JPMORGAN CHASE & CO.

February 1, 2018

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

Re: File Reference No. 2018-210 – Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

Dear Ms. Cosper:

JPMorgan Chase & Co. appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Income Statement – Reporting Comprehensive Income (Topic 220)* (the "proposed ASU"). JPMorgan Chase commends the FASB's swift action to address the accounting for stranded amounts in accumulated other comprehensive income ("AOCI") due to the remeasurement of deferred tax assets and liabilities to the newly enacted corporate income tax rate as a result of the Tax Cuts and Jobs Act ("TCJA").

- We strongly support the proposal to reclassify the stranded tax effects from AOCI to retained earnings resulting from the newly enacted federal corporate income tax rate in order to eliminate the stranded tax effects and improve the usefulness of information reported to financial statement users.
- We believe that the reclassification of the stranded tax effects from AOCI to retained earnings is a good operational solution and provides a more accurate financial statement presentation than current GAAP.
- We agree that the amount of the reclassification should be the difference between the historical corporate income tax rate and the newly enacted corporate income tax rate. However, in some circumstances, the applicable new tax rate is other than the 21% cited. We encourage the FASB to clarify in paragraph 220-10-45-12A that the guidance is meant to address all stranded tax effects as a result of the TCJA.
- We agree with the proposed effective date and support the option to early adopt the guidance in an interim period prior to the effective date. We do not foresee comparability issues arising from diversity in the timing of application given the one-time nature of the application of the guidance and the transparency provided by associated disclosures.
- We request an option be provided to apply a modified retrospective approach to adoption with a cumulative-effect adjustment to opening retained earnings in the period or fiscal year of adoption.

We encourage the FASB to pursue a project on backwards tracing as a long-term solution to the accounting for future changes in tax laws and rates. It has been a number of years since the Board's previous discussions on the topic and we believe the financial reporting environment has evolved in a way that warrants further deliberation. We believe that the benefits of backwards tracing outweigh the costs and that it is operational.

We appreciate the opportunity to submit our views. We would be pleased to discuss our comments with you at your convenience. If you have any questions, please contact me at 212.648.0404.

Sincerely yours,

Bret Dooley

Bret Dooley
Managing Director
Corporate Accounting Policies