

October 5, 2016

Mr. Brent Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

**File Reference No. S7-15-16**

**Re: SEC Release Nos. 33-10110; 34-78310, *Disclosure Update and Simplification***

Dear Mr. Fields:

Deloitte & Touche LLP appreciates the opportunity to comment on the Securities and Exchange Commission's (the "SEC" or the "Commission") proposed rule *Disclosure Update and Simplification* (the "proposing release") as well as the Commission's broader efforts to improve the disclosure regime for the benefit of companies and investors.

The body of this letter contains our overall observations on the proposing release that we believe the Commission should consider as it moves forward with its disclosure effectiveness initiative. We have also included two appendixes that provide input on some of the specific amendments, deletions, and potential referrals to the Financial Accounting Standards Board (FASB) addressed in the proposing release as well as some additional requirements for which we believe U.S. GAAP may similarly overlap with SEC disclosure requirements. In formulating our response to the proposing release, we have drawn on our direct experiences with a large number of companies that file with the SEC. We have also drawn on our more general observation of public company disclosure practices.

We support the Commission's objective of improving its disclosure requirements to facilitate the disclosure of information to investors while simplifying compliance efforts but without significantly altering the total mix of information provided to investors. Similar to our previous letters on the Commission's disclosure effectiveness initiative,<sup>1</sup> we support the Commission's consideration of ways it might update the current disclosure regime to facilitate timely, material disclosure by companies as well as investor access to that information. We believe the most effective disclosures are clear, concise, and focused on matters that are both material to investors and specific to the company.

### **Supporting an Effective Disclosure Regime**

As the proposing release notes, an important step to minimize overlap and inconsistencies between SEC disclosure requirements and those in U.S. GAAP is the coordination between the Commission and the FASB as the designated private-sector accounting standard setter. We support the Commission's efforts to work with the FASB to solicit feedback on whether

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<sup>1</sup> See, for example, our letter dated November 23, 2015, in response to the Commission's *Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than the Registrant* and our letter dated July 15, 2016, in response to the Commission's Concept Release *Business and Financial Disclosure Required by Regulation S-K*.

certain incremental requirements currently in the SEC's rules should be incorporated into U.S. GAAP. While in some instances we question whether the incremental disclosure requirements discussed in the proposing release continue to provide relevant information to investors, we generally support a broader consideration of the requirements through the FASB's transparent and public standard-setting process.

We recognize that, as a result of the FASB's due process, referring the incremental disclosure requirements to the FASB will not necessarily result in the incorporation of the requirement into U.S. GAAP or could result in enhanced disclosures beyond the specific referred disclosure requirement. Our expectation is that the FASB would consider these referrals under its proposed disclosure framework<sup>2</sup> as well as in light of feedback of all constituents, including input on whether the benefits of the disclosure outweigh the costs. If the FASB ultimately does not incorporate an incremental disclosure requirement into U.S. GAAP, we would encourage the SEC to carefully consider the FASB's deliberations and the feedback it received in determining whether to retain the requirement within the SEC's regulations.

There may be instances in which the Commission may determine it should retain disclosure requirements that are similar, but not identical, to requirements in U.S. GAAP. We generally believe that such instances should be limited (e.g., those involving forward-looking information), and in those instances, the disclosure objective of the Commission requirement should be clearly distinguished from that in U.S. GAAP. A clear disclosure objective to distinguish the SEC requirements from those in U.S. GAAP may help to ensure the disclosures provide incremental information to investors rather than duplicative disclosure within the filing.

We also encourage the SEC staff to coordinate with the FASB going forward to ensure that duplicative or overlapping disclosure is avoided as new accounting standards are developed and the SEC disclosure regime is modernized. For example, the FASB's recently issued revenue recognition standard<sup>3</sup> provides significantly enhanced presentation and disclosure requirements which, in some instances, may supersede, be redundant, or overlap with current Commission requirements.<sup>4</sup> In addition, the FASB's proposed Accounting Standards Update (ASU) on income tax disclosures,<sup>5</sup> if finalized, would create new redundancies. We believe investors and preparers would benefit from a regular review by the Commission of its disclosure requirements to ensure its disclosure objectives are aligned with the FASB's updated requirements and to avoid any unnecessary uncertainty regarding compliance for preparers and auditors.

