The Clearing House
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November 22, 2016

Via Electronic Mail

Mr. Russell Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-05116

Re: FASB File Reference No. 2016-340: Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), *Premium Amortization on Purchased Callable Debt Securities*

Dear Mr. Golden:

The Clearing House Association L.L.C. ("The Clearing House")[1] appreciates the opportunity to comment on the above-referenced (the "Proposal" or "ED"). The Clearing House supports efforts to identify ways to better align accounting with market practice. Accordingly, we are strongly supportive of the Proposal, as we believe the proposed changes will better portray the way callable debt securities are priced and traded in the markets.

In particular, we agree that for callable debt securities purchased at a premium, the premium should be required to be amortized to the earliest call date; and that for securities purchased at a discount, an entity should continue to amortize the discount to the maturity date. We agree that this approach would more closely align the amortization period of premiums and

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1 The Clearing House is a banking association and payments company that is owned by the largest commercial banks and dates back to 1853. The Clearing House Association L.L.C. is a nonpartisan organization that engages in research, analysis, advocacy and litigation focused on financial regulation that supports a safe, sound and competitive banking system. Its affiliate, The Clearing House Payments Company L.L.C. owns and operates core payments system infrastructure in the United States and is currently working to modernize that infrastructure by building a new, ubiquitous, real-time payment system. The Payments Company is the only private-sector ACH and wire operator in the United States, clearing and settling nearly $2 trillion in U.S. dollar payments each day, representing half of all commercial ACH and wire volume.

discounts to expectations incorporated in market pricing on the underlying securities, as generally market participants price securities to the call date when a security is trading at a premium and price securities to maturity when the coupon is trading at a discount, in anticipation that the borrower will act in its economic best interest. As a result, the proposed approach would more closely align interest income recorded on bonds at a premium or discount with the economics of the underlying instrument.

With respect to the proposed implementation date, we believe that the Board should allow for early adoption of the final standard, so that entities that are ready to implement the Proposal upon its finalization would have the ability to do so as soon as possible.

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In conclusion, we support the FASB's efforts to improve the accounting for callable debt securities. If you have any questions regarding our letter, please contact me at (212) 613-9883 (email: *david.wagner@theclearinghouse.org*).

Respectfully submitted,

David Wagner

David Wagner
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and Senior Associate General Counsel
The Clearing House Association L.L.C.

cc: Ms. Susan M. Cosper
Technical Director
(Financial Accounting Standards Board)

Ms. Joanne Wakim
(Board of Governors of the Federal Reserve)

Ms. Kathy Murphy
Mr. Louis A. Thompson, Jr.
(Office of the Comptroller of the Currency)

Mr. Robert Storch
(Federal Deposit Insurance Corporation)

Mr. Mark Kronforst
Mr. Wesley Bricker
(Securities and Exchange Commission)