



2 Court Square, 15<sup>th</sup> floor  
Long Island City, NY 11101

January 29, 2018

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

**File Reference No. 2018-210, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income**

Dear Ms. Cospier:

Citigroup appreciates the opportunity to comment on the Exposure Draft for the proposed Accounting Standards Update (“ASU”), Income Statement—Reporting Comprehensive Income (Topic 220): *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*.

We strongly support the efforts of the Board to address the stranded amount in accumulated other comprehensive income (“AOCI”) resulting from the newly enacted corporate tax rate in the Tax Cuts and Jobs Act. Further, Citigroup supports permitting early adoption of the ASU and encourages the Board to issue the final ASU as soon as possible. While we agree with the requirement in the Exposure Draft to reclassify the stranded tax effects resulting from the difference between the historical corporate income tax rate and the newly enacted 21 percent corporate income tax rate, we recommend that the Board require the impact of all stranded taxes caused by the Tax Act to be reclassified from AOCI to retained earnings as outlined in the comment letter from SIFMA.

Citigroup also supports the Board’s adding a project to its agenda to address backwards tracing. We believe the best alternative to a project on backwards tracing is alternative “c” in the Proposed ASU: Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with all *future changes* in tax rates. We believe this approach will address the issue prospectively, and will allow the Board to accelerate a solution to this matter.

We would be pleased to discuss our comments with you at your convenience. Please feel free to call me at (347) 648-7721.

Sincerely,

A handwritten signature in blue ink that reads "Robert Traficanti". The signature is written in a cursive, flowing style.

Robert Traficanti  
Global Head of Accounting Policy