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Via Email to director@fasb.org

Re: File Reference No. 2017-300

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on the proposed ASU, *Technical Corrections and Improvements to Recently Issued Standards: I. Accounting Standards Update No. 2016-01,* Financial instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. We support the Board's ongoing efforts to improve the Codification by making technical corrections to address the unintended application of U.S. GAAP. We also agree with the Board's approach to issue a separate proposed Update for those technical corrections that require prompt implementation,

Overall, we agree that the amendments in the proposed Update improve the clarity of the guidance in ASU 2016-01. However, we believe that the amendments to ASC 321-10-35-2 do not qualify as a technical correction and should not be made to the guidance. These amendments address how entities can change their measurement election for equity securities without readily determinable fair values, from cost adjusted for impairments and observable price changes to fair value through earnings. We believe that the instrument-by-instrument election that a reporting entity makes to measure its equity investments without readily determinable fair values at cost, adjusted for impairments and observable price changes, is an accounting policy election similar to the instrument-by-instrument election to measure financial assets and financial liabilities at fair value under the fair value option guidance in ASC 825-10. If an entity elects to change the measurement method, we believe that it should apply the guidance in ASC 250 on accounting changes and error corrections. We appreciate that the guidance in ASC 250 requires a retrospective application, which in many instances may not be practical or cost beneficial. If that is the concern that the Board is trying to address through this amendment, we believe the Board should instead consider making an explicit change to allow any change in the measurement method from the guidance in ASC 321-10-35-2 to be applied prospectively, with any resulting gains or losses at the date of change recorded in earnings of the period of change.

Our responses to the questions for respondents are as follows.

Question 1: The proposed amendments are intended to improve the clarity of the guidance in Update 2016-01. Would the proposed amendments clarify that guidance? If not, please explain which proposed amendment(s) would not provide clarification, and why.

We agree that the proposed amendments would clarify the guidance in ASU 2016-01. However, we have a few suggestions to further clarify two of the proposed amendments as follows.

Issue 1: Equity securities without readily determinable fair value – Discontinuation

We believe that the guidance in this proposed amendment should clarify how a reporting entity should identify "all securities that are of the same type" as the equity securities for which the reporting entity is electing an accounting policy to measure at fair value. Without this clarification, we believe diversity in practice may result. For example, should entities identify "all securities of the same type" by analogizing to the guidance in ASC 942-320-50-2, which requires an evaluation of factors including industry type, entity size, and investment objective? Or, would equity securities held in the same investee be the only securities considered to be of the same type?

Issue 4: Presentation requirements for certain fair value option liabilities

We believe that the guidance in ASC 815-15-45-2 should be clarified to state that application of the guidance in ASC 825-10-45-5 is required only for hybrid financial liabilities issued by the reporting entity. We believe such clarification is necessary because the guidance in ASC 815-15-25-4 through 25-6 referenced in the proposed paragraph applies to both hybrid financial assets and hybrid financial liabilities and therefore may be confusing to readers. In addition, we believe that the term *financial liability* should be linked to the ASC Master Glossary, since this term is not currently defined in ASC 815-15. The suggested edits to the guidance in ASC 815-15-45-2 are as follows:

> **815-15-45-2** If an entity has designated a hybrid **financial liability** issued by the entity ~~financial liability~~ under the fair value election in accordance with paragraphs 815-15-25-4 through 25-6, the entity shall apply the guidance in paragraph 825-10-45-5 on the presentation of changes in the liability's fair value that result from changes in instrument-specific credit risk.

Question 2: Will any of the proposed amendments result in substantive changes to the application of Update 2016-01 that would require transition provisions or an effective date for the final amendments other than as noted in the Summary section "When Would the Amendments Be Effective?" If so, please describe.

We do not believe that any of the proposed amendments would require transition provisions or an effective date other than as noted in the Summary section of the proposed Update.

Question 3: Should other changes be made that are directly or indirectly related to the proposed amendments? Please note that the Board will conduct Codification improvements projects on a periodic basis and additional changes may be postponed to a subsequent Codification improvements project.

We do not believe any other changes are required in the Codification related to the proposed amendments.

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If you have any questions about our response, or wish to further discuss our comments, please contact Rahul Gupta, Partner, at 312 602 8084, rahul.gupta@us.gt.com, or Graham Dyer, Partner, at 312 602 8107, graham.dyer@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP