October 5, 2015

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

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update – Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the FASB Emerging Issues Task Force)

(File Reference No. EITF-15D)

Dear Ms. Cosper:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 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) 303-1058, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,
N Y S S C P A
N Y S S C P A
Joseph M. Falbo, Jr.
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE – DERIVATIVES AND HEDGING (TOPIC 815) EFFECT OF DERIVATIVE CONTRACT NOVATIONS ON EXISTING HEDGE ACCOUNTING RELATIONSHIPS
(a consensus of the FASB Emerging Issues Task Force)

(File Reference No. EITF-15D)

October 5, 2015

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update – Derivatives and Hedging (Topic 815) Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the FASB Emerging Issues Task Force)

(File Reference No. EITF-15D)

General Comments

We are pleased to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update – *Derivatives and Hedging (Topic 815) Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the FASB Emerging Issues Task Force)* (Proposed Update).

Overall, we agree with the Proposed Update. Our detailed responses to questions for respondents are presented below.

Specific Comments

Question 1: Do you agree that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument in an existing hedge accounting relationship should not, in and of itself, require dedesignation of that hedge accounting relationship?

Response: We agree.

Question 2: Do you agree that the effects of initially adopting the amendments in this proposed Update should be applied on a prospective basis to all existing and new hedge accounting relationships in which a change in the counterparty to a derivative instrument occurs after the effective date of the proposed guidance?

Response: We agree.

Question 3: There may be circumstances in which entities have previously dedesignated a hedge accounting relationship upon the occurrence of a novation that, under the proposed amendments, would no longer result in a dedesignation. Those entities may have been following an abbreviated qualitative method of hedge accounting (for example, the shortcut method) before the dedesignation and either (a) redesignated the hedge under the long-haul method or (b) chose not to redesignate the hedge as a result of the complexities of applying the long-haul method when using an off-market derivative as the hedging instrument. Is the scenario described above prevalent? If so, for those entities that had been applying an

abbreviated qualitative method of hedge accounting before a dedesignation resulting from a past novation, should the Task Force consider permitting, but not requiring, retrospective transition?

Response: We believe that retrospective transition should be permitted at the option of the reporting entity. If retrospective transition is chosen, disclosure of the reporting entity's election of retrospective transition and the reasons why should be made.

Question 4: The proposed amendments would apply to all entities. Should the proposed amendments be different for entities other than public business entities? If so, please describe how and why you think they should be different.

Response: In our view the proposed amendment should apply to all entities.

Question 5: How much time would be needed to implement the proposed amendments and should the implementation period differ for public business entities versus all other entities? Should this guidance be effective upon issuance? If the guidance is not effective upon issuance, should early adoption be allowed? Please explain why.

Response: We believe the time needed to implement the proposed amendments should not be significant. The proposed guidance should be effective at the beginning of the next fiscal period, interim or full year after issuance with early adoption permitted.

Question 6: Should a reporting entity be required to provide the transition disclosures specified in this Proposed Update? Should any other disclosures be required? If so, please explain why.

Response: We believe that a reporting entity should be required to provide the transition disclosures specified in the Proposed Update and that no additional disclosures are necessary.