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August 5, 2013

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

**File Reference No. 2013-240**

**Re: Proposed Accounting Standards Update *Technical Corrections and Improvements Related to Glossary Terms***

Dear Ms. Cospers:

Deloitte & Touche LLP is pleased to comment on the FASB's proposed Accounting Standards Update (ASU) *Technical Corrections and Improvements Related to Glossary Terms*.

We support the Board's commitment to a standing project focused on technical corrections, clarifications, and minor improvements to keep the *FASB Accounting Standards Codification* up to date. Limiting the standing project to minor changes that do not significantly affect current practices is the most practical and efficient way to resolve technical issues related to the Codification.

We generally agree with, and support finalizing, the proposed technical corrections to the Codification. Appendix A contains our responses to questions for respondents in the proposed ASU and notes some concerns about the technical corrections as well as suggestions for improving them. Appendix B identifies additional technical corrections that we believe the Board should deliberate and expose for public comment as part of its perpetual technical corrections project.

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We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please contact Joe DiLeo at (203) 761-3195.

Yours truly,

Deloitte & Touche LLP

cc: Bob Uhl

**Appendix A**  
**Deloitte & Touche LLP**  
**Responses to Questions**

**Question 1: Do you agree with the proposed amendments to the Codification described in this proposed Update? If not, please explain which proposed amendment(s) you disagree with, and why.**

We generally agree with the amendments to the Codification described in the proposed ASU. However, as discussed below, we have some concerns about the amendments described in certain paragraphs of the proposal as well as some suggestions for improving them.

***Paragraph 1 — Terms to Be Removed From the Master Glossary***

**Land Development Costs**

For a definition of each of the terms “limited-life land development costs” and “permanent land development costs,” ASC 905 links to the Master Glossary term “land improvement costs,” which the Master Glossary defines in relation to the other two terms. However, we believe that readers are more likely to search for “land development costs” in the Master Glossary than they are to search for “land improvement costs.” Therefore, “land development costs” should not be removed from the Master Glossary.

**Payout Phase**

The term “payout phase” is discussed in ASC 815-15-55-57 and subsequent paragraphs. We believe that the term should remain in the Master Glossary and that its mention in ASC 815-15-55-57 and subsequent paragraphs should link to the Master Glossary entry.

***Paragraph 55 — Duplicate Terms***

**Discount Rate**

The proposed definition of “discount rate” focuses on how entities determine the present value of future cash flows that are expected to be required to satisfy pensions and other postretirement benefit obligations. Although we agree with the proposed definition in the context of pensions and other postretirement benefits, we believe that the term’s use elsewhere in the Codification may result in inconsistent application in practice. For example, ASC 820-10 does not define “discount rate”; however, the term’s use is explained in the discussion of the discount rate adjustment technique in ASC 820-10-55-10. For Codification topics other than pensions and postretirement benefits, we believe that the FASB should consider adopting a uniform concept of “discount rate” and including a Master Glossary definition accordingly so that all mentions of the term in the Codification can be linked to the Master Glossary entry.

**Fair Value (Definition 2)**

Although ASC 845, ASC 850, and ASC 905 use the term “fair value” frequently, they do not link it to the Master Glossary. We believe that they should do so. In addition, the proposed ASU’s list of Codification subtopics that would link the term to the Master Glossary should be amended accordingly.

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***Paragraph 185 (ASC 978-10-05-6)***

The proposed amendment to ASC 978-10-05-6 includes the sentence, “An *exchange* is the trading, by a purchaser of a time-sharing interval, of that time-sharing interval for a given year for another time interval, another location, or another kind of privilege of ownership.” We believe that the introductory phrase “In this context” should be added to make the sentence read, “In this context, an *exchange* is the trading . . . .”

***Paragraphs 355, 358, 361, and 362***

**Dealer Market and Readily Determinable Fair Value**

The proposed amendments to the definition of “dealer market” and “readily determinable fair value” refer to “OTC Markets Group.” We believe that “OTC Markets Group” should be changed to the formal name “OTC Markets Group Inc.”

**Question 2: Will any of the proposed amendments result in substantive changes to the application of existing guidance that would require transition provisions or that the Board should consider in determining the appropriate effective date for the final amendments? If so, please describe.**

We do not believe that any of the proposed amendments would either result in substantive changes to the application of existing guidance or require transition provisions.

**Question 3: Are there other changes that should also be made that are directly or indirectly related to the noted changes? Please note that the Board will conduct technical correction projects on a periodic basis and additional changes may be postponed to a subsequent technical corrections project.**

We recommend that the Board make the following additional technical corrections related to terms to be added to the Master Glossary:

- “Defined benefit pension plan” in ASC 980-715-55-7 and 55-10 should also be linked to Definition 2 of that term in the Master Glossary.
- “Policyholder dividends” in ASC 405-944-05-2 should be changed to “dividends to policyholders,” which in turn should be linked to “dividend to policyholders” in the Master Glossary.
- “Stop-loss insurance” in ASC 720-954-45-1 and ASC 720-954-50-4 should also be linked to the Master Glossary.

