February 29, 2016

Ms. Susan M. Cosper
Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2015-350

Dear Ms. Cosper:

Intercontinental Exchange, Inc. ("ICE") and Interactive Data Pricing and Reference Data, LLC ("Interactive Data") appreciate the opportunity to comment on the recent exposure draft on Fair Value Measurement (Topic 820).

Interactive Data is an investment adviser registered under the Investment Advisers Act of 1940 and has been in the evaluations business for more than 40 years. We provide global security evaluations, reference data, risk analytics and other information designed to support financial institutions' pricing activities, research, accounting and portfolio management. These offerings are supplemented by a comprehensive range of reference data for more than 10 million global financial instruments, including descriptive data, corporate actions, and terms and conditions for current and historical fixed income securities.

Interactive Data has developed a service to assist reporting entities in the classification of instruments into the fair value hierarchy (i.e. Level 1, Level 2 or Level 3). We believe that this service, along with our extensive experience as a third-party pricing and reference data provider, gives us unique insight into the current practices employed for financial statement creation under FASB guidance and US GAAP standards.

Focal Points

We have focused our comments on two items in the proposal into which we have unique insight as an industry vendor:

- Removal of certain disclosures not consistent with the proposed Concepts Statement or that are no longer deemed useful; and
- New, proposed disclosures for certain reporting entities.

Removal of Certain Disclosures No Longer Deemed Useful

Interactive Data applauds the FASB's decision to remove requirements that do not necessarily add value to consumers of financial statement data. This removes operational burdens on reporting entities while retaining all of the information that provides insight into the reporting entity's financial activities and exposures. Specifically, we agree that there is not significant value to the following disclosures that the exposure draft proposes to remove:

- Details of the transfers between Level 1 and Level 2 of the fair value hierarchy
- Policy disclosures on the timing of transfers between levels
- Valuation policies and procedures for Level 3 fair value measurements
- Reconciliation of beginning and ending balances for recurring Level 3 fair value measurements (private company disclosures only)

We believe it would also be appropriate for the FASB to consider the removal of additional disclosures from financial statements for the same reasons that the above items are being considered. For example, as it pertains to many financial instruments, the disclosure of valuation technique(s) can be misleading to consumers of financial statements and, in our opinion, does not add meaningful value to understanding the reporting entity's state of affairs.

More specifically, "Discounted Cash Flow Methodology" is a commonly-disclosed valuation technique for many fixed income assets but does not appropriately represent the scope of the valuation methodology that many reporting entities and pricing vendors employ. Discounting cash flows typically refers to the generation of the forecasted cash flow for the instrument and applying an appropriate discount rate. However, describing this as a valuation technique does not give any insight into the observable market data used to determine the rate for discounting. The rate could be driven entirely from direct and executable market observations on the target instrument, or could be extrapolated from distant comparable assets. Without a distinction between market-observed discount rates and modeled discount rates, simply identifying a discounted cash flow methodology adds minimal value to understanding the valuation techniques employed.

We believe the same concerns holds true for other commonly utilized valuation techniques and for that reason, should be deemed no longer useful.

<u>New, Proposed Disclosures for Certain Reporting Entities</u>

The exposure draft proposes new disclosure requirements to be added to ASC Topic 820 for public companies including:

- Changes in unrealized gains and losses in Other Comprehensive Income ("OCI") and earnings for recurring Level 1, 2 and 3 fair value measurements held at the end of the reporting period, disaggregated by fair value hierarchy level.
- The range, weighted average and time period used to develop significant unobservable inputs for Level 3 instruments.

Interactive Data appreciates initiatives aimed at improving transparency. We support the disclosure of the range and weighted average (or consider median in lieu of weighted average) of significant unobservable inputs for Level 3 fair value measurements. As a data provider, Interactive Data does not assign levels to assets that we evaluate. Although many of our clients may consider the majority of our evaluated assets to be Level 2 instruments, we note that some clients may take a more stringent interpretation and classify the instrument as Level 3. Therefore, we support our clients by making the variables considered in the valuation available in our data feeds. For example, among other variables, we offer disclosure around prepayment rates, default assumptions, loss-given severities, yields and spreads. However, our client outreach has indicated that reporting entities have concerns about these additional disclosures, particularly for OTC derivatives, and believe that such disclosures would not add value to financial statements. We believe that these new recommended disclosures should only apply to equity and fixed-income instruments. Data provided through our Vantage℠ calibration and toolkit service includes aggregated instrument-level disclosures along with range and median calculations.

However, we believe that disclosure of the time period used to develop unobservable inputs would not add any significant value to consumers of financial statements and should not be added in the final adoption of the update to ASC Topic 820. Interactive Data employs various models that drive our assumptions for the significant pricing inputs, and these are overlaid by the expert judgment of our evaluator staff to ensure that each instrument's assumptions are reasonable and valid. We believe that, given our evaluation process, the time period aspect of the proposal is burdensome and does not add value or insight to the financial statement user. For example, a potential investor or analyst may believe that a firm using 15 years of reference data is better than one which uses five, although the firms may use different modeling techniques and different weightings for the time series – neither one of which is necessarily better than the other.

Conclusion

Interactive Data appreciates the opportunity to present our views on the recommended updates to ASC Topic 820. We strongly support the FASB's overarching goals of increasing relevant transparency in company financial statements. However, we suggest FASB remove valuation technique as a disclosure for Level 3 fair value measurements; add range and median (instead of weighted average) disclosures of significant unobservable inputs for Level 3 fair value measurements for equity and fixed-income instruments only; and remove the time period of inputs utilized as a potential disclosure for significant Level 3 inputs.

We look forward to working with the FASB and financial community on upgrading the content of these disclosures.

Sincerely,

Andrew Hausman
President, Interactive Data Pricing and Reference Data