



November 1, 2016

Secretary
Securities and Exchange Commission
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Via Email to rule-comments@sec.gov

Re: File Number S7-15-16
Proposed Rule on Disclosure Update and Simplification

Dear Office of the Secretary:

Grant Thornton LLP appreciates the opportunity to comment on Securities and Exchange Commission (“SEC” or “Commission”) August 4, 2016 Proposed Rule, *Disclosure Update and Simplification* (“Proposed Rule”). We support the Commission’s efforts to enhance the effectiveness of public company disclosures and are providing our firm’s perspective gained primarily from serving public companies as independent accountants, including interaction with the SEC staff in this capacity. We encourage the Commission to continue its outreach to investors, registrants and other stakeholders as part of its Disclosure Effectiveness Initiative to improve the disclosure requirements for the benefit of both investors and registrants. We believe an understanding of all viewpoints is critical to simplify the Commission’s disclosure requirements while ensuring investors continue to receive timely and material information needed to make investment decisions.

Our letter discusses the main themes of the Proposed Rule. Our comments on specific disclosure requirements that the Proposed Rule amends are included in the accompanying Appendix.

Objective of the Proposed Rule

We support the objective of the Proposed Rule and agree that the Proposed Rule will result in simplifying the disclosures in registrants’ financial statements by removing or amending the requirements that may have become redundant, duplicative, overlapping, outdated, or superseded in light of other Commission disclosure requirements, U.S. GAAP disclosure requirements, IFRS disclosure requirements, or changes in the information environment, without lessening the total mix of information provided to the investors.

Interaction of Commission's Disclosure Requirements and U.S. GAAP

We support the Commission's efforts to work with the Financial Accounting Standards Board ("FASB") to address Commission's disclosure requirements that are incremental to the disclosure requirements in U.S. GAAP. As stated in the Proposed Rule, the Commission has designated the FASB as the private-sector accounting standard setter for U.S. financial reporting purposes; and therefore, we believe that the incremental disclosure requirements that the Commission believes should be required in registrants' financial statements should be referred to the FASB for incorporation into U.S. GAAP. We believe that codifying all financial statement disclosure requirements in one place will be beneficial to all stakeholders, since they not only become easily accessible, but can also be better understood due to the context that the related recognition and measurement guidance, which are also codified in the same place, may provide.

We also recommend that the Commission consider formulating a process similar to the FASB's technical corrections and improvements project and IASB's annual improvements project, where on an annual basis the Commission can reevaluate the incremental disclosure requirements and identify the ones that can be modified due to the FASB's standard setting and also evaluate new disclosures that the Commission believes FASB should consider incorporating in U.S. GAAP. For example, FASB has recently issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and ASU 2016-02, *Leases*, which when they become effective will make some of the Commission's current disclosure requirements duplicative.

Scope of the Commission's Disclosure Requirements and U.S. GAAP

We acknowledge that the scope of the Commission's disclosure requirement is based on different thresholds than U.S. GAAP. The scope of the Commission's disclosure requirements is based on different categories of registrants such as large accelerated filers, accelerated filers, non-accelerated filers, emerging growth companies, smaller reporting companies, whereas U.S. GAAP primarily scopes entities that prepare financial statements into public business entities and private entities. Therefore, we agree with the discussion in the Proposed Rule that indicates certain registrants, specifically smaller reporting companies, may be affected when the Commission's incremental disclosure requirements are incorporated into U.S. GAAP. However, we believe that disclosure requirements should be the same for all registrants and the scope of disclosure requirement's threshold should be based on materiality thresholds rather than size of the entity thresholds for evaluating whether a certain disclosure should be made, similar to the guidance in U.S. GAAP. Utilizing the same disclosure requirements for all registrants, irrespective of their size, makes it easier for preparers of financial statements to comply with these disclosure requirements and also makes it easier for users of financial statements to analyze various registrants' financial statements.

Bright-line Disclosure Thresholds

We believe that bright-line disclosure thresholds should not be prescribed for financial reporting. Instead of prescribing bright-line thresholds, the Commission should consider providing objectives for a particular set of disclosures and then allow registrants to apply materiality judgments in determining appropriate disclosures.

Disclosure Location Considerations

We believe that the location of disclosures that explain the information contained in the financial statements of a registrant has become less relevant in today's environment where many users of financial statements rely on software tools to extract and analyze the information contained in SEC filings. The use of such software tools has become more prominent with the introduction of XBRL tagging requirements. However, we believe that information that is included in the notes to the financial statements should be limited to the information that explains the registrants' financial statements and should not include any forward-looking information. Therefore, the Commission's disclosure requirements to disclose information that includes forward-looking information or any other information that explains operational aspects of registrants' operations should continue to be presented outside the financial statements.

We appreciate the opportunity to provide our views related to the content of the Proposed Rule and would be pleased to discuss our comments with you. If you have any questions, please contact Trent Gazzaway, National Managing Partner of Professional Standards, [REDACTED], [REDACTED].