Further, “conduit debt securities” is defined in ASC 932-235-20 but not otherwise discussed in ASC 932. We believe that this term should be removed from ASC 932-235-20.

***Paragraph 19 — Cooperatives***

The summary table in Section B (paragraph 5) should be updated to reflect the changes proposed in paragraph 19 related to the term “cooperatives.”

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***Paragraph 20 (ASC 410-30-30-2(e))***

The summary table in Section B (paragraph 5) proposes inserting a link in ASC 410-30 to the Master Glossary term “orphan share potentially responsible party.” However, paragraph 20’s proposed amendment to ASC 410-30-30-2(e) does not propose to do so. We believe that paragraph 20 should be modified to link “orphan share potentially responsible parties” in ASC 410-30-30-2(e) to the Master Glossary term.

***Paragraph 55 — Duplicate Terms***

**Repurchase Agreement**

We believe that in ASC 405-940-20, links to Definition 2 of the Master Glossary term “repurchase agreement” should be replaced with links to Definition 1 of that Master Glossary term.

***Additional Technical Corrections***

We believe that the Board should make the additional technical corrections proposed in Appendix B below.

**Question 4: The proposed amendments would apply to public and nonpublic entities. Will any of the proposed amendments require special consideration for nonpublic entities? If so, which proposed amendment(s) will require special consideration, and why?**

We believe that the amendments in the proposed ASU should apply to public and nonpublic entities equally.

**Question 5: The Board considered several options for renaming the Master Glossary term *fair value* that originates from FASB Statement No. 123 (revised 2004), *Share-Based Payment*. The Board is proposing that this term be renamed *share-based payment value* and used throughout the Codification to emphasize that the measure differs from fair value (see paragraph 204). Do you agree with this proposed amendment? If not, why?**

We agree with the proposed amendment. However, the proposed ASU lists ASC 718-40-55-8 among the paragraphs in which “fair value” would be replaced with “share-based payment value” but does not indicate that the substitution would occur more than once in that paragraph. Because the term “fair value” appears twice in ASC 718-40-55-8, the parenthetical phrase “(replace twice)” should be inserted after “ASC 718-40-55-8” on page 180 of the proposed ASU.

**Appendix B**  
**Deloitte & Touche LLP**  
**Additional Technical Corrections**

We recommend that the Board make the additional technical corrections outlined below.

**ASC 325-40 (Investments — Other — Beneficial Interests in Securitized Financial Assets) and ASU 320-10 (Investments — Debt and Equity Securities — Overall)**

The implementation guidance in ASC 325-40-55-1 appears to contradict the guidance in ASC 320-10-35-34C and 35-34D on the recognition of other-than-temporary impairments in earnings for beneficial interests within the scope of ASC 325-40.

**ASC 480-10-55-59 (Written Put Option and Purchased Call Option Embedded in Noncontrolling Interest)**

ASC 480-10-55-59 begins with the phrase, “If the derivative instrument in Derivative 2 is freestanding of the noncontrolling interest.” In that phrase, “freestanding of” should be replaced with “embedded in” because the title of the subtopic refers to embedded features.

**ASC 815-10-55-2 (Derivative Flow Chart)**

We believe that the flow chart in ASC 815-10-55-2 contains an error. Toward the bottom of the diagram is a box displaying the question, “Does the contract permit or require net settlement or is there a market mechanism to facilitate net settlement outside the contract?” The flow chart indicates that if the answer is “yes,” the contract cannot qualify for the normal purchases and normal sales (NPNS) exemption. We disagree with that conclusion; the NPNS exemption may apply even if the entity can net cash settle or has a market mechanism to facilitate net settlement. ASC 815-10-15-35 states, “For a contract that meets the net settlement provisions of paragraphs 815-10-15-100 through 15-109 and the market mechanism provisions of paragraphs 815-10-15-110 through 15-118 to qualify for the normal purchases and normal sales scope exception, it must be probable at inception and throughout the term of the individual contract that the contract will not settle net and will result in physical delivery.” Therefore, an entity seeking to apply the NPNS exemption need only assert that delivery is probable at inception and throughout the life of the contract.

**Previously Proposed Technical Corrections**

We would like to point out that technical corrections related to the following topics proposed in our comment letter dated December 12, 2011, have not yet been made:

- ASC 505-30-30-8 (Retirement of Treasury Shares).
- ASC 815-20-25-15(j) (Hedgeable Risks for Cash Flow Hedges).
- ASC 805-740-25-13 (EITF Issue Nos. 86-9 and 94-10).
- ASC 605-25-15-3A(b) (Incomplete Reference).
- ASC 820-10-35-18D (Nonfinancial Derivatives).