### **Promoting a Principles-Based Disclosure Framework**

In general, we believe a disclosure regime that rests on a principles-based framework that encourages disclosures to help investors understand a company's current circumstances and

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<sup>2</sup> FASB Proposed Statement of Financial Accounting Concepts, *Conceptual Framework for Financial Reporting — Chapter 8: Notes to Financial Statements*.

<sup>3</sup> FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*.

<sup>4</sup> For example, Regulation S-X, Rule 5-02.3(c), requires disclosure about long-term contracts; Rule 5-03(b)1(a) requires a specific approach to disaggregation of revenue; and Regulation S-K, Item 101(c)(1)(viii), requires disclosure of the dollar amount of backlog orders. These disclosures may be considered outdated or superseded by the disclosure requirements in FASB Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers*.

<sup>5</sup> FASB Proposed Accounting Standards Update 2016-270, *Income Taxes (Topic 740) — Disclosure Framework — Changes to the Disclosure Requirements for Income Taxes* (the "proposed income tax ASU").

future prospects will be more adaptable over time than one that addresses changing market demands by adopting prescriptive requirements that risk becoming irrelevant or obsolete. A principles-based framework allows for a registrant to exercise judgment in evaluating various quantitative and qualitative factors when evaluating what disclosure would be needed to comply with the disclosure objective. While prescriptive thresholds, such as bright lines, may assist in the application of the disclosure, they generally do not take into account whether a disclosure item would be material. Accordingly, we support the SEC's proposal to eliminate many of the bright-line disclosure requirements noted in the proposing release. We also observe that this is consistent with the FASB's proposed elimination of "at a minimum provide" disclosures contained in U.S. GAAP.<sup>6</sup>

### **Considering Location of Disclosures Within a Filing**

The SEC is appropriately seeking feedback on whether the location of the disclosures would affect the utility of the information provided to investors. While preparers and investors are generally best able to address such questions, we observe that the emergence of electronic data analysis and search tools has generally resulted in less emphasis being placed on the sequential order of disclosures within the document.

While we do not believe the prominence of a disclosure is driven by the item or section in which the disclosure is made, we do believe there are certain considerations relevant to disclosures within the financial statements. For instance, when provided outside of the financial statements, future-oriented information and other voluntary disclosure can provide investors with additional insight into a registrant's financial and operational activities. However, as it relates to the notes to the financial statements, we generally believe that future-oriented information should be limited to (1) estimates and assumptions used as inputs to measurements and (2) existing plans and strategies related to matters under management's control. These limitations consider the benefits of providing future-oriented information to investors against the costs of providing and auditing this information.

### **Consideration of Legal Proceedings**

The discussion in the proposing release of the overlap of disclosure requirements about legal proceedings in Item 103 of Regulation S-K and U.S. GAAP is a topic on which we believe referral to the FASB may not be the most appropriate next step. Rather, we believe the Commission should reconsider the disclosure objective of Item 103 to determine whether it should make substantive changes to or eliminate its incremental disclosure requirements.

While we agree there is overlap between the requirements of Item 103 and the disclosure provisions in ASC 450,<sup>7</sup> we note that the guidance within U.S. GAAP addresses loss contingencies, of which legal proceedings are only one type, and that the disclosures in ASC 450 are based on an accounting model for when to recognize a loss contingency for which the disclosure threshold is probable and reasonably estimable. Further, because the FASB recently deliberated the adequacy of its disclosure requirements related to loss contingencies,<sup>8</sup> we do not believe that referring the SEC's incremental requirements to the

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<sup>6</sup> FASB Proposed Accounting Standards Update 2015-310 *Notes to Financial Statements (Topic 235) — Assessing Whether Disclosures Are Material*.

