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New York, NY 10004

Morgan Stanley

February 2, 2018

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

Re: File Reference No. 2018-210- Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

Dear Chairman Golden:

Morgan Stanley appreciates the opportunity to comment on the proposed Accounting Standards Update, *Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (the “proposed ASU”), issued in January 2018. We appreciate the willingness of the Board to address the issue of stranded tax effects in such a timely manner.

We agree with the proposed ASU to require a reclassification of the stranded tax effects from Accumulated Other Comprehensive Income (“AOCI”) to retained earnings resulting from application of the new corporate tax rate associated with the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) and with the proposal providing the ability for firms to early adopt such ASU once it is issued as final. We also provided input into and are supportive of the comment letter issued by SIFMA as it relates to other stranded tax impacts resulting from the Tax Act and transition requirements.

As it relates to backwards tracing, we are supportive of the comment letters submitted by the American Bankers Association and SIFMA as we strongly encourage the FASB to add a broader project to its standard setting agenda. While the proposed guidance would address the stranded tax effects resulting from the Tax Act, it would not address all stranded tax effects in AOCI. We believe the Board should require the release of all such stranded tax effects from AOCI to retained earnings. Furthermore, we believe all changes in deferred tax amounts in the current year should be recognized in the same line item in which the deferred tax amounts were originally recognized (e.g., Other comprehensive income, Discontinued operations, Additional paid in capital). This will remove the notion of any stranded taxes in the future, and provide more intuitive and decision-useful information to users of financial statements.

Again, we thank you for the opportunity to provide comments. Please contact me at 212-276-7824 or Eric McGuinn at 917-260-0428 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "G. David Bonnar". The signature is written in a cursive style with a large initial "G".

G. David Bonnar
Managing Director
Global Advisory and Policy