November 21, 2016

Ms. Susan M. Cosper
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. Cosper:

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

Principal Drafters

Craig T. Goodman
Edward P. Ichart
Jeffrey A. Keene
Ahmed Shaik

NYSSCPA 2016–2017 Board of Directors

F. Michael Zovistoski, *President*
Harold L. Deiters III, *President-elect*
John J. Lauchert, *Secretary/Treasurer*
Gregory J. Altman, *Vice President*
Susan M. Barossi, *Vice President*
Anthony S. Chan, *Vice President*
John S. Shillingsford, *Vice President*
Joanne S. Barry, *ex officio*

Edward L. Arcara
Sol S. Basilyan
Paul E. Becht
Christopher G. Cahill
Jack M. Carr
Salvatore A. Collemi
Mitchell A. Davis
Edward F. Esposito
Joseph M. Falbo, Jr.
Rosemarie A. Giovinazzo-Barnickel
Elizabeth A. Haynie
Elliot L. Hendler
Jan C. Herringer
Patricia A. Johnson
Jean G. Joseph

Barbara A. Marino
Kevin Matz
Mitchell J. Mertz
Jacqueline E. Miller
Tracey J. Niemotko
Kevin P. O'Leary
Iralma Pozo
Renee Rampulla
Brian M. Reese
M. Jacob Renick
Warren Ruppel
Steven A. Stanek
Denise M. Stefano
Janeen F. Sutryk
Michael M. Todres
David G. Young

NYSSCPA 2016–2017 Accounting and Auditing Oversight Committee

Robert M. Rollmann, *Chair*
Charles Abraham
Matthew T. Clohessy
Salvatore A. Collemi

Michael J. Corkery
Lourdes Eyer
Craig T. Goodman
Jan C. Herringer

Adam S. Lilling
Renee Mikalopas-Cassidy
Rita M. Piazza
William M. Stocker III

NYSSCPA 2016–2017 Financial Accounting Standards Committee

Craig T. Goodman, *Chair*
Margaret A. Wood, *Vice Chair*
Agwu Agwu
Brian M. Aledort
Olga Bashkatova
Christina K. Catalina
Timothy P. Demetres
J. Roger Donohue
Deepak K. Doshi
Robert A. Dyson
William Epstein
Roseanne T. Farley
Sharon Sabba Fierstein
Christopher Gagliardi
Jo Ann Golden

Fred R. Goldstein
Abraham E. Haspel
Orume A. Hays
Edward P. Ichart
Tamar Kadosh
Min Jung Kang
Michael D. Kasperski
Angela V. Katehis
Jeffrey A. Keene
Young Kwon
Kevin Lee
Martin Lee
Joseph A. Maffia
Nigyar Mamedova
Sean Martell

Sean D. Matthews
John J. McEnerney
Joseph Montero
Denise E. Moritz
Lingyun Ou
Pedro D. Pile
Richard M. Posen
Laura C. Prevratil
Renee Rampulla
Viktoriya Riggs
Robert M. Rollmann
Ahmed Shaik
Daniel Shea
Mark Springer
Yan Zhang

NYSSCPA Staff

Ernest J. Markezin
Keith Lazarus

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.