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September 16, 2019

Technical Director
File Reference No. 2019-750
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the proposed accounting standards update *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), File Reference No. 2019-750*. This proposed accounting standards update (ASU) seeks to amend currently issued but not yet effective accounting standards in order to defer their effective dates for smaller public entities and nonpublic entities including private companies. This ASU is being proposed in response to requests to reduce the implementation burden resulting from the Financial Accounting Standards Board's (FASB) recent issuance of complex major ASUs on credit losses, derivatives and hedging, and leases. The scope of ASUs targeted for effective date deferment include *Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which includes the implementation of the current expected credit loss model (CECL).

Under the proposed ASU, the effective dates for the implementation of CECL would be consolidated from three adoption buckets to two buckets, with the first bucket representing larger public companies and the second bucket representing all other entities. As currently codified, CECL will take effect for public business entities that meet the definition of an SEC filer for fiscal years beginning after December 15, 2019 including interim periods. All other public

[1] The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. With more than 52,000 locations nationwide, community banks constitute 99 percent of all banks, employ more than 760,000 Americans and are the only physical banking presence in one in five U.S. counties. Holding more than $4.9 trillion in assets, $3.9 trillion in deposits, and $3.4 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers' dreams in communities throughout America. For more information, visit ICBA's website at www.icba.org.

business entities would adopt CECL for fiscal years beginning after December 15, 2020 including interim periods. All other entities including private companies would adopt CECL for fiscal years beginning after December 15, 2021 including interim periods. With this proposed ASU, public business entities that meet the definition of an SEC filer except smaller reporting companies would continue to adopt CECL for fiscal years beginning after December 15, 2019 including interim periods. All other entities would adopt CECL for fiscal years beginning after December 15, 2022 including interim periods. The Securities and Exchange Commission currently defines a "small reporting company" as those (1) that have a public float of less than $250 million, or (2) have less than $100 million in annual revenues and either (i) have no public float or (ii) have public float of less than $700 million.

ICBA appreciates the FASB's proposal to amend the effective dates for currently issued but not yet effective accounting standards particularly when those standards are comprehensive enough to be considered a major update. Accounting standards updates that amend critical estimates that require an extensive level of management judgment like the allowance for credit losses can be extremely difficult for regulators, preparers, users, and consultants to process in a quick fashion. FASB is to be commended for recognizing the implementation burden associated with adopting a major update and taking action to provide accounting and reporting relief. Extending the current expected credit loss model out to 2023 for small community banks will provide these institutions with the additional time needed to understand the disclosures required in the financial statements and refine critical component inputs into their loss estimate forecasting.

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) 821-4364 or james.kendrick@icba.org.

Sincerely,

/s/

James Kendrick
First Vice President, Accounting and Capital Policy