<sup>7</sup> FASB Accounting Standards Codification (ASC) Topic 450, *Contingencies*.

<sup>8</sup> See FASB Proposed Accounting Standards Update *Disclosure of Certain Loss Contingencies* (July 10, 2010). The FASB's proposal would have included disclosures, for example, of the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties to the proceedings, and a description of the factual basis alleged to underlie the proceedings. The proposal would also have required disclosure of certain

FASB for consideration would be fruitful. Rather, if the SEC believes there are elements of Item 103 that are material to investors and not covered by ASC 450, it should consider amending the guidance in Item 103 to provide a clear disclosure objective for those requirements.

As noted in the 2013 SEC Staff Report on public company disclosure,<sup>9</sup> the SEC's disclosure requirements related to legal proceedings date back to 1935 and have remained substantively unchanged since 1978. These requirements have not been reevaluated to address, for instance, changes in business, economic, and legal environments or changes in technology and access to information. In addition, some of the requirements also contain bright lines for disclosure (e.g., \$100,000 for environmental matters) that do not take into account whether the disclosure item could be material and may obscure the disclosures with immaterial information.

We also observe that the current ABA Statement Policy<sup>10</sup> and PCAOB auditing standards<sup>11</sup> reference the guidance in ASC 450. Therefore, if the Commission chooses to move forward with the proposed integration of the requirements in Item 103 into ASC 450 as outlined in the proposing release, we believe the ABA Statement Policy and PCAOB auditing standards would need to be reevaluated and may need to be revised to incorporate the broader spectrum of disclosures.

### Overview of Appendixes

As noted above, included with this letter are two appendixes that provide input on some of the specific amendments, deletions, and potential referrals to the FASB. Appendix A includes our observations on the proposed amendments. Appendix B includes some additional requirements not referenced in the proposing release that we believe overlap with U.S. GAAP and could be considered for potential deletion or incorporation into U.S. GAAP.

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We appreciate the opportunity to provide our perspectives on the proposing release. If you have any questions or would like to discuss our views further, please contact Dave Sullivan at [REDACTED].

Sincerely,



Deloitte & Touche LLP

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remote loss contingencies with a potentially severe impact. This project was removed from the FASB's standard-setting agenda in 2012.

<sup>9</sup> *Report on Review of Disclosure Requirements in Regulation S-K* (December 2013).

<sup>10</sup> American Bar Association Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information (December 1975).

<sup>11</sup> For example, AS 2505, *Inquiry of a Client's Lawyer Concerning Litigation, Claims, and Assessments*.

cc: Mary Jo White, Chair  
Michael Piwowar, Commissioner  
Kara Stein, Commissioner  
Keith Higgins, Director, Division of Corporation Finance  
James Schnurr, Chief Accountant  
Wesley Bricker, Interim Chief Accountant  
David Grim, Director, Division of Investment Management  
Stephen Luparello, Director, Division of Trading and Markets  
Thomas Butler, Director, Office of Credit Ratings

## Appendix A

Only those topics from the proposing release on which we have comments are included in the tables within this appendix. The topic numbers in the tables below correspond to the numbers in the noted section of the proposing release.

### Redundant or Duplicative Requirements

Topic	Observations
<b>1. Foreign Currency</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP. Also see Appendix B for our observations on additional areas of potential redundancy with U.S. GAAP.
<b>2. Consolidation</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP. Also see Appendix B for our observations on additional areas of potential redundancy with U.S. GAAP.
<b>3. Obligations</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>4. Income Tax Disclosures</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>5. Warrants, Rights, and Convertible Instruments</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>6. Related Parties</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>7. Contingencies</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>8. Earnings per Share</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>9. Insurance Companies</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>10. Bank Holding Companies</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>11. Changes in Accounting Principles</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>12. Interim Adjustments</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.

Topic	Observations
<b>13. Interim Financial Statements — Common-Control Transactions</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.
<b>14. Interim Financial Statements — Dispositions</b>	We support the proposed deletion and agree that the disclosure requirements are duplicative with U.S. GAAP.

