Crowe Horwath LLP
Independent Member Crowe Horwath International

One Mid America Plaza, Suite 700
Post Office Box 3697
Oak Brook, Illinois 60522-3697
Tel 630.574.7878
Fax 630.574.1608
www.crowehorwath.com

November 28, 2016

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

Via email to *director@fasb.org*

Re: File Reference No. 2016-340

Dear Ms. Cosper:

We are pleased to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update (ASU), *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*. We are supportive of the Board's efforts to generally align the accounting with expectations incorporated in the market pricing of securities acquired at a premium. However, we have highlighted a few matters for the Board to consider below.

Question 1: Do you agree that premiums on purchased callable debt securities should be amortized to the earliest call date?

We agree that a premium on a purchased callable debt security should be amortized to the earliest call date, particularly in today's low interest rate environment. Though, we believe it is important for the FASB to clarify in the final guidance that the intention of the application of this guidance is to apply only to "explicit" scheduled call options as opposed to other items that are generally thought of synonymously with call options, such as prepayment options.

Question 2: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided more time? Should early adoption be permitted?

We do not believe that significant time would be necessary to implement the proposed amendments. Therefore, entities other than public business entities should not require additional time to implement. We also support early adoption by all entities.

Question 3: Do you agree with the proposed transition method and disclosures in paragraph 310-20-65-1(c)?

We agree that the proposed transition method (modified retrospective) is preferable, however we believe it should be optional for private companies. A modified retrospective approach requires re-amortizing the debt security as though it was amortized to the earliest call date which may require off-system calculations for multiple securities. Under a prospective approach, amortization could likely be facilitated with limited cost and burden on many existing securities accounting programs. This option could require amortization prospectively from the date of adoption to the first "explicit" scheduled call date or alternatively may only apply to prospective securities purchases.

We encourage the Board to conduct outreach with private company stakeholders as we believe that many would indicate that a prospective approach is less burdensome while at the same time providing decision useful information.

Please contact Scott Lehman at (630)574-1605 or scott.lehman@crowehorwath.com or Matthew Schell at (202)779-9930 or matthew.schell@crowehorwath.com should you have any questions.

Sincerely,

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