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Mr. Hans Hoogervorst
Chair
International Accounting Standard Board
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Mr. Russell Golden
Chair
Financial Accounting Standard Board
401 Merritt 7 (P.O. Box 5116)
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Re: Exposure Drafts: IASB *Effective Date of IFRS 15: Proposed Amendments to IFRS 15*
FASB *Proposed Accounting Standards Update: Revenue from Contracts with Customers*

Dear Hans and Russ,

CFA Institute[1], in consultation with its Corporate Disclosure Policy Council ("CDPC")[2], appreciates the opportunity to comment on the International Accounting Standards Board's ("IASB") Exposure Draft, *Effective Date of IFRS 15: Proposed Amendments to IFRS 15*, and the Financial Accounting Standards Board's ("FASB") Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date*, collectively referred to as the Exposure Documents or EDs. The IASB and FASB are referred to hereafter, collectively, as these Boards.

CFA Institute is comprised of more than 130,000 investment professional members, including portfolio managers, investment analysts, and advisors, worldwide. CFA Institute seeks to promote fair and transparent global capital markets and to advocate for investor protections. An integral part of our efforts toward meeting those goals is ensuring that the quality of corporate financial reporting and disclosures provided to investors and other end users is of high quality.

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[1] With offices in Charlottesville, New York, London, Brussels, Hong Kong, Mumbai, Beijing, CFA Institute is a global, not-for-profit professional association of more than 130,000 investment analysts, portfolio managers, investment advisors, and other investment professionals in 150 countries, of whom nearly 123,000 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 144 member societies in 69 countries and territories.

[2] The objective of the CDPC is to foster the integrity of financial markets through its efforts to address issues affecting the quality of financial reporting and disclosure worldwide. The CDPC is comprised of investment professionals with extensive expertise and experience in the global capital markets, some of whom are also CFA Institute member volunteers. In this capacity, the CDPC provides the practitioners' perspective in the promotion of high-quality financial reporting and disclosures that meet the needs of investors.

GENERAL COMMENTS

Given the extent and nature of the change to the accounting and reporting of revenue – and the importance of such information to investors – we believe that a quality initial implementation of such important guidance is critical. While we believe new accounting standards should be implemented in as timely a fashion as possible, we do not oppose a one-year deferral of the effective date for each of the new revenue recognition standards referenced above. Deferral of adoption for one year to annual reporting periods ending December 31, 2018, including interim periods, is acceptable if it increases retrospective application of the standard (see below) and it allows time to improve the quality of implementation including enhancing related information technology systems. We believe that the FASB and the IASB standards should have the same effective date which is in keeping with the convergence objective of the final standards. We have previously articulated our objection to the IASB's permission to allow early adoption.

We agree with the IASB's observation that changing an effective date of a standard shortly after its issuance creates uncertainty for investors and other users and it has the potential to set a bad precedent. This decision must truly be an exceptional circumstance and should not be an opportunity for the agreed-upon standard to be re-opened for future change in the run-up to the effective date. Any attempt to develop new – or differing – principles during the period prior to the final agreed upon effective date should be avoided. Doing so could result in divergent financial reporting across jurisdictions.

As proposed or discussed through the questions to the Exposure Drafts, the following matrix reflects (based upon a calendar year entity) the proposed or discussed effective dates for both U.S. GAAP and IFRS.

	U.S. GAAP		**IFRS**	
	Original	**Revised**	**Original**	**Revised**
Mandatory Effective Date	2017	2018	2017	2018
Early Adoption	Not Allowed	2017	2014 – 2016	2014 – 2017
Non-Public Entities	2018	2019	Same as public companies.	
Retrospective	2017	2019 (2020)	No difference proposed.	

