



Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

330 North Wabash, Suite 3200
Chicago, IL 60611

January 4, 2017

Via email to director@fasb.org

Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Service Concession Arrangements (Topic 853) – Determining the Customer of the Operation Services (File Reference No. EITF-16C)

Dear Ms. Cospers:

We are pleased to provide comments on the proposed amendments to the Service Concession Arrangements guidance. We generally support the objective of reducing diversity in practice, and we agree that the customer of the operation services is the grantor in all cases for service concession arrangements.

However, we question whether this change would affect a broad enough base of preparers and stakeholders to necessitate an Accounting Standards Update. As noted in our October 2016 response to the Board's Agenda Consultation Invitation to Comment, we believe the Board can effectively serve the financial reporting community by moderating the pace of its standard-setting activity. In that context, certain accounting issues present a compelling case for standard setting, whereas others may not be as critical. Our understanding is that the applicability of Topic 853 impacts a relatively small group of entities, and therefore suggest the Board reconsider whether a final standard is needed for this issue.

Please refer to the Appendix to this letter for responses to the questions posed in the exposure draft.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Adam Brown at (214) 665-0673 or Angela Newell at (214) 689-5669.

Very truly yours,

BDO USA, LLP

Appendix

Question 1: Do you agree that the customer of the operation services is the grantor in all cases for service concession arrangements within the scope of Topic 853? Please explain why or why not. If you disagree, please provide any examples of transactions within the scope of Topic 853 for which the customer of the operation services would not be the grantor.

As noted above, we agree that the customer of the operation services is the grantor in all cases for service concession arrangements for the reasons noted in paragraphs BC4-BC5 in the basis for conclusions. Our responses to the remaining questions below assume that the Board proceeds with issuing the standard.

Question 2: The Board decided not to require that operating entities provide disclosures, in addition to the existing GAAP disclosures, about how they determine the customer of the operation services. Are the disclosures required by Topic 606 sufficient for these types of arrangements? If not, please suggest other disclosures that would provide useful information.

We agree that the disclosures currently required by Topic 606 are sufficient, and no additional disclosures should be required.

Question 3: Do you agree with the proposed effective date and the proposed transition requirements in paragraph 853-10-65-2 for entities that will not early adopt Topic 606? Should adoption of the proposed amendments be permitted before an entity's adoption of Topic 606? Please explain why or why not.

We agree with the proposed effective date and transition requirements. The proposed guidance should be adopted consistently and concurrently with Topic 606, so as not to require multiple accounting changes in a short period of time.

Question 4: Do you agree with the proposed transition method and the proposed transition disclosures in paragraph 853-10-65-2 for entities that elect to early adopt Topic 606 before the finalization of the proposed amendments? Please explain why or why not.

We agree with the proposed effective date and transition requirements.

Question 5: How much time would be needed to implement the proposed amendments for an entity that early adopts Topic 606 before the finalization of the proposed amendments? Should the proposed amendments be effective immediately upon issuance for such entities? Please explain your reasoning.

We agree that the proposed amendments should be effective immediately upon issuance for entities that early adopt Topic 606. We suspect the number of entities electing to early adopt Topic 606 that are also directly impacted by this proposed ASU is relatively small.