**Overlapping Requirements**

Topic	Observations
<b>1. REIT Disclosures — (a) Undistributed Gains or Losses on the Sale of Properties and (b) Status as a REIT</b>	We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.
<b>2. Consolidation — (a) Difference in Fiscal Periods and (b) Changes in Fiscal Periods</b>	We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP. Also see Appendix B for our observations on additional areas of potential overlap with U.S. GAAP.
<b>3. Repurchase and Reverse Repurchase Agreements — (a) Balance Sheet Presentation, (b) Disaggregated Disclosures, and (c) Collateral Policy</b>	We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.
<b>4. Derivative Accounting Policies</b>	We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.
<b>5. Distributable Earnings for Registered Investment Companies</b>	We support the proposed amendments and agree that the disclosure requirements overlap with U.S. GAAP.

Topic	Observations
<b>6. Insurance Companies — (a) Liability Assumptions and (b) Reinsurance Transactions</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p> <p>Further, we do not believe the disclosure requirements for material nonrecurring reinsurance transactions should be referred to the FASB for potential incorporation into U.S. GAAP because nonrecurring reinsurance transactions are already sufficiently covered by the disclosure requirements in ASC 944-20-50-3.<sup>12</sup></p>
<b>7. Interim Financial Statements — Material Events Subsequent to the End of the Most Recent Fiscal Year</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p> <p>With respect to the status of long-term contracts and changes in capitalization, we believe the principle outlined in the first and second sentence of Rule 10-01(a)(5) is sufficient to capture disclosure of material changes in long-term contracts and changes in capitalization.</p>
<b>8. Interim Financial Statements — Changes in Accounting Principles</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p>
<b>9. Interim Financial Statements — Pro Forma Business Combination Information</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p> <p>In addition to the guidance in ASC 805,<sup>13</sup> we observe that Article 11 requires disclosure of pro forma financial information for a significant business combination during interim periods. See Appendix B for our recommendation that the Commission work with the FASB to align the pro forma requirements in U.S. GAAP and Article 11, thereby further reducing overlapping disclosure requirements between Regulation S-X and U.S. GAAP.</p>
<b>10. Interim Financial Statements — Dispositions</b>	<p>We support the proposed deletion. However, we observe the proposing release indicates that smaller reporting companies are currently required to file pro forma financial information for significant disposed businesses under Regulation S-X, Rule 8-05, on Item 9.01 of Form 8-K. We understand there may be diversity in practice as the current text of Rule 8-05 only refers to significant acquisitions and does not specifically refer to dispositions. For Item 9.01 of Form 8-K to sufficiently substitute the disclosure requirements in Rule 8-03(b)(4), Rule 8-05 could be amended to encompass significant dispositions.</p>

<sup>12</sup> FASB Accounting Standards Codification Subtopic 944-20, *Financial Services — Insurance: Insurance Activities*.

<sup>13</sup> FASB Accounting Standards Codification Topic 805, *Business Combinations*.

Topic	Observations
<b>11. Segments</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p> <p>We also encourage the SEC to consider whether the requirement in Regulation S-X, Rule 3-03(e), to provide segment disclosures for each year an audited financial statement is required is necessary, given that ASC 280<sup>14</sup> requires segment information for each period for which an income statement is presented.<sup>15</sup></p>
<b>12. Geographic Areas — (a) Financial Information and (b) Risks and Dependence</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p>
<b>13. Seasonality — (a) Interim Disclosures and (b) Annual Disclosures</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p>
<b>14. Research and Development Activities — (a) Domestic Issuers, (b) Foreign Private Issuers, and (c) Regulation A Issuers</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p>
<b>15. Warrants, Rights, and Convertible Instruments</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p>
<b>16. Dividends</b>	<p>We support the proposed deletion and agree that the disclosure requirements overlap with U.S. GAAP.</p>
<b>17. Equity Compensation Plans</b>	<p>We generally support the proposed deletion but recommend that the incremental disclosure of “any formula for calculating the number of securities available for issuance under the plan” be referred to the FASB for the potential incorporation into U.S. GAAP. This information might be useful to investors, if material. While ASC 718<sup>16</sup> does provide a “general” disclosure objective that may imply that this information should be disclosed, in our experience such disclosure is not likely to occur without further clarification of how the general disclosure objective applies to formulas for calculating the number of securities to be awarded.</p>

<sup>14</sup> FASB Accounting Standards Codification Topic 280, *Segment Reporting*.

