



netting arrangement or similar agreements. Do you believe that there are other instruments that should be included in the proposed scope that would provide useful information to users of financial statements as it relates to reconciling differences as a result of offsetting between financial statements prepared in accordance with U.S. GAAP and those financial statements prepared in accordance with IFRS?

**Response:** No; As mentioned above, we believe the scope proposed in the ASU appropriately captures the major reconciling differences related to offsetting between U.S. GAAP and IFRS and would not recommend additional instruments to be included in the disclosure requirements. One area of concern with the original scope was as it related to the potential inclusion of pending receivables/payables related to unsettled regular-way securities trades. As mentioned in our previous letter to the Board in response to the FASB Exposure Draft, *Balance Sheet Offsetting*, dated April 20, 2011, “the system enhancements and human resources which would be required to reflect unsettled regular-way trades on a gross basis would be extremely costly and onerous to implement.” Furthermore, “the risk of nonperformance of regular-way trades is minimal given that the time between trade-date and settlement-date is short and because they are affirmed and settled through clearing organizations. The vast majority of trades are successfully settled on the intended settlement date through one net payment between the entity and the clearing organization.” For these same reasons, we are supportive of the resulting exclusion of these amounts from the required disclosures as a result of the proposed scope in the ASU.

**Question 2:** Do you foresee any significant operability or auditing concerns or constraints in implementing the revised scope of the disclosures based on the proposed amendments in Question 1?

**Response:** No; Our concerns have been alleviated by the clarified scope in the ASU. However, we believe a technical clarification may be warranted as it relates to the reference for derivative instruments to the Master Glossary in the Codification. As it is proposed to be linked in the ASU, the definition for “derivative instrument” refers to ASC 815-10-15-83 through 15-139, but does not include the scope exceptions in ASC 815-10-15-13 through 15-82. We are concerned this could inadvertently scope in instruments that fall under the scope exceptions for derivative accounting and do not believe this was the Board’s intent.

\*\*\*\*\*

Again, we thank the Board for the opportunity to comment and are strongly supportive of the clarified scope in the ASU. Please contact me at 212-276-7824 or Mona Nag at 212-276-5129 with any questions.

Sincerely,



G. David Bonnar  
Managing Director  
Global Advisory and Policy