

January 2, 2020

Mr. Shayne Kuhaneck  
Acting Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

By e-mail: [director@fasb.org](mailto:director@fasb.org)

**Re: Proposed Accounting Standards Update—*Derivatives and Hedging (Topic 815):  
Codification Improvements to Hedge Accounting***

**(File Reference No. 2019-790)**

Dear Mr. Kuhaneck:

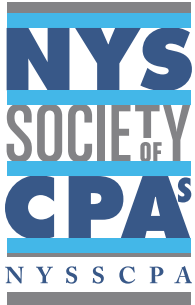
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 23,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Jeffrey A. Keene, Chair of the Financial Accounting Standards Committee, at (732) 750-0900, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Ita M. Rahilly  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**PROPOSED ACCOUNTING STANDARDS UPDATE—*DERIVATIVES AND HEDGING*  
(*TOPIC 815*): *CODIFICATION IMPROVEMENTS TO HEDGE ACCOUNTING***

**(File Reference No. 2019-790)**

**January 2, 2020**

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# New York State Society of Certified Public Accountants

## Comments on

### **Proposed Accounting Standards Update—*Derivatives and Hedging (Topic 815): Codification Improvements to Hedge Accounting***

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on Proposed Accounting Standards Update—*Derivatives and Hedging (Topic 815): Codification Improvements to Hedge Accounting* (proposed Update). We support the Board's proposal to clarify and improve the guidance in Topic 815. We believe the proposed Update provides helpful clarifications in the four issues addressed. Our responses to selected questions in the proposed Update (Questions 1 through 5, and 7 and 8) are presented below.

**Question 1:** Do the amendments in this proposed Update clarify and improve the guidance in Topic 815? If not, please explain which proposed amendment or amendments do not clarify and improve the guidance and why.

**Response:** We support the Board's proposed amendments to clarify and improve the guidance in Topic 815. The proposed amendments provide needed clarity on how certain provisions of Topic 815, as amended by ASU 2017-12, should be applied.

**Question 2:** Are the proposed amendments operable? If not, which proposed amendment or amendments pose operability issues and why?

**Response:** Yes, we believe the proposed amendments are operable.

**Question 3:** Should other changes related to the proposed amendments be made to clarify the intent of the proposed amendments?

**Response:** We did not identify any further changes that would be necessary to clarify the intent of the proposed amendments.

**Question 4:** Would any of the proposed amendments require special consideration for private companies that are not financial institutions and not-for-profit entities (except for not-for-profits entities that have issued, or are a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market)? If so, which proposed amendment or amendments would require special consideration and why?

**Response:** We do not believe private companies and not-for-profit entities will need special consideration to apply the proposed amendments.

**Question 5:** Should entities use a method documented at hedge inception to identify hedged transactions using hindsight or should another approach be used? Please explain why. If you support another approach, please explain that alternative.

**Response:** Yes, we believe entities should use a method documented at hedge inception to identify hedged transactions using hindsight.

**Question 7:** Do you agree with the specific considerations for transition for the proposed amendments? Are other transition provisions needed related to:

- a. The proposed amendments that would require that an entity consider only the designated hedged risk in the prospective assessment of hedge effectiveness for hedges within the scope of the change in hedged risk guidance
- b. The proposed amendments on the subsequent assessment of hedge effectiveness when a change in hedged risk is identified?

**Response:** We agree with the proposed transition provisions. We do not believe further clarity is needed regarding the two areas mentioned.

**Question 8:** Do you agree with the proposed effective dates? If the proposed amendments were effective for all public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years and for all other entities for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, would entities have sufficient time to implement these amendments if a final Update is issued in the first half of 2020?

**Response:** Yes, we believe the proposed effective dates are operational and will provide entities sufficient time to implement the proposed changes.