

September 19, 2013

Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: Definition of a Public Business Entity, An Amendment to the Master Glossary,
File Reference No. 2013-310

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to comment on the proposed accounting standards update titled *Definition of a Public Business Entity, An Amendment to the Master Glossary* (proposed ASU). This proposal creates a uniform definition of a public business entity that would be the basis for defining when nonpublic entities would be able to use alternative accounting guidance. The definition would replace the numerous definitions currently utilized within generally accepted accounting principles (GAAP) and would be applied prospectively. This new definition would not impact current public entity definitions used in the Codification.

ICBA supports the FASB's decision to simplify the definitions of public and nonpublic business entities to avoid any confusion about alternative forms of application of GAAP, especially when coupled with the important task of simplifying accounting burdens for smaller nonpublic entities like privately-held community banks. The FASB should remove or amend its last criteria for entities with unrestricted securities to alleviate any concerns that the quarterly submission of financial institution call reports for privately held community banks would meet the definition of U.S. GAAP financial statements, even though the submission does not constitute a full set of financial statements.

¹ The Independent Community Bankers of America®, the nation's voice for more than 7,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

With nearly 5,000 members, representing more than 24,000 locations nationwide and employing more than 300,000 Americans, ICBA members hold more than \$1.2 trillion in assets, \$1 trillion in deposits, and \$750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

Background

The proposed ASU would define a public business entity as a business entity that meets any of the following criteria:

- It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements, with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).
- It is required by the Securities Exchange Act of 1934, as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency.
- It is required to file or furnish financial statements with a regulatory agency in preparation for the sale of securities or for purposes of issuing securities.
- It has (or it is a conduit bond obligor for) unrestricted securities that are traded or can be traded on an exchange or an over-the-counter market.
- Its securities are unrestricted, and it is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement.

The new definition would not replace the current definitions for public and nonpublic entities that exist in GAAP today. Application would be limited to future accounting updates to the Codification.

Impact on Community Banks

ICBA welcomes the proposed ASU as a much needed solution to uniformly define nonpublic entities, especially in conjunction with the work of the board and the Private Company Council to provide alternative accounting options for private companies defined as nonpublic entities. We generally agree with the FASB's proposed definition because it appropriately delineates between public and nonpublic entities based on the requirement to register and file the appropriate financial statements with the SEC. We further support the FASB's standing view that a financial institution would not automatically meet the definition of a public business entity without also meeting one of the proposed criteria. However, the requirement that entities with unrestricted securities that file U.S. GAAP financial statements with a regulatory agency where they are made publicly available be included as a public business entity is problematic and could potentially be erroneously adopted in practice.

Community banks and their consolidated holding companies, as well as all other financial institutions regulated by the Federal Deposit Insurance Corporation, are required to periodically file selected financial information with the agency. While the information filed does not constitute a full set of U.S. GAAP financial statements, many of the required filings come directly from the financial statements and do not deviate

significantly from U.S. GAAP. A local, state, or federal regulator or other government agency could reach a conclusion that periodic filings, while not technically complete in form, substantially present enough financial information to qualify the entity as submitting financial statements based on a regulatory requirement for meeting the definition of a public business entity under the listed criteria. **Therefore, we request that the FASB either remove the applicable provision from the proposed ASU when finalized or state specifically that the required submission of selected financial data to a prudential regulator by a financial institution would not qualify the entity as a public business entity.**

ICBA appreciates the opportunity to comment on this proposal. If you have any questions or would like additional information, please do not hesitate to contact me at (202) 659-8111 or james.kendrick@icba.org.

Sincerely,

/s/

James Kendrick
Vice President, Accounting & Capital Policy