WELLS FARGO

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Via email

Russell G. Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. 2014-200: Proposed Accounting Standards Update, *Conceptual Framework for Financial Reporting, Chapter 8: Notes to Financial Statements*

Dear Mr. Golden:

Wells Fargo & Company (Wells Fargo) is a diversified financial services company with over $1.5 trillion in assets providing banking, insurance, trust and investments, mortgage banking, investment banking, retail banking, and consumer finance services. We appreciate the opportunity to comment on the FASB's Proposed Statement of Financial Accounting Concepts: *Conceptual Framework for Financial Reporting, Chapter 8: Notes to Financial Statements* ("The Proposal").

The Proposal attempts to improve the effectiveness of disclosures in the notes to financial statements by communicating the information that is most important to users of financial statements. We acknowledge that developing an overall framework for determining disclosure requirements will improve the overall usefulness of financial statements. Financial institutions must comply with ever-burgeoning disclosure requirements from multiple sources, including the SEC, FASB, banking regulators and quasi-regulatory bodies such as the Enhanced Disclosure Task Force of the Financial Stability Board[1]. These disclosure requirements contain a mix of forward looking and historical information, are often overlapping and often challenge preparers as to the proper placement of disclosures within quarterly and annual reports or in stand-alone disclosure documents. Consequently, in addition to the burden this places on preparers, users are left with a patchwork of voluminous and often complex disclosures that obscure the very transparency they were intended to provide. While we applaud the efforts of the Board and recognize this is merely the first step in a long and arduous process, it is imperative that the Board broaden the scope of the project to consider all potential sources of disclosure that adversely affect disclosure efficiency and effectiveness.

[1] *Enhancing the Risk Disclosures of Banks*, Report of the Enhanced Disclosure Task Force, October 29, 2012

Duplication and proliferation of public disclosures exists in part because of conflicting or redundant disclosure requirements among standard-setters, regulators and other bodies. This issue will be underscored and exacerbated when financial institutions begin to comply with the new regulatory capital and risk disclosures required under Basel III[2] over the next year. These disclosures will be spread among various sections of Management's Discussion and Analysis (MD&A) and the notes to the financial statements of quarterly and annual reports, as well as separate disclosure documents published to company websites. Only a coordinated effort among standard setters and regulators will address the growing problem inherent in the current disclosure regime. Such a coordinated effort will ensure disclosures from different sources are complementary rather than redundant, while also discouraging quasi-regulatory bodies from recommending disclosures that carry an implicit obligation to comply that are not subject to proper due process.

We agree with the Board's emphasis on the concepts of relevance and materiality. Because immaterial information likely lacks relevance, we encourage the Board to more fully emphasize the consideration of materiality as well as develop clear principles for such consideration when making disclosure decisions. Currently, materiality considerations related to disclosures are only addressed in a general way in authoritative accounting guidance. Many disclosure requirements do not distinguish between annual or quarterly disclosures and many use unconditional language such as "an entity *shall* disclose…" This conveys and perpetuates the perception that disclosures are required if they are specifically set forth in the guidance. We encourage the Board to ensure that existing disclosure requirements are retroactively addressed to expressly permit the consideration of materiality.

There must be a clear distinction between information that is disclosed in the notes to financial statements and the MD&A. We are concerned that the Proposal seems to suggest that certain forward-looking information should be disclosed in the notes to the financial statements rather than the MD&A. It is important that forward-looking information that is protected by the SEC's safe harbor provision is not included in the notes to the financial statements. Only forward-looking information related to estimates and assumptions embedded within current measurements would be appropriate for inclusion in the notes to the financial statements. Conversely, forward-looking information related to sensitivity analyses or the effects of alternate assumptions should only be included in MD&A. Moreover, the Board should not require an entity to disclose speculative or proprietary information that might result in competitive disadvantages. The Board should coordinate closely with the SEC in this area and perform outreach with auditors to understand the "auditability" of any disclosures to be included in the notes to the financial statements.

A more recent trend is the requirement to disclose supplemental information on the face of the financial statements, either through additional line items or parenthetical disclosures. These disclosures unnecessarily clutter and overcomplicate the financial statements and ultimately may diminish the utility of the financial statements. We do not believe the presentation of information on the face of the financial statements provides significant incremental value to investors, particularly when this information can be provided in the notes to the financial statements where supplemental information is generally presented and expected.

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[2] Department of the Treasury, Office of the Comptroller of the Currency, 12 CFR Parts 3, 5, 6, 165, and 167, *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Capital Adequacy, Transition Provisions, Prompt Corrective Action, Standardized Approach for Riskweighted Assets, Market Discipline and Disclosure Requirements, Advanced Approaches Risk-Based Capital Rule, and Market Risk Capital Rule*, Federal Register, Vol. 78, No. 198, Friday, October 11, 2013

We strongly agree with the principle that interim financial statements are an integral component of the annual reporting cycle whereby interim financial statements are generally aggregated to a greater degree than annual financial statements and include interim updates to annual information only if there are significant changes since the most recent annual financial statements. However, the FASB has deviated from this principle as many standards explicitly or implicitly require the same level of disclosures for both interim and annual financial statements. This approach limits the preparer's ability to appropriately consider both relevance and materiality when making disclosure decisions. Accordingly, we encourage the Board to revert to this reporting principle for interim disclosures.

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We appreciate the opportunity to comment on the Proposal and are willing to work with the FASB as you proceed with further deliberations on the topic. If you have any questions, please contact me at 415-222-3119 or Mario Mastrantoni at 704-383-9678.

Sincerely,

/s/ Richard D. Levy

Richard D. Levy
Executive Vice President & Controller

cc: Jeff Geer - Office of the Comptroller of the Currency
Robert Storch - Federal Deposit Insurance Corporation
Steven Merriett - Federal Reserve Board
Donna Fisher - American Bankers Association
David Wagner - The Clearing House Association