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Good morning and thank you for having me here today.

As the chairman of the FASB—the source of all the accounting change that made this conference possible—I'm aware that not everyone embraces change. Especially accountants.

We've thrown a lot of change your way recently. Major new standards on revenue recognition, leases, and credit losses, as well as simplification projects, are among them. A new hedging standard is on the way, too.

We believe these standards will improve financial reporting—but we also know our standards won't achieve that objective unless stakeholders can understand and appropriately apply them in practice.

As Yogi Berra once observed, "In theory there is no difference between theory and practice. In practice there is." We know that to be true. That's why our work isn't done after a final standard is issued. In fact, it's only just begun.

Today, I'll talk about what we're doing to support the successful implementation of standards and the importance of your input into that process. Using our efforts around the revenue recognition, credit losses, and leases standards as examples, I'll discuss the resources we provide and how you can get your questions answered.

Looking ahead to future accounting changes, I'll talk about our ongoing agenda consultation project, why adding the right projects is important, and how your feedback will shape our future agenda.

Finally, I'll provide a preview of our upcoming Derivatives and Hedging standard—a standard that's come as close as we've ever been to making everyone happy. It's no small feat. In fact, after we voted to proceed with a final standard earlier this month, one headline announced—and I quote—"FASB Holds Christmas in June for Derivatives Users." I think that means you'll like it.

First, a few thoughts on implementation.

We view quality implementation as critical to the overall success of a project. The greatest standard in the world won't improve financial reporting if preparers don't understand it.

We decide how to support the implementation of a particular standard based on several factors. They include:

- The nature of the guidance
- The degree of change
- The breadth of affected industries, and
- Feedback we receive from stakeholders during our due process.

Obviously, the more impactful a standard is, the more implementation resources it will require.

Over the years, we've developed and refined different resources to help our stakeholders with implementation. They include:

- Public Board meetings about implementation status and issues
- FASB educational webinars
- Outreach at professional conferences like this
- A program to provide content and training to known CPE providers
- A technical inquiry service where stakeholders can submit questions directly to our experts
- Regular agenda items for FASB's standing advisory and liaison groups

- And, for projects that have a major impact or affect broad audiences, a transition resource group, or TRG.

We've used all or most of these resources in preparation for the revenue recognition, credit losses, and leases standards that many of you are implementing now. For revenue recognition and credit losses, most of our implementation support has focused on their respective transition resource groups.

Transition resource groups aren't a new concept. We've had the concept in the past, but in slightly different forms. You may remember previous approaches, including our derivatives implementation group, the share-based payment resource group, and the valuation resource group.

Time and experience taught us a lot about what makes these groups effective. And we applied that learning to the Revenue Recognition TRG in 2014.

When we issued the Revenue Recognition standard, it represented a major achievement in our efforts to improve and converge—with the International Accounting Standards Board, or IASB—one of the most important areas of financial reporting affecting virtually all organizations. And, as we learned from our extensive project outreach, it would also require major changes to how some industries recognize revenue in their financial statements.

We knew that, for the standard to be successful, we'd need to be proactive in limiting the extent to which preparers and auditors disagree on how to interpret the standard.

For that reason, the FASB initiated the creation of the joint Revenue Recognition TRG. Based on what we learned from previous groups, we decided that the TRG should hold public meetings to allow all stakeholders to follow our discussions and learn from each other about best implementation practices.

This has enhanced the educational aspect of the TRG. For good measure, we archive audio webcasts of those meetings on our website for reference.

We also decided that all FASB members should participate in resource group discussions—and that appointing TRG members with broad-based backgrounds in different industries, not just accounting, was critical to uncovering and understanding any "unintended consequences" of the standard. It also contributed to more robust discussions.

Additionally, our experience with the Revenue Recognition TRG has helped us find additional practical expedients that should reduce cost and complexity—both at implementation and on an ongoing basis—without significantly changing the quality of the information reported to investors and other financial statement users.

Overall, stakeholders submitted more than 100 implementation issues to the Revenue Recognition TRG. Of those, approximately 36 were addressed directly with stakeholders, while the rest were discussed at public TRG meetings.

While most of the issues submitted to the TRG have not resulted in standard-setting action, the group's discussions have helped to educate stakeholders about the new standard. Publishing the minutes of the TRG meetings further aids our efforts to keep stakeholders informed about the prevailing thought process behind various issues.

The process has resulted in more than 50 staff papers addressing implementation questions that are posted to our TRG website. Although these papers are not authoritative, they are excellent educational tools and offer appropriate real world examples of how the new standard should be applied.

In addition to our work with the TRG, we're currently monitoring companies that have chosen to adopt the revenue recognition standard early. Their experiences will help us better understand any remaining issues that we need to address prior to wider implementation next year, and implementation by private companies in 2019.

