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August 3, 2016

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 2016-250

Dear Ms. Cosper:

RSM US LLP appreciates the opportunity to comment on the Proposed Accounting Standards Update (ASU), *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (the "proposed Update"). Overall, we support the Board's efforts to clarify the scope of the asset derecognition guidance as well as to address the accounting for partial sales of nonfinancial assets. We believe the proposed Update will reduce the difficulty entities otherwise would have had in determining the appropriate guidance to apply when derecognizing nonfinancial assets, as well improve consistency in the accounting for partial sales of nonfinancial assets. Furthermore, we encourage the Board to move to the next phase of this project in the near term to determine whether differences between the accounting for the derecognition of assets and businesses can be removed. Provided below for your consideration are our responses to the "Questions for Respondents" on which specific comment was requested in the proposed Update.

Responses to Questions for Respondents

Question 1: *Is the list of transactions that are excluded from Subtopic 610-20 in paragraph 610-20-15-3 complete? If not, please describe what is missing.*

We didn't identify any further transactions that should be included in paragraph 610-20-15-3.

Question 2: *Do you agree that transfers of all businesses (including real estate businesses) or nonprofit activities should be excluded from the scope of Subtopic 610-20? If not, please describe the types of businesses that should be included in Subtopic 610-20 and how you would define them.*

We agree that the transfer of all businesses (including real estate businesses) or nonprofit activities should be excluded from the scope of Subtopic 610-20. We don't see any conceptual basis for different accounting treatments when derecognizing certain businesses as compared to other businesses.

Question 3: *Given that the amendments in this proposed Update would require all businesses to be excluded from Subtopic 610-20, do you have any further comments on the appropriateness or operability of the amendments in the proposed Accounting Standards Update, Business Combinations (Topic 805): Clarifying the Definition of a Business?*

We don't have any further comments on the appropriateness or operability of the amendments in the proposed ASU, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, beyond those included in our comment letter dated January 14, 2016.

Question 4: *The scope of Subtopic 610-20 includes in substance nonfinancial assets, which are defined in the Master Glossary and described in paragraphs 610-20-15-4 through 15-10 in this proposed Update. Is it appropriate to include those transactions within the scope of Subtopic 610-20, and would the guidance be operable? If not, why and what other alternatives would you suggest?*

We believe it is appropriate to include transactions involving nonfinancial assets and in substance nonfinancial assets as described in the proposed Update within the scope of Subtopic 610-20 and believe the guidance would be operable.

Question 5: *Paragraph 610-20-15-3(k) in this proposed Update excludes subsidiaries that do not have in substance nonfinancial assets entirely from the scope of Subtopic 610-20. Alternatively, the Board could have decided to apply the guidance in paragraph 606-10-15-4 and separate each asset in a subsidiary that is not a business into different derecognition models. Would this alternative approach be operable for partial sales in which the seller retains an interest in the former subsidiary (see also paragraph BC34)? If yes, please provide examples of how this would be applied. If operable, do you support such an approach?*

We believe the alternative approach to apply the guidance in paragraph 606-10-15-4 and separate each asset in a subsidiary that is not a business into different derecognition models would be difficult to apply in practice, and we agree with the scope included in the proposed Update.

Question 6: *When transferring an ownership interest in a subsidiary that is an in substance nonfinancial asset, do you agree that the unit of account should be each distinct nonfinancial asset in the subsidiary*?

We agree that when transferring an ownership interest in a subsidiary that is an in substance nonfinancial asset, the unit of account should be each distinct nonfinancial asset in the subsidiary. However, as noted in paragraph BC47, most sales of an ownership interest in a subsidiary that is an in substance nonfinancial asset will result in control of all assets transferring at the same time. This would mean that in most cases the accounting treatment would not be impacted by the evaluation of the distinct nonfinancial assets in the transaction. As such, we believe it would be helpful to explicitly note in the final ASU that if control of all nonfinancial assets transfers at the same time, it would not be necessary to evaluate whether there are separate units of account in the transaction.

Question 7: *Do you agree that an entity should measure a retained interest in a nonfinancial asset at fair value? If not, why?*

We agree that an entity should measure a retained interest in a nonfinancial asset at fair value if the entity no longer controls the nonfinancial asset as this will improve consistency with the guidance on derecognition of businesses.

Question 8: *Paragraphs 610-20-40-3 through 40-10 provide guidance that would assist an entity in determining when it transfers control of distinct nonfinancial assets in a subsidiary. Would this guidance be operable? If not, why?*

We believe the guidance in paragraphs 610-20-40-3 through 40-10 would be helpful to an entity in determining when it transfers control of distinct nonfinancial assets in a subsidiary, particularly in situations in which the nonfinancial assets are transferred to more than one unrelated party.

Question 9: *Do you agree with providing an entity with the option to apply different transition methods to Subtopic 610-20 and Topic 606? If not, why?*

We agree with allowing an entity to apply different transition methods to transactions within the scope of Subtopic 610-20 and Topic 606 given the nonrecurring nature of most transactions within the scope of Subtopic 610-20 as discussed in paragraph BC84.

Question 10: *The proposed amendments on clarifying the definition of a business would require prospective adoption. If those proposed amendments are finalized before Subtopic 610-20 becomes effective, should an entity utilize either:*
a. The definition of a business effective at the time of the transaction
b. The revised definition of a business when implementing Subtopic 610-20?

We believe if the proposed amendments on clarifying the definition of a business are finalized before Subtopic 610-20 becomes effective, the revised definition of a business should be utilized when implementing Subtopic 610-20. Otherwise, an entity adopting Subtopic 610-20 using a full retrospective approach might have to treat transactions with the same exact fact pattern that occur in separate fiscal years (i.e.; one transaction occurs prior to the effective date of the amendments on clarifying the definition of a business and one occurs after) differently, which we don't think would be appropriate.

Question 11: *Do you agree with the proposed amendments to eliminate the exception in Topic 860 for transfers of equity method investees that were formerly considered in substance nonfinancial assets or in substance real estate? If not, please describe the consequences of applying the guidance in Topic 860 instead of Subtopic 610-20.*

We agree with the proposed amendments to eliminate the exception in Topic 860 for transfers of certain equity method investments as it simplifies the application of the derecognition guidance while also resulting in the same accounting for similar transactions.

Question 12: *Overall, do you agree that the proposed amendments would reduce the cost and complexity of evaluating the derecognition of nonfinancial assets? Why or why not?*

We agree that the proposed amendments would reduce the cost and complexity of evaluating the derecognition of nonfinancial assets as well as improve consistency in the accounting for partial sales of nonfinancial assets.

We appreciate this opportunity to provide feedback on the proposed Update and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day 563.888.4017 or Brian H. Marshall 203.905.5014.

Sincerely,

RSM US LLP

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