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August 28, 2019

Via email to director@fasb.org

Mr. Shayne Kuhaneck, Acting Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (File Reference No. 2019-740)

Dear Mr. Kuhaneck:

We are pleased to provide comments on the Board's proposal to clarify interactions between Topic 321, Topic 323, and Topic 815 for certain financial instruments.

We agree with the proposed changes and believe they will improve the consistency of financial reporting in these areas. We have provided more detailed responses to your questions in the Appendix to this letter.

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

Very truly yours,

A handwritten signature in black ink that reads "BDO USA, LLP". The letters are written in a cursive, slightly slanted style.

BDO USA, LLP

Appendix

Question 1: Should an entity consider observable transactions that would require it to apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative under Topic 321 immediately before or upon discontinuing the equity method? Please explain why or why not.

For entities that have elected the measurement alternative in ASC 321-10-35-2, we believe it is appropriate for an entity to consider all observable price changes in orderly transactions for the identical or a similar investment of the same issuer, including observable transactions that would require it to apply or discontinue the equity method of accounting. As such, we support the Board's proposal to update the standard with this clarification.

Question 2: Should an entity consider whether the underlying securities for certain forward contracts or purchased options would, individually or with existing investments, be accounted for under the equity method upon settlement of the forward contract or exercise of the purchased option for purposes of applying Topic 815? Please explain why or why not.

We do not believe that an entity should consider whether the underlying securities for certain forward contracts or purchased options would be accounted for under the equity method upon settlement. We agree with the Board (as discussed in paragraph BC20 of the Basis for Conclusions) that such a requirement would be unnecessarily complex and operationally burdensome. We also agree that measuring such forward contracts and purchased options pursuant to the guidance of Topic 321 provides more meaningful information to investors than if they were measured at cost in accordance with Topic 323. As such, we support the Board's proposed clarification.

Question 3: Are the amendments in the proposed Update operable? If not, please explain why you disagree and what changes, if any, should be made instead.

We believe that the amendments in the proposed Update are generally operable. However, we believe that the proposed wording could be improved to make it more clear in what circumstances the guidance would apply. We recommend making the following changes to the indicated portion of the proposal (added language underlined, deleted language ~~stricken through~~):

ASC 323-10-35-33

...For purposes of applying paragraph 321-10-35-2 to the investor's previously held interest, if the increase in the level of ownership that results in the investor applying Topic 323 represents the investor identifies observable price changes in orderly transactions for an identical or a similar investment of the same issuer ~~that results in it applying Topic 323~~, the entity shall remeasure its previously held interest at fair value immediately before applying Topic 323.

ASC 323-10-35-36

...For purposes of applying paragraph 321-10-35-2 to the investor's retained investment, if the decrease in the level of ownership that results in the discontinuance of the equity method represents the investor identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer ~~that results in it discontinuing the equity method~~, the entity shall remeasure its retained investment at fair value immediately after discontinuing the equity method.

ASC 321-10-30-1

For purposes of applying paragraph 321-10-35-2 to the investor's retained investment, if the decrease in the level of ownership that results in the discontinuance of the equity method represents the investor identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer ~~that results in it discontinuing the equity method~~, the entity shall remeasure its retained investment at fair value immediately after it no longer applies the guidance in Topic 323.

Question 4: The proposed amendments would apply to all entities. Would any of the proposed amendments require special consideration for entities other than public business entities? If so, which proposed amendment(s) would require special consideration and why?

We do not believe any of the proposed amendments would require special consideration for entities other than public entities.

Question 5: Do you support the proposed transition method and transition disclosures when adopting the proposed amendments? If not, please explain why and what transition method and disclosures should be required instead.

We support the proposed transition method (i.e., prospective) and transition disclosures, although, we believe additional clarification would be helpful regarding the ASC 825-10-65-6(d)(3) requirement to provide "a qualitative description of the financial statement line items affected by the change." Due to the limited scope of the amendments, we agree with the Board that no additional recurring disclosures are needed.

Question 6: How much time would be needed to implement the proposed amendments? Do entities other than public business entities need additional time to apply the proposed amendments? Should early adoption be permitted?

Due to the limited scope of the proposed amendments, we believe that entities would be able to implement the changes in a short period of time. We do not believe entities other than public business entities would need additional time to apply the proposed amendments, although we would not object to a delayed effective date. We believe that an option to early adopt the propose Update would be appropriate as it may reduce diversity in practice.