Sincerely,



Appendix

Comments on Specific Disclosure Modifications in the Proposed Rule

The topics where we do not have any comments in relation to the proposed amendments are not included in the following tables. The topic numbers in the following tables correspond to the topic numbers used in each section of the Proposed Rule.

Redundant and Duplicative Requirements

Topic	Comments
1. Foreign Currency	We agree with the deletion of the disclosure requirements.
2. Consolidation	We agree with the deletion of the disclosure requirements.
3. Obligations	We agree with the deletion of the disclosure requirement. In addition we believe the Commission should consider clarifying the meaning of the term <i>authorized amount</i> in relation to debt which would continue to be required to be disclosed under the Commission's guidance.
4. Income Tax Disclosures	We agree with the deletion of the disclosure requirements. However, we believe before the Commission decides to finalize the changes to S-X Rule 4-08(h), it should consider the outcome of the FASB's recently issued proposed Accounting Standards Update, <i>Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes</i> , including the feedback that the FASB receives on that proposal.
5. Warrants, Rights, and Convertible Instruments	We agree with the deletion of the disclosure requirements.
6. Related Parties	We agree with the deletion of the disclosure requirements.
7. Contingencies	We agree with the deletion of the disclosure requirements.
8. Earnings per Share	We agree with the deletion of the disclosure requirements.
9. Insurance Companies	We agree with the deletion of the disclosure requirements.
10. Bank Holding Companies	We agree with the deletion of the disclosure requirements.
11. Changes in Accounting Principles	We agree with the deletion of the disclosure requirements.
12. Interim Adjustments	We agree with the deletion of the disclosure requirements.
13. Interim Financial Statements – Common Control Transactions	We agree with the deletion of the disclosure requirements.
14. Interim Financial Statements – Dispositions	We agree with the deletion of the disclosure requirements.

Overlapping Requirements – Proposed Deletions

Topic	Comments
1. REIT Disclosures	We agree with the deletion of the disclosure requirements.
2. Consolidation	We agree with the deletion of the disclosure requirements.
3. Repurchase and Reverse Repurchase Agreements	We support the deletions in S-X Rule 4-08(m) except for the requirement to disclose the registrant's policy with regards to taking possession of securities or other assets purchased under agreements to resell (that is, reverse repurchase agreements). As noted in the Proposed Rule, U.S. GAAP is not as specific with respect to taking possession of collateral. Therefore, we recommend the disclosure be referred to the FASB for potential incorporation into U.S. GAAP. We believe that disclosure about possession of collateral is an important aspect of reverse repurchase agreements and is useful information in understanding the credit risk associated with the transactions in which the registrant does not take possession of the collateral.
4. Derivative Accounting Policies	We agree with the deletion of the disclosure requirements.

Topic	Comments
5. Distributable Earnings for Registered Investment Companies	We agree with both the amendment to and the deletion of the disclosure requirements.
6. Insurance Companies	We agree with the deletion of the disclosure requirement and considering the disclosure requirement in ASC 944-20-50-3, do not believe that any portion the deleted disclosures should be referred to the FASB.
7. Interim Financial Statements – Material Events Subsequent to the End of the Most Recent Fiscal Year	We agree with the deletion of the disclosure requirements.
8. Interim Financial Statements – Changes in Accounting Principles	We agree with the deletion of the disclosure requirement.
9. Interim Financial Statements – Pro Forma Business Combination Information	We agree with the deletion of the disclosure requirement. Also please refer to our comment letter dated December 1, 2015 on the Commission September 25, 2015 <i>Request for Comment on the Effectiveness of Financial Disclosures about Entities Other than the Registrant</i> , where we had recommended that the usefulness of the pro forma disclosures can be strengthened by aligning the disclosures required under Commission's requirements with U.S. GAAP.
10. Interim Financial Statements – Dispositions	We agree with the deletion of the disclosure requirements.
11. Segments	We agree with the deletion of the disclosure requirements.
12. Geographic Areas	We agree with the deletion of the disclosure requirements.
13. Seasonality	We agree with the deletion of the disclosure requirements.
14. Research and Development Activities	We agree with the deletion of the disclosure requirements.
15. Warrants, Rights, and Convertible Instruments	We agree with the deletion of the disclosure requirements.
16. Dividends	We agree with the deletion of the disclosure requirements.
17. Equity Compensation Plans	We agree with the deletion of the disclosure requirements.
18. Ratio or Fixed Earnings to Charges	We agree with the deletion of the disclosure requirements.

Overlapping Requirements – Proposed Integrations

Topic	Comments
1. Foreign Currency Restrictions	We agree with the proposed amendment.
2. Restrictions on Dividends and Related Items	We agree with the proposed amendments.
3. Geographic Areas	We agree with the proposed amendment.

