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Ms. Susan Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5166 Norwalk, CT 06856-5116 22 January 2013

Proposed Accounting Standards Update, "Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities" (File Reference No. 2013-200)

Dear Ms. Cosper:

We appreciate the opportunity to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, "Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities" (the Proposed Update or proposal).

We support the Board's proposal to clarify that nonpublic entities are not required to disclose the fair value hierarchy level for items that are not measured at fair value on the statement of financial position but for which fair value is disclosed. This clarification is consistent with our understanding of the Board's intent when it issued the disclosure requirements in Accounting Standards Update No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs."

We understand the need to timely correct the inconsistency in the disclosure requirements between Topic 820 and Topic 825, and, as such agree that the Proposed Update should be effective upon issuance. However, we recommend that the Board subsequently address the concerns raised by constituents about the overlap in guidance that will continue to exist in Topics 820 and 825 after the Proposed Update becomes effective. We believe this redundancy could continue to cause confusion among constituents for the following reasons.

- Based on the links in the Accounting Standards Codification (the Codification), the definition of a "nonpublic entity" referred to in ASC 820-10-50-2F differs from the definition referred to in ASC 825-10-50-3a.
- For interim reporting periods, the broader scope exception in Topic 825 does not refer to nonpublic entities, but instead applies to entities that do not meet the definition of a "publicly traded company."

In addition to addressing the redundancy in the requirement to disclose the fair value hierarchy level of financial instruments whose fair values are only disclosed, we believe the FASB should also address situations where identical terms have multiple definitions in the glossary of the Codification. For example, as previously noted in our comment letter regarding the framework for evaluating financial



accounting and reporting guidance for private companies (File Reference No. 2012-230), the Board should agree on a single, straightforward definition of a "nonpublic entity" and use it consistently throughout the Codification.

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