Given that assumptions will be made as of the date of adoption, the wide variation in effective date options between jurisdictions and companies will likely make comparison challenging for investors – particularly when combined with transition options. Where companies have long-duration contracts with significant estimates – those entities where the adoption is expected to have the greatest impact on the amount of or trends in revenue – differing effective dates will have the most significant and lasting impact on comparability. We are also concerned by discussions regarding transition expedients (e.g. long-duration contracts with a significant number of contract modifications) which may have a compounding impact on comparability. Differences in effective dates, transition methods and practical expedients have a compounding impact on reducing the comparability essential to investment decision-making.

Because of importance of the revenue figures to investors we support a one year deferral, but our support is qualified by the following concerns which emanate from lack of comparability being further expanded by the wide range of adoption dates noted in the table above.

- *Same Effective Date for US GAAP and IFRS* – The effective date of the FASB standard and the IASB standard must be the same to ensure comparability across companies and financial reporting jurisdictions.

  Investors and other users analyze companies across multiple filing jurisdictions, therefore, comparability would suffer for entities investors seek to compare across jurisdictions. Global alignment of the effective date would solve this problem.

- *Same Effective Date for Public & Non-Public Entities* – The effective date of the FASB standard and the IASB standard should be the same for all entities including public entities, not-for-profit entities and employee benefit plans.

  Investors and other users make capital allocations among entities of all sizes and structure (i.e. public, non-public, etc.). The same effective date is essential.

- *Early Adoption* – As noted above, we have previously articulated our objection to the IASB's permission to allow early adoption. The FASB now proposes to allow early adoption – by allowing entities to adopt as of the original effective date. This plethora of mandatory and early adoption dates and the wide variety of differing adoption dates across companies and jurisdictions exacerbates the problems non-comparability poses for investors.

- *Don't Support Optional Two Year Deferral for Retrospective Application* – We do not believe that an optional two-year deferral should be granted for all entities that apply the guidance retrospectively to each reporting period. From the FASB's proposal it is not clear if they are requesting input on a two-year deferral date for retrospective adoption from the original effective date or from the revised proposed mandatory effective date. We are assuming two years from the original effective date or 2019, for calendar year companies. Our understanding is that the additional one-year deferral from 2017 to 2018 was meant to accommodate those seeking to retrospectively adopt by providing them with twelve additional months of lead time to prepare the first comparable period (i.e. comparable periods of 2016, 2017, 2018 vs. 2015, 2016, 2017) from the original issuance date of the proposal in 2014.

  For calendar year companies a two year deferral would suggest an effective date of 2019 and comparable periods of 2017, 2018 and 2019. This results in initial application on January 1, 2017 – 2 ½ years after the issuance of the standard. Public release of the new revenue figures would not occur for approximately five years subsequent to the release of the new standard. If new standards are meant to improve financial reporting, this represents, in our view, an inordinate delay in improving financial reporting for investors. Further, we believe that it would be useful to know how the FASB (or, the SEC) would avoid further delays in the implementation of the standard if a large number of companies subsequently assert the full retrospective approach is too onerous, costly, and/or complex.

  For these reasons, we believe a one-year deferral to 2018 should be sufficient to accommodate retrospective deferral as that would result in comparable periods of 2016, 2017, and 2018 or initial adoption at January 1, 2016 which is 18 months subsequent to the issuance of the standard.

While we have a long-standing position that entities should provide information under new standards as soon as possible because it is expected to be provide better information, we do not object to a one year deferral where it does not increase effective date options (e.g. early adoption) or have a multiplier effect on the lack of comparability due to the existence of varying options.

CLOSING COMMENT

Thank you for the opportunity to express our views on this important proposal. If the Boards have questions or seek furthers elaboration of our views, please contact Matthew M. Waldron by phone at +1.212.705.1733, or by e-mail at matthew.waldron@cfainstitute.org or Sandra J. Peters, CPA, CFA by phone at +1.212.754.8350 or by email at sandra.peters@cfainstitute.org.

Sincerely,

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CFA Institute

/s/ Ashwinpaul C. Sondhi
Ashwinpaul C. Sondhi
Chair
Corporate Disclosure Policy Council

cc: Corporate Disclosure Policy Council