Overlapping Requirements – Potential Modifications, Eliminations, or FASB Referrals

Topic	Comments
1. REIT Disclosures – Tax Status of Distributions	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
2. Consolidation	We believe that the current disclosure requirements in ASC 810-10-50-1, ASC 810-10-50-1B, and ASC 805-10-50-2 provide disclosures similar to the disclosures required by S-X Rule 3A-03(b). However, we do not disagree with the disclosure requirement of Regulation S-X being referred to the FASB for potential incorporation into U.S. GAAP in order to make the disclosure requirement more explicit.
3. Discount on Shares	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
4. Assets Subject to Lien	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
5. Obligations	We support referring the disclosure requirements to the FASB for potential incorporation into U.S. GAAP. In addition, we believe the

Topic	Comments
	guidance, when considered for being incorporated into U.S. GAAP by the FASB, should clarify the meaning of the term <i>authorized amount</i> in relation to debt.
6. Preferred Shares	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
7. Income Tax Disclosures	As noted above, the FASB has issued a proposed Accounting Standards Update on changes to the disclosure requirements for income taxes. We believe the Commission should work with the FASB to incorporate the disclosure requirements in S-X Rule 4-08(h) into U.S. GAAP as part of that project and upon issuance of the final Accounting Standards Update consider eliminating the Rule.
8. Related Parties	We support referring the disclosure requirements to the FASB for potential incorporation into U.S. GAAP.
9. Repurchase and Reverse Repurchase Agreements	We support referring the disclosure requirements to the FASB for potential incorporation into U.S. GAAP.
10. Interim Financial Statements – Computation of Earnings Per Share	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
11. Interim Financial Statements – Retroactive Prior Period Adjustments	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
12. Interim Financial Statements – Common Control Transactions	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
13. Products and Services	We believe that instead of referring the disclosure requirement in Item 101(c)(1)(i) of Regulation S-K to the FASB for potential incorporation into U.S. GAAP, the Commission should consider deleting this requirement because we believe that the disclosure requirements in ASC 280-10-50-40 provides requires similar disclosures absent the bright line thresholds of Regulation S-K.
14. Major Customers	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.
15. Legal Proceedings	<p>We believe that the Commission should consider deleting the guidance in Item 103 of Regulation S-K that is duplicative to the requirements of ASC 450, <i>Contingencies</i>.</p> <p>With regards to the guidance in Item 103 that is incremental to the guidance in ASC 450, we believe that before the Commission consider referring the guidance to the FASB for potential incorporation in U.S. GAAP, the Commission should consider the following:</p> <ol style="list-style-type: none"> 1. Undertake outreach with preparers and users of financial statements to understand the usefulness of incremental disclosures. 2. Develop disclosures objective for the incremental disclosures 3. Discuss with the Public Company Accounting Oversight Board, American Bar Association, and AICPA about the changes that would be required in the auditing standards and the statement of policy regarding lawyers' responses to auditors' request for information, if the incremental disclosure requirements in S-K Item 103 are added to the disclosure requirements of ASC 450. 4. Evaluate the feedback received by the FASB on its July 20, 2010 Exposure Draft, <i>Disclosure of Certain Loss Contingencies</i>
16. Oil and Gas Producing Activities	We support referring the disclosure requirement to the FASB for potential incorporation into U.S. GAAP.

Outdated Requirements

Topic	Comments
1. Stale Transition Dates	We agree with the proposed deletion of the disclosure requirements.
2. Income Tax Disclosures	We agree with the proposed deletion of the disclosure requirements.
6. Foreign Private Issuer Initial Public Offering – Age of Financial Statements	We agree with the proposed deletion of the disclosure requirement.

Superseded Requirements

Topic	Comments
1. Auditing Standards	We agree with the proposed amendments.
2. Statement of Cash Flows	We agree with the proposed amendment.
3. Gain or Loss on Sale of Properties by REITs	We agree with the deletion of the disclosure requirement.
4. Consolidation	We agree with the deletion and the amendment of the disclosure requirements.
5. Development Stage Entities	We agree with the deletion of the disclosure requirement.
6. Insurance Companies	We agree with the deletion and the amendment of the disclosure requirements.
7. Bank Holding Companies	We agree with the deletion and the amendment of the disclosure requirements.
8. Discontinued Operations	We agree with the proposed amendments.
9. Pooling-of-Interests	We agree with the proposed amendments.
10. Statement of Comprehensive Income	We agree with the proposed amendments.
11. Extraordinary Items	We agree with the proposed amendments.
12. Cumulative Effect of Changes in Accounting Principles	We agree with the proposed amendments.
14. Selected Financial Data for Foreign Private Issuers that Report under IFRS	We agree with the proposed amendments.
15. Canadian Regulation A Issuers	We agree with the proposed amendments.
16. Non-Existent or Incorrect References	We agree with the proposed amendments.