



December 8, 2015

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Via Email to [director@fasb.org](mailto:director@fasb.org)

**File Reference No. 2015-300**

Dear Ms. Cospers:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Amendments to Statement of Financial Accounting Concepts No. 8, *Conceptual Framework for Financial Reporting: Chapter 3: Qualitative Characteristics of Useful Financial Information*. We support the Board's effort to ensure that the materiality concepts discussed in Concepts Statement 8 are consistent with the principle that is applied in practice.

Our answer to the question for respondents follows.

**Question 1: Do the proposed amendments improve Concepts Statement 8? If so, how? If not, why?**

We do not believe the proposed amendments, as written, improve Concepts Statement 8. In our view it is unnecessary for the Board to state either that materiality is a legal concept or that the Board does not promulgate definitions of materiality. Rather, we believe the Board should state that it observes that the U.S. Supreme Court has defined materiality, and that preparers often refer to this definition in assessing materiality.

As we noted in our response to Proposed Accounting Standards Update, *Notes to Financial Statements (Topic 235): Assessing Whether Disclosures Are Material*, we are concerned that reference to a legal concept in the FASB's accounting guidance, albeit non-authoritative, could cause unintended implementation issues.

We also believe that the Board's decision not to promulgate a definition of materiality is self-evident in the amended guidance, and therefore a definitive statement that the Board does not promulgate definitions of materiality is unnecessary.

To illustrate, following is a version of the proposed amended paragraph QC11 with our suggested changes marked.

~~Materiality is a legal concept. In the United States, a legal concept may be established or changed through legislative, executive, or judicial action. The Board observes but does not promulgate definitions of materiality. Currently, ¶~~The Board observes that the U.S. Supreme Court's definition of materiality, in the context of the antifraud provisions of the U.S. securities laws, generally states that information is material if there is a substantial likelihood that the omitted or misstated item would have been viewed by a reasonable resource provider as having significantly altered the total mix of information. The Board also observes that financial statement preparers and others generally refer to the U.S. Supreme Court's definition in assessing materiality. ~~Consequently, ¶~~The Board cannot specify or advise specifying a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation. [Footnote omitted]

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We would be pleased to discuss our comments with you. If you have any questions, please contact Mark Scoles, Partner in our Accounting Principles Consulting Group, at 312.602.8780 or mark.scoles@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP