

November 30, 2015

Office of the Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Via website submission: rule-comments@sec.gov

Re: File Number S7-20-15 *Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than The Registrant*

To Whom It May Concern:

The American Bankers Association (ABA¹) appreciates the opportunity to comment on the *Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than The Registrant* (the Request). The Request seeks comment on different aspects of current disclosures required through Regulation S-X that registrants make related to acquired businesses, subsidiaries not consolidated and 50% or less-owned companies, guarantors and issuers of guaranteed securities, and affiliates whose securities collateralize registered securities.

Much of the emphasis in the Request focuses on defined thresholds used to determine whether disclosure is required as well as the extent and usefulness of required historical and pro forma information. Current rules require varying historical periods of disclosure, based on the level of significance of the related purchase consideration, assets, and income of the acquired entity to the level of assets and income of the registrant. Because of the differing factors that drive the amount of disclosure that is required, it is not straight-forward in determining the requirement during an acquisition. However, the rules are long-standing and we are not aware of any controversy within the banking industry in either complying with the rules or with the content and extent of information provided to investors.

Acquisition accounting for financial instruments – namely, fair value measurements of loans and debt securities, as well as the accounting for purchased credit-impaired assets – is time-sensitive and complex. Requiring additional periods of pro forma information may cause significant confusion, as valuation and impairment estimates using back-dated assumptions would appear to be required. Further, due to the time-sensitivity of financial instrument fair values (especially in a volatile interest rate or credit environment), the relevance of both pro forma and unadjusted historical information significantly decreases as the information ages.

We would like to better understand any specific reporting concerns the Commission is seeking to remedy by issuing the Request. We recommend against increasing the number of periods of

¹ The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$14 trillion banking industry and its two million employees.

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November 30, 2015

Page 2

required disclosure without a separate due process that includes concrete proposals and allows constituents to more thoroughly contemplate the consequences on both investors and registrants.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me [REDACTED]; [REDACTED] if you would like to discuss our views.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael L. Gullette".

Michael L. Gullette