WELLS FARGO

Richard D. Levy
Executive Vice President & Controller

MAC A0163-039
343 Sansome Street, 3rd Floor
San Francisco, CA 94104
415 222-3119
415 975-6871 Fax
richard.d.levy@wellsfargo.com

July 27, 2015

Via email

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

Re: File Reference No. 2015-280: Proposed Accounting Standards Update, *Investments-Equity Method and Joint Ventures (Topic 323)*

Dear Mr. Golden:

Wells Fargo & Company (Wells Fargo) is a diversified financial services company with over $1.7 trillion in assets providing banking, insurance, investments, mortgage, and commercial and consumer finance services. We appreciate the opportunity to comment on the FASB's Proposed Statement of Financial Accounting Concepts: *Investments-Equity Method and Joint Ventures, Simplifying the Equity Method of Accounting (*"The Proposal").

We support the changes included in the Proposal. These changes will reduce complexity for financial statement preparers without adversely affecting the financial statements. We do, however, believe that there are two additional complex areas of equity method accounting that the Board should consider in its simplification efforts.

We encourage the Board to eliminate the need to separately account for dilution gains and losses[1] to be consistent with the proposed treatment of other equity method basis differences. Dilution gains and losses represent a form of basis difference created subsequent to the initial investment date when an investor's ownership interest changes via an issuance of shares by an equity method investee. These unrealized gains and losses are accounted for as if an investor sold a proportionate share of its investment in an investee[2] and thus, are recognized in earnings. In our experience, the recognition of dilution gains is most prevalent for investments in start-up companies that experience multiple rounds of financing and are most acute at the time of an initial public offering. The stock prices of these entities are often volatile and may result in the subsequent recognition of other-than-temporary impairment.

[1] We expect that dilution losses would continue to be recognized as other-than-temporary impairment.
[2] ASC 323-10-40-1

While we understand the conceptual basis for the current accounting treatment, we believe the recognition of these amounts in earnings can be misleading.

In addition, we encourage the Board to provide interpretive guidance on the application of the hypothetical liquidation at book value ("HLBV") method or consider permitting the use of either the cost or effective interest methods in lieu of equity method of accounting for investments with certain types of complex capital structures. When the allocation of profits and losses to individual investors may change over time, industry participants often use the HLBV method to determine the proportionate share of an investee's earnings. The HLBV method is very complex, prone to structuring and there is limited guidance covering its use. This accounting method is therefore subject to significant interpretation and may produce inconsistent or misleading financial results.

We agree with the Board that the accounting for equity method investments warrants simplification and we agree with the changes in the Proposal. We encourage the Board to include the additional items described above in this simplification project.

* * * * *

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: Rusty Thompson - 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