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January 31, 2022

Hillary H. Salo
Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Via Email to director@fasb.org

Re: File Reference No. 2021-001

Dear Ms. Salo:

Grant Thornton LLP appreciates the opportunity to comment on FASB's proposed Accounting Standards Update (ASU), *Disclosure Framework—Changes to Interim Disclosure Requirements (Interim Reporting (Topic 270))*.

Overall, we support the Board's efforts to promote more consistent disclosure across entities by clarifying existing interim reporting guidance. Our responses to selected questions in the Proposed ASU follow.

Question 2: Upon a significant event or transaction occurring since the date of the prior annual financial statements and notes, should an entity provide all the disclosures required by the applicable Topic or only information specific to the event or transaction as described in paragraph 270-10-55-1? Please explain your position.

We do not believe that requiring an entity to provide all disclosures required by the applicable Topic rather than just the information specific to the event or transaction as described in paragraph 270-10-55-1 is necessary. Requiring all disclosures in an applicable Topic would be inconsistent with the primary principle of the guidance in ASC 270, which requires only material information to be disclosed in interim financial statements. In addition, disclosures that do not reflect the impact of the significant transaction or event would be repetitive to the entity's annual financial statements and excluding such information would not significantly alter the "total mix" of information available.

Question 3: Is the proposed disclosure guidance on significant events or transactions operable? If not, which aspects pose operability issues and why?

We believe that the disclosure guidance is operable. We also believe that the guidance will create an area of significant judgment that would require entities to incur costs on an ongoing basis to determine which events and transactions are significant and have material effect on the entity, which in many instances may require a quantitative analysis to be performed in order to identify such events and transactions. One aspect when determining significance and materiality that the Board should consider clarifying is whether the event or transaction should have a material effect on entity's interim financials or annual financial statements, because even though some transaction or event may be material to an interim period, it may not be material to annual financial statements.

Question 4: Are the proposed amendments that would clarify that an entity's assessment of whether to provide a disclosure at an interim period may incorporate the information provided in the prior annual financial statements and notes appropriate? Please explain why or why not. Would those proposed amendments result in a change in practice?

We believe that the proposed amendments that clarify that an entity's assessment of disclosures in interim period financial statements may incorporate the information provided in the prior annual financial statements and notes is appropriate because it will help entities in determining disclosures that are relevant and only consider material changes that have occurred during the interim period. We do not believe that this would result in a change in practice because public entities followed the guidance in Regulation S-X, Rule 10-01, *Interim Financial Statements* which included similar guidance, and generally private entities that prepared interim financial statements also used the SEC guidance as a benchmark in determining disclosures in those financial statements. We also acknowledge that many reporting entities follow a checklist approach and provide all required disclosures irrespective of the materiality consideration and believe many entities will continue to follow that approach.

Question 5: Is the proposed amendment describing interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-45-20 through 45-21) appropriate? Does it capture the form and content of interim financial statements and notes currently being provided in accordance with GAAP?

We agree that the proposed guidance in ASC 270-10-45-20 through 45-21 appropriately describes interim financial statements and notes in accordance with GAAP. In our experience we generally do not see entities preparing interim financial statements similar to the one described in ASC 270-10-45-20(a), however, we agree that the three types of interim financials described in that paragraph capture the form and content of interim financial statements and notes that could be provided in accordance with GAAP.

Question 6: Is the list of interim disclosure requirements and/or references to interim disclosure requirements in Section 270-10-50 complete?

We did not identify any omitted interim disclosure requirements in the referenced Section.

Question 7: Would the proposed amendments that (a) remove phrases such as *for each period presented* and (b) now state that those disclosures should be *comparative when comparative financial statements are presented* clarify that the disclosures should be comparative in nature? Would the proposed amendments result in a change in practice? If yes, please explain how. Should any of the paragraphs that were clarified as comparative also be required at interim periods?

We agree that replacing the phrase *for each period presented* with *comparative when comparative financial statements are presented* clarifies that the intention of the disclosure guidance is to present comparative disclosures and not to require disclosures in each interim reporting period. We do not believe that the proposed amendments would result in a change in practice because we believe entities separately evaluate which disclosures are required in interim reporting periods versus annual reporting periods. We did not identify any paragraphs that were clarified as comparative that should also be required at interim periods, other than the ones that are included in ASC 270.

Question 8: Should the proposed disclosures be required to be implemented retrospectively or prospectively? Please explain why.

We believe that a prospective transition method is appropriate, given that users of financial statements should already have the necessary information from historical filings such that retrospective application is not necessary. Furthermore, requiring retrospective application will create additional burden and cost on entities by requiring revised disclosures for periods that were previously reported on with minimal incremental benefit.

Question 9: How much time would be needed to implement the proposed amendments? Should those proposed amendments on clarifying comparative disclosure have the same effective date as the other proposed amendments or be effective upon issuance? Should early adoption be permitted? Please explain why or why not.

We believe that the proposed amendments on clarifying comparative disclosures can be made effective as of the issuance date since they would clarify the intent of the guidance and can be applied by the entities immediately to provide the relevant disclosures as intended by GAAP. We also believe that since the guidance is intended to improve the effectiveness of the notes to interim financial statements early adoption should be permitted.

We would be pleased to discuss our comments with you. If you have any questions, please contact Lynne Triplett, Partner, Accounting Principles Group, at 312.602.8060 / Lynne.Triplett@us.gt.com or Rahul Gupta, Partner, Accounting Principles Group, at 312.602.8084 / Rahul.Gupta@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP