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Technical Director – File Reference No. 1890-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

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**Re: Discussion Paper – Effective Dates and Transition Methods**

Dear Technical Director:

State Street Corporation ("State Street") appreciates the opportunity to comment on the FASB's Discussion Paper, Effective Dates and Transition Methods (the "Discussion Paper"). With $20.2 trillion in assets under custody and administration and $1.9 trillion in assets under management, State Street is the world's leading provider of financial services to institutional investors. This comment letter is written from State Street's perspective as the preparer of its own consolidated financial statements and from its perspective as an asset manager and asset custodian.

State Street fully supports the FASB in its effort to ensure the timeline of implementation for the multiple projects is appropriate for an orderly adoption process. We understand the volume of change that is necessary to converge US GAAP with IFRS. In order to maximize the benefits of convergence; however, a timeline is needed that gives consideration to thorough due process, the combined effort needed to implement all standards, and the associated costs compared to the benefits.

***Preparing for and Transitioning to the New Requirements***

With respect to the standards that have been released (accounting for financial instruments, other comprehensive income, revenue recognition, and leases), we believe significant deliberation processes are required to properly scrutinize the concepts proposed and identify unintended consequences to ensure they are addressed in the final standard. Given the volume of comments received on the various standards, it is clear that an active dialogue should continue with preparers and careful consideration of the underlying concepts is needed prior to release of final standards. The FASB should ensure a generous due process period for each standard that allows for careful consideration of the comments received and, when necessary, provides for thorough, detailed field testing.

Notwithstanding the amount of time we believe is necessary for the due process leading up to the issuance of the final standards, we believe that the proposed standards can be segregated into two categories with respect to the amount of time needed to implement following the release of the standard in its final form. Both categories will require significant effort to implement, but have different driving factors. The first category is made up of the standards that are complex in nature and require careful effort in implementation, but which affect fairly targeted areas. The second category is made up of the standards that have broad, far-reaching scopes across an organization and will have a pervasive impact on an entity and its operations.

Accounting for financial instruments and other comprehensive income will require significant effort to implement once the underlying concepts have been vetted through due process. The concepts are generally complex and will require thoughtful analysis to adapt current systems and processes to meet the new requirements, but it is likely the changes will not be major alterations. Although the changes needed are not expected to be extensive and the scopes are fairly narrow, there is still a potential for the implementation effort to be quite far-reaching across an organization depending upon its industry and operations. As a result, we believe these standards should be given a reasonable amount of time that considers the amount of effort that may be needed by preparers that are heavily impacted (i.e. the first annual reporting period beginning after the release of the final standard).

With respect to the standards on revenue recognition and leases, these standards will require extensive effort to prepare and implement. Given the sweeping changes being proposed, they will require comprehensive overhauls to systems, controls, and processes. Both of the standards have a far-reaching scope across an organization that will necessitate the participation of multiple departments, business units, and locations. As a result, preparers with global operations will be particularly impacted. The scope of such changes will involve a substantial amount of staffing resources and will result in significant costs for preparers, especially in terms of systems preparation and personnel costs. Due to the widespread impact on operations and financial results, the lag time between release of the final standard and the effective date will need to be particularly generous to allow preparers to methodically prepare and implement. We anticipate implementation efforts would require at least two annual reporting periods between release of the final standard and the effective date.

***Effective Dates for the New Requirements***
In the context of a broad implementation plan, we disagree with the proposals to require retrospective or simplified retrospective transition methods. While retrospective adoption may enable comparability in the case of adoption of a single standard, it does not allow comparability when there are multiple standards being adopted. Given all the moving parts, it will be impossible for the users of the financial statements to clearly understand and identify the impact of each standard, thus greatly diminishing the value of retrospective adoption. Beyond the lack of relevance of financial statements presented with retrospective adoption of multiple standards, the cost to do so is considerably more than prospective adoption. As such, we do not believe the merits of

retrospective adoption provide enough benefit to justify the costs. We encourage the FASB to propose the standards are implemented on a prospective basis.

In thinking about the overall implementation plan, we believe that the sequential approach should be used. The use of a single date approach is impractical given the volume of change required. Each standard will heavily involve the corporate reporting function to interpret each standard and coordinate the necessary changes. Operational changes for the various standards may also entail the repeated participation of other groups within an entity. Given a finite number of resources and the existing responsibilities of those resources, it is not reasonable to expect implementation of the standards on a single date. As such, we recommend the standards are implemented in a sequence that ensures interdependent standards are implemented concurrently and that the implementation order is sequenced by the amount effort required to implement (i.e. those requiring the most effort would be slated for last).

***Consideration of other standards and amendments***

The Discussion Paper and this comment letter specifically focus on only the accounting for financial instruments, other comprehensive income, revenue recognition, and leases standards; however, we encourage FASB to remain cognizant of the volume of other standards projects (i.e. fair value measurements, balance sheet – offsetting, etc.) and proposed U.S. GAAP amendments (i.e. insurance contracts, troubled debt restructurings, transfers and servicing – repurchases, etc).

We appreciate your consideration of these comments and welcome the opportunity to discuss them with you.

Sincerely,

James J. Malerba
*Executive Vice President and Corporate Controller*