<sup>15</sup> See ASC 280-10-50-20.

<sup>16</sup> FASB Accounting Standards Codification Topic 718, *Compensation — Stock Compensation*.

Topic	Observations
<b>18. Ratio of Earnings to Fixed Charges</b>	We support the proposed deletion of the ratio of earnings to fixed charges. However, we observe that the staff's analysis does not address the fact that the requirement for the pro forma ratio would be removed. Information on a pro forma basis may not be as readily available and, therefore, the pro forma ratio may be more difficult for investors to independently calculate without a specific requirement. While we question whether the pro forma ratio is providing material information to investors, we would suggest the staff consider feedback from investors about the continued utility of the disclosure.

### Overlapping Requirements — Proposed Integrations

Topic	Observations
<b>1. Foreign Currency Restrictions</b>	We support the proposed amendments and agree that the disclosure requirements overlap with U.S. GAAP.
<b>2. Restrictions on Dividends and Related Items — (a) Domestic Issuers and (b) Foreign Private Issuers</b>	We support the proposed amendments and agree that the disclosure requirements overlap with U.S. GAAP.
<b>3. Geographic Areas</b>	We support the proposed amendments and agree that the disclosure requirements overlap with U.S. GAAP.

### Overlapping Requirements — Potential Modifications, Eliminations, or FASB Referrals

Topic	Observations
<b>1. REIT Disclosures — Tax Status of Distributions</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>2. Consolidation</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.  However, we observe that existing requirements in U.S. GAAP may be sufficient to achieve the disclosure objective, including ASC 805 (for disclosures upon acquisition of a subsidiary) and ASC 810-10-50-1B <sup>17</sup> (for deconsolidation of a subsidiary).

<sup>17</sup> FASB Accounting Standards Codification Topic 810, *Consolidation*.

Topic	Observations
<b>3. Discount on Shares</b>	<p>While we support referring the requirement to the FASB for potential incorporation into U.S. GAAP, we question whether such disclosure provides relevant information to investors. For instance:</p> <ul style="list-style-type: none"> <li>• Stock issue costs within equity do not amortize and, thus, the ongoing relevance of such information may be limited.</li> <li>• In the period of issuance, the statement of cash flows would require separate presentation of such costs in the financing section.</li> <li>• Other discounts to par or stated value are likely captured by other disclosure requirements (e.g., see Preferred Shares discussion in the proposing release).</li> </ul>
<b>4. Assets Subject to Lien</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>5. Obligations — (a) Defaults Not Cured, (b) Waived Defaults, (c) Changes in Obligations, and (d) Amounts and Terms of Financing Arrangements</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>6. Preferred Shares</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>7. Income Tax Disclosures</b>	<p>While we support referring the disclosure requirements to the FASB for potential incorporation into U.S. GAAP, we observe that the FASB's proposed income tax ASU, if finalized, would incorporate many of the SEC's income tax disclosures into ASC 740.<sup>18</sup> We encourage the Commission to work with the FASB as it redeliberates the proposed income tax ASU to (1) understand the feedback received and (2) evaluate whether any of the requirements from Rule 4-08(h) not incorporated into the final ASU continue to provide relevant information to investors.</p>
<b>8. Related Parties</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>9. Repurchase and Reverse Repurchase Agreements</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.

<sup>18</sup> FASB Accounting Standards Codification Topic 740, *Income Taxes*.

