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Building Success. Together.

January 22, 2018

Russell G. Golden  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Via email: [director@fasb.org](mailto:director@fasb.org)

Re: File Reference: No. 2018-210

Dear Chairman Golden:

The American Bankers Association<sup>1</sup> (ABA) appreciates the opportunity to comment on the Proposed Accounting Standard Update: Income Statement – Reporting Comprehensive Income (Topic 220) *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (“proposed ASU”). As outlined in our letter December 13, 2017 letter *RE: Accounting for the Income Tax Rate Changes of Tax Reform*, aspects of current accounting guidance and practices create a stranded amount in accumulated other comprehensive income (“AOCI”) and results in misleading information to investors and an administrative burden for preparers. This has further implications in the regulated banking industry where the stranded amount in AOCI may also have an impact on capital. ABA members unequivocally support transparency in financial reporting, both as preparers and users of financial statements. Therefore, we believe it is critical to make immediate improvements to financial reporting – in this case, improvements to accounting for tax effects resulting from an enacted change in tax rate. We commend the staff’s efforts to better address these key issues. The ABA strongly supports the proposal and recommends its immediate approval with early adoption permitted. Specifically, we believe that the reclassification of the stranded tax effects from AOCI to retained earnings is a good operational solution and provides a truer economic picture than the current guidance.

We also strongly encourage the FASB to take this opportunity to explore backwards tracing as a long term solution. We understand the FASB will add a project to its research agenda to consider the expected costs and benefits of backwards tracing, and we encourage the FASB to accelerate efforts to rectify these issues.

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<sup>1</sup> The American Bankers Association is the voice of the nation’s \$16 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$12 trillion in deposits and extend more than \$8 trillion in loans.

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Thank you for your attention to these matters and for considering our views. Please feel free to contact me ([mgullette@aba.com](mailto:mgullette@aba.com); 202-663-4986) or Josh Stein ([jstein@aba.com](mailto:jstein@aba.com); 202-663-5318) if you would like to discuss this in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Gullette". The signature is written in a cursive style with a large initial "M".

Michael L. Gullette