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May 4, 2017

Office of the Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: File No. S7-02-17  
Request for Comment on Possible Changes to Industry Guide 3

Dear Office of the Secretary:

BDO appreciates the opportunity to share our views and provide input on the SEC's Request for Comment on Possible Changes to Industry Guide 3 Statistical Disclosure by Bank Holding Companies. We appreciate and support the Commission's efforts to modernize the nature, timing, scope and applicability of Guide 3.

We believe the disclosure framework for Guide 3 should be principles-based as opposed to rules-based with prescriptive or bright-line disclosure requirements. This approach would allow preparers the flexibility to provide information that is relevant to users of their financial statements. We recognize that this approach may result in less comparability among filers. However, we believe that the potential benefits outweigh the burden imposed by complying with bright-line disclosure requirements, which may be immaterial or largely irrelevant to users of financial statements. To employ a principles-based approach, it will be important for the Commission to clearly articulate the objectives of the disclosure requirements contained in Guide 3.

Further, we believe the scope of Guide 3 should be activity-based as opposed to industry or legal entity-based. Currently, Guide 3 applies explicitly to bank holding companies (BHCs), and as indicated in SAB Topic 11K, also applies to any entity engaged in similar operations as BHCs. The financial services industry and the types of entities that engage in banking-type transactions have evolved significantly since Guide 3 was originally issued in 1976. We believe this industry will continue to evolve and that a principle-based disclosure framework will allow for Guide 3 to be relevant in the future without requiring significant changes.

We believe disclosure requirements that are redundant, duplicative, or similar to U.S. GAAP or other Commission rules should be removed from Guide 3. We believe the Commission's rules should focus on eliciting incremental disclosure that is relevant to investors. If it is determined that the existing redundant or duplicative disclosures are still relevant within the Guide 3 framework, we believe any inconsistencies should be eliminated so the requirements are aligned with other required disclosures. For example, Guide 3 currently requires disclosure of time deposits in excess of \$100,000. However, both U.S. GAAP and Consolidated Reports of Condition and Income (Call Reports) instructions have been updated to require disclosures in excess of the FDIC insurance limit (\$250,000).

The FASB conducts exhaustive outreach during the course of implementing new GAAP standards, which includes determining the disclosures relevant for users and practical for preparers to



implement (e.g., the outreach conducted for the FASB’s 2012 Exposure Draft on Disclosures about Liquidity Risk and Interest Rate Risk and ASU 2016-13). We recommend that the Commission consider what the FASB learns through its due process and outreach efforts to users, preparers, and auditors in determining the disclosure requirements that are codified in Accounting Standards Updates when contemplating changes to Guide 3.

The Request for Comment solicits feedback about disclosures contained outside Commissions filings (e.g. Call Reports) and whether they should be incorporated into the Commission’s disclosure requirements or hyperlinked. We would not support this approach for the following reasons. First, regulatory reporting requirements may not be at the same entity level as the financial statements (i.e., bank level instead of BHC level). In addition, auditors would be required to perform additional procedures on this information in accordance with PCAOB AS 2710, Other Information in Documents Containing Audited Financial Statements. Given the additional time required to review such documents, we question whether the benefits will exceed the associated costs. Additionally, users may misinterpret the level of auditor assurance on such documents. Nonetheless, if the Commission continues to believe information that is otherwise excluded from Commission filings is important to be referenced in SEC filings, additional outreach to the PCAOB, bank regulators, auditors, investors, and preparers should be considered to address the concerns above as well as other practical issues.

Guide 3 currently requires disclosure of financial data for three or five years depending on the disclosure; conversely, the financial statements and MD&A require three years of income statements/cash flows and two years of balance sheets (with smaller reporting companies only requiring two years of income statements/cash flows). We suggest that the Commission consider the need for these additional years of data in Guide 3 and whether the information is relevant and useful to users such that it continues to be required to be reported in the filing, whether it be for convenience or to provide relevant trend data. Consideration should be given to technological advancements which allow users ready access to financial information via xBRL or other means to obtain information for periods longer than those presented in the filing.

Moving forward, we encourage the Commission to establish a formal process for reviewing and updating its disclosure requirements in light of developments in U.S. GAAP, IFRS and Commission guidance. Such reviews should be undertaken periodically in response to changes in GAAP disclosure requirements. Updating the requirements more frequently would reduce the inefficiency incurred by registrants in addressing compliance with outdated requirements. It would also reduce the volume of disclosure requirements that need to be addressed at a particular time, thereby reducing the time involved to implement changes.

Ultimately, we believe that changes to Guide 3, whether they are in the scope or disclosure framework, should be determined based on investor and user needs. Accordingly, it is important to obtain investor feedback relating to this request for comment. We suggest that the Commission hold public roundtables to elicit feedback from the investing community. Subsequent to these roundtables, we recommend additional outreach to preparers to ensure that suggestions received from the investors can be practically implemented without undue cost or burden to preparers.

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We appreciate this opportunity to express our views to the Commission. We would be pleased to answer any questions the Commission or its staff might have about our comments. Please contact Jeff Lenz, National Director - SEC Practice at (312) 616-3944 or via email at [jlenz@bdo.com](mailto:jlenz@bdo.com), or Brad Bird, Director - National SEC Department, at [REDACTED] or via email at [REDACTED].

Very truly yours,

BDO USA, LLP