Topic	Observations
<b>10. Interim Financial Statements — Computation of Earnings per Share</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>11. Interim Financial Statements — Retroactive Prior Period Adjustments</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>12. Interim Financial Statements — Common-Control Transactions</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
<b>13. Products and Services</b>	<p>We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.</p> <p>If the FASB elects to consider the disclosure, we would encourage the FASB to consider whether the disclosure objective in ASC 280-10-50-40 is clear and that any incremental disclosure requirements be consistent with the disclosure objective. For instance, while ASC 280 requires entities to report revenues from products and services or each group of similar products and services, it does not provide a framework for evaluating the level of disaggregation for such disclosures or what would constitute “similar products and services.”</p>
<b>14. Major Customers</b>	<p>We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.</p> <p>If the FASB elects to consider the disclosure requirement, we would encourage the FASB to consider whether the disclosure objective in ASC 280-10-50-42 could be clarified and whether the current requirements, as well as any incremental disclosures, are consistent with the disclosure objective. For instance, if the disclosure objective is to provide information on concentration risk because of the reliance on a few major customers, this could be clarified. Clarifying the objective of these disclosures may help the FASB to evaluate, for instance, whether the 10 percent threshold for disclosure or the naming of the major customer would be consistent with the disclosure objective.</p>
<b>15. Legal Proceedings</b>	See observations in the body of this letter.
<b>16. Oil- and Gas-Producing Activities</b>	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.

## Outdated Requirements

Topic	Observations
<b>1. Stale Transition Dates</b>	We support the proposed amendments and agree that the disclosure requirements are outdated.
<b>2. Income Tax Disclosures</b>	We support the proposed amendments and agree that the disclosure requirements are outdated.
<b>6. Foreign Private Issuer Initial Public Offering — Age of Financial Statements</b>	We support the proposed amendments and agree that the disclosure requirements are outdated.

## Superseded Requirements

Topic	Observations
<b>1. Auditing Standards</b>	We support the proposed amendments and agree that the disclosure requirements have been superseded.
<b>2. Statement of Cash Flows</b>	We support the proposed amendments and agree that the disclosure requirements have been superseded.
<b>3. Gain or Loss on Sale of Properties by REITs</b>	We support the proposed deletion and agree that the disclosure requirements have been superseded.
<b>4(a). Consolidation — Difference in Fiscal Periods</b>	We support the proposed deletion and agree that the disclosure requirements have been superseded.
<b>4(b). Consolidation — Bank Holding Company Act of 1956</b>	We support the proposed deletion and agree that the disclosure requirements have been superseded.
<b>4(c). Consolidation — Intercompany Transactions Generally</b>	We support the proposed deletion and agree that the disclosure requirements have been superseded.
<b>4(d). Consolidation — Intercompany Transactions in Separate Financial Statements</b>	We support the proposed deletion and agree that the disclosure requirements have been superseded.

Topic	Observations
<b>4(e). Consolidation — Dividends per Share in Interim Financial Statements</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p> <p>We also support extending the requirements to disclose changes in stockholders' equity to interim periods.</p>
<b>4(f). Consolidation — Interim Financial Statements — Pro Forma Business Combination Information</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>5. Development-Stage Entities</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p> <p>We also suggest the SEC delete the definition of "development stage company" from Regulation S-X, Rule 1-02(h).</p>
<b>6. Insurance Companies — (a) Statutory Accounting Requirements, (b) Reinsurance Recoverable, and (c) Separate Account Assets</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>7. Bank Holding Companies — (a) Net Presentation and (b) Goodwill</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>8. Discontinued Operations</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>9. Pooling of Interests</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>10. Statement of Comprehensive Income</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>11. Extraordinary Items</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>
<b>12. Cumulative Effect of Changes in Accounting Principles</b>	<p>We support the proposed amendments and agree that the disclosure requirements have been superseded.</p>

Topic	Observations
<b>14. Selected Financial Data for Foreign Private Issuers that Report Under IFRSs</b>	We support the proposed amendments and agree that the disclosure requirements have been superseded.
<b>15. Canadian Regulation A Issuers</b>	We support the proposed amendments and agree that the disclosure requirements have been superseded.
<b>16. Non-Existent or Incorrect References</b>	We support the proposed amendments and agree that the disclosure requirements have been superseded.

