

November 21, 2016

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

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*

(File Reference No. 2016-340)

Dear Ms. Cospers:

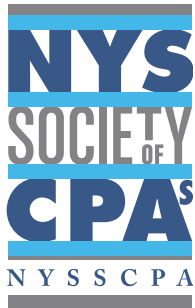
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee, at (212) 324-7048, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

F. Michael Zovistoski
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**PROPOSED ACCOUNTING STANDARDS UPDATE—*RECEIVABLES*—
*NONREFUNDABLE FEES AND OTHER COSTS (SUBTOPIC 310-20): PREMIUM
AMORTIZATION ON PURCHASED CALLABLE DEBT SECURITIES***

(File Reference No. 2016-340)

November 21, 2016

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*

(File Reference No. 2016-340)

General Comments

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update—*Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities* (Proposed Update).

Specific Comments

We have the following responses to questions posed in the Proposed Update.

Question 1: Do you agree that premiums on purchased callable debt securities should be amortized to the earliest call date? Please explain why or why not.

Response: We agree that premiums on purchased callable debt securities should be amortized to the earliest call date. This approach recognizes the underlying economic purpose of the call which permits the counterparty to refinance the debt when interest rates or credit ratings become favorable. While an approach that factors in market and credit conditions of the counterparty would better capture the economics of the transaction, we believe that amortizing the premium to the earliest call date substantially achieves that goal while reducing the cost and effort necessary to analyze and conclude on the likely call date, and the related impacts of adjusting such date as the market and credit conditions evolve.

Question 2: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided more time? Should early adoption be permitted?

Response: We do not believe the time necessary to implement the changes, per instrument, will be significant. However, we recognize that reporting companies may have a significant number of securities and therefore the aggregate time could be significant. We believe that more time should be provided for entities other than public business entities to adopt the Proposed Update. Furthermore, we do not believe that early adoption should be allowed, as we believe that early adoption could compromise the comparability of financial reporting (see our response to Question 3).

Question 3: Do you agree with the proposed transition method and disclosures in paragraph 310-20-65-1(c)? Please explain why or why not.

Response: We agree with the proposed transition method and disclosures. As this proposal will change the basis for recognizing premiums, a cumulative change catch-up recorded at the beginning of the earliest period presented permits the financial statements to maintain comparability.