2012-250
Comment Letter No. 10

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Proposed Accounting Standards Update, "Scope Clarification of Disclosures about Offsetting Assets and Liabilities" (File Reference No. 2012-250)

Dear Ms. Cosper:

We appreciate the opportunity to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, "Scope Clarification of Disclosures about Offsetting Assets and Liabilities" (the Proposed Update).

We support the Board's proposal to clarify and limit the scope of Accounting Standards Update No. 2011-11, "Disclosures about Offsetting Assets and Liabilities" (ASU 2011-11), to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions. We believe that the Proposed Update addresses concerns expressed by constituents about ASU 2011-11's broad application to commercial transactions, including trade receivables and payables and certain brokerage receivables and payables. We do not expect any significant operational or auditing concerns or constraints in implementing the scope of the Proposed Update by the effective date specified in ASU 2011-11.

We believe the Board should challenge whether ASU 2011-11's collateral disclosures are needed for instruments in the Proposed Update's scope that are not offset on the balance sheet. The Proposed Update would eliminate paragraph 210-20-55-5 of ASU 2011-11, which scopes out financial instruments that are only subject to a collateral agreement. Because ASC 860 and ASC 815 already require certain disclosures about collateral pledged or received, the collateral disclosures required by ASU 2011-11 may not be needed.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

Ernst & Young LLP