## Appendix B

In addition to the requirements in the proposing release, we observe that the following disclosure requirements may overlap with U.S. GAAP. We would encourage the Commission to consider whether these requirements continue to be necessary or could be referred to the FASB for potential incorporation into U.S. GAAP.

Topic	Observations
<p><b>Foreign Currency — Regulation S-X, Rule 3-20</b></p>	<p>In addition to the proposed amendments to Regulation S-X, Rule 3-20, we believe the other sentences of Rule 3-20(d) are also redundant with ASC 830<sup>19</sup> and could be eliminated.</p> <ul style="list-style-type: none"> <li>• The first sentence of Rule 3-20(d) states that “the issuer shall measure separately its own transactions” and the transactions of its consolidated operations using the currency of the particular economic environment in which it conducts business. We believe this is redundant with the guidance in ASC 830-10-45-2.</li> <li>• The second sentence of Rule 3-20(d) states that (1) assets and liabilities are translated at the current rates; (2) the income statement is at the rate in effect when each transaction occurs or, if appropriate, a weighted average during the period; and (3) the effects of translation are recorded in the cumulative translation adjustment. We believe this sentence is also redundant with the requirements under ASC 830-30-45-3 and ASC 830-10-55-10, respectively.</li> </ul> <p>Therefore, we recommend the SEC also consider removing the first and second sentences of Rule 3-20(d).</p>
<p><b>Consolidation — Rule 3A-02</b></p>	<p>In addition to the proposed amendments to Article 3A, we observe that Rule 3A-02(a) has been retained, which relates to when registrants should consolidate entities. This portion of Article 3A largely overlaps with ASC 810. We therefore encourage the staff to consider whether the retained guidance in Article 3A continues to be necessary in light of the guidance provided in ASC 810.</p>

<sup>19</sup> FASB Accounting Standards Codification Topic 830, *Foreign Currency Matters*.

Topic	Observations
<p><b>Rule 4-08</b></p>	<p>In reviewing the proposing release, we observe that that Rule 4-08 provides requirements for General Notes to the Financial Statements. Further, if finalized as proposed, the only requirements that would remain in Rule 4-08 would relate to (1) restrictions which limit the payment of dividends and (2) summarized financial information of subsidiaries not consolidated and 50 percent or less owned persons. As noted above, we support the Commission’s efforts to minimize overlap between its disclosure requirements and those in U.S. GAAP and that U.S. GAAP broadly provides guidance on notes to the financial statements. Therefore, we would encourage the SEC to consider opportunities for further integration of the remaining requirements in Rule 4-08, either within other requirements of the SEC or be referred to the FASB for potential incorporation into U.S. GAAP.</p>
<p><b>Additional areas of overlap</b></p>	<p>We reiterate the following observations previously provided to the SEC in response to its disclosure initiative efforts.</p> <p>As noted in our letter dated November 23, 2015, in response to the Commission’s <i>Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than the Registrant</i>, we encourage the Commission to work with the FASB to align the form and content of pro forma information.</p> <p>As noted in our letter dated July 15, 2016, in response to the Commission’s Concept Release <i>Business and Financial Disclosure Required by Regulation S-K</i>, we observe that the following requirements may overlap with U.S. GAAP:</p> <ul style="list-style-type: none"> <li>• Item 303 — Table of Contractual Obligations.</li> <li>• Preferability Letters.</li> <li>• Item 304 — Market Risk Disclosures.</li> <li>• Industry Guide 3 — Statistical Disclosure by Bank Holding Companies.</li> <li>• Industry Guide 6 — Disclosures Concerning Unpaid Claims and Claim Adjustment Expenses of Property Casualty Insurance Underwriters.</li> </ul>