

September 15, 2016

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Via email: rule-comments@sec.gov

RE: File Number S7-15-16 *Disclosure Update and Simplification*

To Whom It May Concern:

The American Bankers Association (ABA)¹ appreciates the opportunity to comment on the proposed rule *Business and Financial Disclosure Required by Regulation S-K* (the Proposal).

In summary, we support efforts to simplify disclosure requirements for the benefit of investors and registrants. Disclosure is an important and challenging issue for bankers, as banks publicly disclose financial information in various regulatory forums. Because of the volume, as well as the similarity among some of the disclosures, we support any effort to reduce redundant, overlapping, and outdated requirements. ABA recommends that formal, periodic efforts by the Commission be performed to address disclosure simplification as a normal course of business. Yearly or bi-yearly outreach in this regard could include conducting roundtable discussions that address simplification within industries or within specific technical issues.

We are not aware of any problems that any of the specifically proposed disclosure eliminations may present. However, going forward, efforts should be made to generally preserve the traditional principle that Management's Discussion and Analysis should contain forward-looking information (disclosures that qualify for safe harbors) and audited financial statements (and the related disclosures) should contain historical data. While more and more forward-looking concepts have been inserted into U.S. GAAP over the past several years, continuing to blur the distinction will not only inevitably suppress company efforts to proactively provide other information that might be viewed as decision-useful information for investors, it will also stifle efforts of the Commission to provide principles-based disclosure guidance in the future.

With this in mind, while the Proposal recommends eliminating certain requirements because the information is already required under U.S. GAAP, we do not believe that the Commission should ever defer to FASB the responsibility for developing or requiring information considered appropriate for disclosure by the Commission. Industry Guide 3 (Statistical Disclosure by Bank Holding Companies) is an example of this. Generally, FASB is not responsible for industry-specific standards, and efforts to

¹ The American Bankers Association is the voice of the nation's \$16 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$12 trillion in deposits and extend more than \$8 trillion in loans.

require these disclosures under U.S. GAAP would unnecessarily add costs to producing and auditing information that (as much of Guide 3 information has today) could become largely irrelevant in time. In this vein, it would be likewise inappropriate for FASB to address (and the Commission should not rely on them to address) specific disclosures that are contemporary in nature or may result in a form of negative assurance (such as disclosing that there are no holdings of debt of a specific sovereign entity).

Additionally, any effort to increase the Commission's reliance on U.S. GAAP disclosures, as opposed to SEC-required disclosures, can have an impact on non-registrants that qualify as Public Business Entities (PBEs) under U.S. GAAP. ABA believes the PBE definition is overly broad and, as a result, disclosure requirements for many non-registrants are often unnecessarily costly.² While FASB has a framework to differentiate accounting and disclosures for PBEs and non-PBEs, it does not have one to differentiate requirements between SEC registrants and non-registrant PBEs.³ Therefore, if the Commission increases its reliance on FASB for disclosure requirements, the need for a new FASB framework likewise increases.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me ([REDACTED] ; [REDACTED]) if you would like to discuss our views.

Sincerely,



Michael L. Gullette

² An example of such a disclosure is a schedule of the fair value of financial assets and liabilities. While banking regulators feel this information is not critical (it is not required in regulatory Call Reports), banks that are non-SEC registrant PBEs will likely need to hire 3rd party valuation consultants to satisfy the GAAP requirements.

³ FASB recently differentiated disclosure requirements and effective dates for SEC registrants, non-SEC PBEs, and non-PBEs within their recent Accounting Standards Update 2016-13 *Measurement of Credit Losses on Financial Instruments*. While there have yet been no disputes on their decision, a standard with impacts outside the banking industry could invite criticism on the decision process and the PBE definition.