

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. SAB 115]

Staff Accounting Bulletin No. 115

AGENCY: Securities and Exchange Commission.

ACTION: Publication of Staff Accounting Bulletin.

SUMMARY: This staff accounting bulletin rescinds portions of the interpretive guidance included in the Staff Accounting Bulletin Series in order to make the relevant interpretive guidance consistent with authoritative accounting guidance and Securities and Exchange Commission rules and regulations. Specifically, the staff is updating the Series in order to bring existing guidance into conformity with a recent consensus of the Financial Accounting Standards Board Emerging Issues Task Force, Accounting Standards Update No. 2014-17 – Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force).

EFFECTIVE DATE: [Insert date of publication in the Federal Register.]

FOR FURTHER INFORMATION CONTACT: Christopher D. Semesky, Professional Accounting Fellow, Office of the Chief Accountant, at (202) 551-7678, or Todd E. Hardiman, Associate Chief Accountant, Division of Corporation Finance, at (202) 551-3516, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The statements in staff accounting bulletins are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the Federal securities laws.

Brent J. Fields

Secretary

November 18, 2014.

PART 211 — [AMENDED]

Accordingly, Part 211 of Title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 115 to the table found in Subpart B.

Staff Accounting Bulletin No. 115

This staff accounting bulletin rescinds portions of the interpretive guidance included in the Staff Accounting Bulletin Series in order to make the relevant interpretive guidance consistent with current authoritative accounting and auditing guidance and Securities and Exchange Commission (“Commission”) rules and regulations. Specifically, the staff is updating the Series in order to bring existing guidance into conformity with a recent consensus of the Financial Accounting Standards Board Emerging Issues Task Force, Accounting Standards Update No. 2014-17 – Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force) (ASU No. 2014-17).

The following describes the changes made to the Staff Accounting Bulletin Series that are presented at the end of this release:

1. Topic 5: Miscellaneous Accounting

a. Topic 5.J is removed. This topic provided guidance on the application of the “push down” basis of accounting in the separate financial statements of entities acquired in purchase transactions. Under this guidance, when a purchase transaction results in an entity becoming substantially wholly owned¹, a new basis of accounting should be established in the acquired entity’s financial statements to reflect the acquirer’s basis in the purchased assets and liabilities. Further, this guidance indicates circumstances when an acquired entity’s financial statements should reflect the acquirer’s debt, related interest expense, and allocable debt issuance costs, when the acquirer borrows funds to acquire substantially all of the common stock of the acquired entity. ASU No. 2014-17 establishes new guidance on the recognition of a new accounting basis. That guidance provides an option to apply “push down” accounting in the separate financial statements of an acquired entity upon the occurrence of an event in which an acquirer obtains control of the acquired entity. In addition, any acquisition-related debt incurred by the acquirer would be recognized in the acquired entity’s separate financial statements only if the acquired entity is required to recognize a liability for the debt in accordance with other applicable U.S. generally accepted accounting principles.

Accordingly, the staff hereby amends the Staff Accounting Bulletin Series as follows:

Note: The text of SAB 115 will not appear in the Code of Federal Regulations.

TOPIC 5: MISCELLANEOUS ACCOUNTING

J. Removed by SAB 115

¹ As defined in Rule 1-02(aa) of Regulation S-X.