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Technical Director, File Reference No. 2015-260
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116
U.S.A.

Dear Board Members:

Re: FASB's ED Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments

The Canadian Bankers Association¹ (CBA) would like to thank the Financial Accounting Standard Board (the "FASB" or the "Board") for the opportunity to comment on the FASB's exposure draft of a proposed accounting standard update (ASU) that would simplify the accounting for measurement-period adjustments in business combinations. We understand that the FASB is issuing this proposed ASU as part of its Simplification Initiative to address constituent feedback that the current requirement to retrospectively apply measurement-period adjustments adds cost and complexity without any significant improvement in the usefulness of the information provided to users.

The Canadian banks are uniquely positioned, relative to other regions, as our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and since we operate in close proximity to the U.S., convergence of IFRS and U.S. GAAP is of considerable importance to us.

The existing FASB guidance on measurement-period adjustments under Topic 805 is aligned with current IFRS requirements. While we support FASB's Simplification Initiative to reduce the cost and complexity of certain aspects of U.S. GAAP, we are concerned that the proposed ASU creates divergence for measurement-period adjustments between U.S. GAAP and IFRS 3, Business Combinations, where none exists today.

¹ The Canadian Bankers Association works on behalf of 61 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 280,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The Association also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness. www.cba.ca.

Instead of replacing the existing guidance, we recommend that the proposed ASU be added as an alternative accounting policy choice under U.S. GAAP. By offering a choice, entities can determine, based on their own cost-benefit analysis and circumstances, whether to: (i) retrospectively apply the measurement-period adjustments and revise comparative information; or (ii) to record the effect of the change in the financial reporting period in which the adjustment is identified and not to revise comparative information. For example, U.S. subsidiaries of parent companies that report under IFRS may be required to report local statutory financial statements under U.S. GAAP. These entities may prefer to follow the existing guidance in order to avoid having to reconcile their local accounts to comply with IFRS for consolidation.

By offering acquirers the ability to apply either accounting policy choice, the Board is offering entities a choice between reducing cost and simplification or maintaining convergence with IFRS.

We thank you for taking our comments into consideration.

Sincerely,

Deborah H. Crossman