends in the most cost effective manner.

- The transition period should be a minimum of five years: The implementation of new accounting standards typically requires an evaluation of the impacts on current and anticipated future business activities. New accounting standards create downstream implications on financial reporting and processes, tax compliance, regulatory performance metrics, and regulatory reporting and compliance. The pervasive nature and scale of the changes required by the Projects will create significant stress on the existing control environment. Without sufficient time to fully assess and implement process and systems changes, it may be necessary to address any proposed accounting and reporting deficiencies with manually-intensive processes, utilizing simple databases or spreadsheet tools, to augment existing accounting systems. This type of stress on accounting operations, systems and controls will make it difficult to meet Sarbanes-Oxley requirements without sufficient time allowed to adopt the Projects and could cause financial institutions to become more susceptible to financial statement errors. Accordingly, a significant amount of time will be necessary develop and execute an effective implementation.

We believe a five year time frame should be sufficient to assess, design and build the required procedural and systematic changes while also providing time to run parallel systems to facilitate the reporting of comparative information. Our recommended transition approach results in retrospectively reporting the two most recent years in the financial statements. If the FASB decides that more than two years of comparative information should be reported in the financial statements or notes thereto, the transition period should be extended an additional year for each additional year presented on a retrospective basis.

We acknowledge that a five year transition period may be considered unduly long by some; however, extended transition periods are not unprecedented. We believe the nature and scope of the proposed changes are analogous to the initial adoption of IFRS whereby first time adopters were afforded a five year transition period.

- The FASB and IASB should ensure uniform standards with uniform effective dates: Comparability and consistency is critically important in today's increasingly competitive global marketplace. Uniform standards with uniform effective dates will ensure comparability of financial information among preparers. We are concerned that thus far the FASB and IASB have not been able to fully

Discussion Paper, Effective Dates and Transition Methods
FASB File Reference No. 1890-100
January 27, 2011
Page 4

reconcile significant differences between their versions of the Projects. The implementation of multiple versions of the same standard will be costly and disruptive, confusing to users, and may create competitive disadvantages. While we support the FASB and IASB's goal of convergence, we do not believe the FASB should sacrifice its commitment to develop high quality standards in an attempt to meet an artificial convergence deadline. We support extending the convergence deadline to achieve this goal.

- The FASB should defer the Financial Statement Presentation Project until after all Projects are implemented: The Financial Statement Presentation Project is interrelated with all the other Projects on the Board's agenda and if issued with the other Projects, will significantly increase the implementation time required. We realize that the Financial Statement Presentation project may take a significant amount of time to finalize. Accordingly, we urge the Board to formally remove this project from its agenda at this time. This will allow companies to implement the remaining Projects with assurance that there will be stability in financial reporting for some meaningful period of time.

Conclusion

We support the FASB's goal "to develop an implementation plan that helps stakeholders manage the pace and cost of change." Given the complexity and scope of the Projects, we discourage the FASB from imposing a "one-size-fits-all" transition approach and instead, recommend an approach that provides sufficient time for implementation and is flexible enough to respond to specific organizational facts and circumstances. Lastly, while we support the goal of convergence with IFRS, the development of high quality accounting standards should remain the overarching goal of both the FASB and IASB without regard to a specific deadline.

We appreciate the opportunity to comment on the issues contained in the FASB's DP. If you have any questions, please contact me at 415-222-3119.

Sincerely,

/s/ Richard D. Levy

Richard D. Levy
Executive Vice President & Controller

Discussion Paper, Effective Dates and Transition Methods
FASB File Reference No. 1890-100
January 27, 2011
Page 5

cc: International Accounting Standards Board Members
Kathy Murphy – Office of the Comptroller of the Currency
Stephen Merriett – Federal Reserve Board
Robert Storch – Federal Deposit Insurance Corporation
Donna Fisher – American Bankers Association
Gail Haas – The Clearing House