



**BB&T Corporation**

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Technical Director  
File Reference No. 2015-350  
Financial Accounting Standards Board  
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**Proposed Accounting Standards Update:  
Fair Value Measurement (Topic 820)  
Disclosure Framework—Changes to the Disclosure Requirements for  
Fair Value Measurement**

We appreciate the opportunity to respond to the proposed Accounting Standards Update entitled *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“the Exposure Draft”). BB&T Corporation and its subsidiaries (“BB&T”) offer full-service commercial and retail banking and additional financial services such as insurance, investments, retail brokerage, corporate finance, treasury services, international banking, leasing, and trust management.

BB&T supports the Board in its effort to improve the effectiveness of fair value disclosures within the financial statements. Our responses to the specific questions in the exposure draft are as follows:

**Question 1:** Would the proposed amendments result in more effective, decision-useful information about fair value measurements? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about fair value measurements? If yes, please explain why.

We do not believe that disclosure of the change in unrealized gains and losses would be considered “information that is most important to users of the financial statements” as referenced in the objectives of the Disclosure Framework-Board’s Decision Process project. This is especially true considering Level 1 and Level 2 assets and liabilities are valued based on observable market prices. In addition, the presentation of comparative financial information would give the users of the financial statements an indication of any significant volatility for any significant assets or liabilities. Therefore we do not believe this disclosure provides useful information to the users of the financial statements.

BB&T notes the range and weighted average of significant unobservable inputs is included within the implementation example in ASC 820-10-55-103 and this information is already included by many companies within their financial statements. However, BB&T does not believe the inclusion of both of these disclosures meets the FASB's current initiative to improve the effectiveness of disclosures by clearly communicating information that is most important to users of the financial statements. While the weighted average of the unobservable inputs may provide useful information that may be compared to peers, including the range simply adds additional information that clutters the note and distracts from the information that is most important. Therefore we would propose that the FASB simply require the weighted average amount of the unobservable input.

Reviewing the proposed ASU's Basis for Conclusion we were not able to identify an understanding of the reasons for the proposed addition of the time period used to develop significant unobservable inputs for level 3 disclosures. Therefore we are only able to infer the FASB believes this will allow users to compare the information amongst peers. However, considering the disclosures of the range and/or weighted averages such amount are already comparable and BB&T does not believe the related time period provides any additional useful information.

BB&T supports the removal of the disclosures identified in the exposure draft and does not believe their removal results in the elimination of any decision-useful information.

**Question 2:** Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

BB&T does not believe most companies currently disaggregate unrealized gains and losses by level of the fair value hierarchy within their ledger systems. This disclosure has always been limited to Level 3 assets and liabilities which are inherently operationally intensive, manual in nature, and typically at lower volumes. Adding this disclosure for Level 2 and Level 3 assets and liabilities significantly increases the volume of transactions therefore requiring system modifications to develop the disclosure. This would be a costly and time consuming project providing little to no value. Further, from a risk perspective, companies typically do not view realized or unrealized gains or losses separately. Considering this, we do not believe that disclosing unrealized gains and losses by level of fair value hierarchy provides useful information to users of the financial statements. Therefore while we acknowledge the disclosure can be developed, BB&T does not believe the usefulness of the disclosure is commensurate to the cost of the disclosure's development. In addition, with the complexities of developing the requested information, the auditability is also more difficult further driving up the cost of the disclosure.

BB&T has historically disclosed the range and weighted average of significant unobservable inputs. As noted above, BB&T does not believe the time period used to develop the inputs provides additional useful information.

**Question 3:** Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

BB&T believes it would be necessary to modify our systems in order to provide appropriate disclosures for the changes in unrealized gains and losses for Level 1 and Level 2 assets. These modifications would require investments related to the design, implementation and testing of the systems. Considering the low level of usefulness of the information as discussed above, BB&T does not believe these investments are warranted.

**Question 4A:** The proposed amendments would apply to all entities, except for certain requirements in paragraph 820-10-50-2(bbb) through (d), for which private companies would be exempt. Do you agree with the exemption for private companies? If not, please describe why and which disclosures should be required for private companies.

Accounting standards are set through a due diligence process designed to determine the best practice, which should be applied consistently across all companies in order to provide comparability. We do not believe it is appropriate to artificially introduce accounting divergence by treating public and nonpublic entities differently.

**Question 4B:** Should entities other than public business entities (for example, employee benefit plans and not-for-profit organizations) also be exempt from the proposed amendments mentioned in Question 4A? If yes, please describe why and which disclosures they should be exempt from.

Consistent with our response above, we do not believe it is appropriate to introduce accounting divergence by treating entities differently.

**Question 5:** The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the weighted average of significant unobservable inputs used in Level 3 fair value measurements. Are there classes of financial instruments for which this disclosure is inoperable or does not provide meaningful information? If yes, please describe those classes of financial instruments and explain why.

BB&T is not aware of classes of financial instruments for which this disclosure is inoperable.

**Question 6:** The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the time period used to develop significant unobservable inputs. What would be the costs associated with including this disclosure? Would this disclosure provide more effective, decision-useful information?

While BB&T does not believe there would be significant costs in determining the time period used to develop significant unobservable inputs, as noted above we do not believe such information is useful.

**Question 7:** Are there any other disclosures that should be required by Topic 820 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

BB&T is not aware of any additional disclosures that should be required by Topic 820.

**Question 8:** Are there any other disclosure requirements retained following the review of Topic 820 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

BB&T believes the board should limit the quantitative disclosure requirements for fair value measurements to a company's annual reporting requirements unless there is a significant change in the disclosure amounts. This would be consistent with the recent decisions in the Board's Disclosure Framework-Interim Reporting project: "disclosures about matters required to be set forth in annual financial statements should be provided on an updated basis in the interim report if there is a substantial likelihood that the updated information would be viewed by a reasonable investor as significantly altering the "total mix" of information available to the investor." The purpose of these disclosures is to provide the investor information on what affects the fair value, the quality of the valuation, and volatility of the fair value measurements. Provided there are no significant changes from the disclosures provided in the annual financial statements, quantitative fair value disclosures in the interim financial statements would not "significantly alter" the information already provided to the investor.

**Question 9:** How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? If yes to either question, please explain why.

BB&T believes that at least two years is necessary to implement the proposed ASU in the event that the requirement to disclosed changes in the unrealized gains and losses for level 1 and level 2 assets remains within the ASU. This is due to the complexities involved in implementing and testing the system updates that would be necessary to produce such information and the competing priorities companies currently have related to system modifications.

BB&T would also support an option partially early adopt the standard to allow removal of disclosures that have been determined to not represent useful information.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

/s/ Brett Casey