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Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

27 November 2019

Re: Request for Comment on Proposal to Update of Statistical Disclosures for Bank and Savings and Loan Registrants (Release No. 33-10688; 34-86984; File No. S7-02-17)

Dear Ms. Countryman:

Ernst & Young LLP is pleased to provide comments to the Securities and Exchange Commission (SEC or Commission) on its proposal to update the statistical disclosure requirements for bank and savings and loan registrants.

We support the Commission's objective to modernize the existing requirements in Guide 3, *Statistical Disclosure by Bank Holding Companies*, by eliminating many of the outdated or duplicative disclosures and codifying Guide 3 into new Subpart 1400 of Regulation S-K. We generally believe that the proposed changes would help registrants effectively communicate to investors material information that is more relevant, organized and focused on a company's facts and circumstances.

We offer the following suggestions that may help the SEC achieve its objective more effectively and help registrants and auditors avoid unnecessary challenges when applying the proposal while still providing useful information for investors.

Proposal to codify certain Guide 3 disclosures in a new Subpart 1400 of Regulation S-K

We support the proposal to codify certain Guide 3 disclosure requirements in a new Subpart 1400 of Regulation S-K, consistent with the recommendation in our letter responding to the SEC's staff request for input on possible changes to Guide 3.¹

The proposal requests feedback on whether the statistical disclosures required by proposed Subpart 1400 should be located in the notes to the financial statements. Guide 3 currently allows flexibility in whether these disclosures are included in the audited financial statement footnotes or presented elsewhere in the filing. Most registrants choose to present such information in Management's Discussion and Analysis (MD&A) or Description of Business, both of which are outside the audited financial statements. Footnote disclosures are subject to XBRL tagging requirements and are likely to be more consistent in

¹ See our 24 May 2017 comment letter on Possible Changes to Industry Guide 3, *Statistical Disclosure by Bank Holding Companies* (Release No. 33-10321 and No. 34-80131; File No. S7-02-17).

content and location than information outside the financial statements, thereby reducing search costs for users. Mandating footnote disclosure of the specified data, however, likely will increase audit costs. Despite the costs and benefits of footnote disclosure, the approach under current Guide 3 allows for flexibility, and we support retaining that flexibility.

We recommend that the Commission consider feedback from investors and other users to determine whether they would prefer the disclosures always be included in the financial statements. Consistent with the objectives of the Disclosure Update and Simplification Technical Release, we also encourage dialogue with the Financial Accounting Standards Board (FASB) to understand its views on whether current US GAAP disclosure requirements should be expanded to include the new Subpart 1400 disclosures or how such disclosures may have already been considered in recent standard-setting activities.

Reporting periods and requirements to report without undue burden or expense

We support the Commission's proposal to limit the required disclosures generally to those periods for which financial statements are included in the filing. However, certain disclosures of credit ratios would be required for each of the last five fiscal years in initial registration statements and in subsequent offering statements by entities in the scope of the proposal, if the information is known or reasonably available to the registrant. We support requiring that information only if it is known or reasonably available. However, we have observed the use of 17 CFR 230.409 (Securities Act Rule 409) and 17 CFR 240.12b-21 (Exchange Act Rule 12b-21) to omit required disclosures to be very limited. We have primarily observed that registrants have omitted information that could not be produced without unreasonable effort or expense when the exception is codified in the specific disclosure requirement (e.g., Item 3 of Form 20-F as it relates to Selected Financial Data for the earliest two years).

New disclosures proposed under Subpart 1400

We appreciate the rigorous process undertaken by the SEC to review the disclosure requirements in Guide 3. While the proposal would eliminate many of the redundant and obsolete disclosure requirements, the proposed Subpart 1400 of Regulation S-K would retain some of the existing Guide 3 disclosure requirements and add certain new disclosures.

Deposits

The proposal would require issuers to disclose uninsured deposits as of the end of each reporting period, separately presenting (1) US time deposits in amounts in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit, and (2) time deposits that are otherwise uninsured, by time remaining until maturity. We ask the SEC to consider clarifying the definition of uninsured deposits as of the end of each reporting period, specifically whether the amount of uninsured deposits (1) should be measured for each individual account or consider all accounts of a person or persons to whom the insurance limits apply, and (2) should include the total balance of the account(s) or only that portion of the account balance(s) over the FDIC insurance limit. We also encourage the SEC to consider feedback from preparers to determine whether there are any significant operational challenges in providing this disclosure.



We would be pleased to discuss our comments with the Commission or its staff at its convenience.

Yours sincerely,

Ernst + Young LLP

Copy to:

Mr. Sagar Teotia, Chief Accountant, Office of Chief Accountant
Mr. William Hinman, Director, Division of Corporation Finance
Mr. Kyle Moffatt, Chief Accountant, Division of Corporation Finance
Mr. Russell Golden, Chairman, Financial Accounting Standards Board