Preparers aren't the only ones who need to understand the new revenue recognition rules. We've also been proactive in educating investors and other users about the impact of the new standard on financial statements. We recently launched a podcast series with FASB Member Marc Siegel that focuses on the impact of the Revenue Recognition standard on specific industries. To date, we've posted podcasts focused on the software, aerospace, and defense industries. They are available on the investors section of the FASB website.

Taken together, we believe that these efforts will improve the standard's consistency of application and reduce its costs and complexity.

Based on the success of the Revenue Recognition TRG, the FASB created a Credit Losses Transition Resource Group. Convened in late 2015, the group includes financial statement preparers—including community banks and credit unions, auditors, users, and regulators.

We realized in our work with the Revenue Recognition TRG that, if we'd had a meeting before we issued the final standard, we might have been able to improve certain confusing words and phrases in the guidance before it was released.

For that reason, we convened the Credit Losses TRG before the credit losses standard was issued so that members could weigh in on the draft guidance before it was final. We believed it would reduce the need to make technical corrections later, and add to the clarity.

At the April 2016 TRG meeting, the group discussed the operability and understandability of the final Credit Losses standard, and let the FASB know that it was ready to be issued—which we did, last June.

Another important role of the Credit Losses TRG has been to assist with providing information to the Board about interpretative questions that might arise prior to implementation.

In the case of credit losses, we also knew it would be important to address stakeholder concerns about its effects on auditing and regulatory capital requirements. While these are not standard-setting issues, they are important to understand. Therefore, we've been meeting regularly with various regulators so that they, too, are prepared to monitor its potential impacts.

Of the more than 30 questions received regarding credit losses, only five rose to the need to discuss at a public TRG meeting. For that reason, since issuing the standard last June, we've only hosted one additional TRG meeting.

The remaining questions we received were primarily aimed at confirming the submitter's understanding of a specific area of the guidance. We were able to address them directly. More information about those issues is available through the credit losses web portal on the FASB website.

Like our standards, we're never "finished" improving our TRG process—or how we support implementation in general. Our advisory groups have provided valuable input in this area—in general and on specific projects.

Last April, we met with the Financial Accounting Standards Advisory Council—also known as FASAC—to discuss our implementation efforts. During that meeting, FASAC members expressed support for the effectiveness of TRGs and praised its transparency. They also provided valuable suggestions on how we might share supplemental information on all standards with interested parties—including the reinstatement of FASB staff Q and A documents. We're looking at ways to incorporate these suggestions.

Even when a standard doesn't rise to the need for a TRG, implementation support remains a priority.

For example: we decided not to develop a leases TRG because the scope of educational changes is not as significant as these other projects. However, our staff has been monitoring the types of questions we receive. In public meetings, for example, the Board has discussed the nature and extent of leases questions our staff has addressed to date.

As was the case with revenue recognition and credit losses, we also supported leases implementation with a variety of educational documents, hosted an interactive CPE webcast, and posted three videos about the project. One video focuses entirely on how a lessee might apply the new leases standard using the display approach—a frequently asked question from stakeholders.

This brings me to how we answer the most important questions about our standards—namely, yours.

One way for you to get your questions about any of our standards answered by the FASB staff is through the FASB Technical Inquiry System. Available through our website, the system puts you in contact with members of our project teams to talk through issues and clarify the provisions of the applicable FASB guidance. It's there for you when you need help in addressing a particular set of facts and circumstances—no matter how big or small the standard.

We also gather information on what we need to do to support implementation efforts by attending conferences like these, where we can hear—and, hopefully, respond—to them.

That said, I'm looking forward to today's Q and A session.

Most of our efforts right now are focused on implementation. But implementation is only one part of the equation. To set effective standards, we also need to make sure we're addressing the right problems—and that means listening to what our stakeholders think we should be addressing in the first place, and why.

To initiate that listening, in 2016, we issued an Invitation to Comment to help us plan the FASB's future agenda.

This was a new exercise for us. In the past, the FASB has not put forward multiple, potential major projects for stakeholder feedback.

The goal of the Invitation to Comment was to identify priority problems where the Board should devote our resources. Issued in August, the document presented stakeholders with a list of potential financial reporting issues identified in a 2016 survey we did of our advisory groups. Then, we asked them to weigh in on what they considered priority issues, if it was a problem that should be addressed through standard setting, and, if so, potential paths forward. To elicit additional feedback, we also hosted a roundtable in December 2016.

As you can imagine, input was mixed. Some stakeholders observed that we should slow down on adding new projects until new standards have been successfully implemented. As one CPA wrote to us: "Take a vacation." That probably echoes the sentiment of a lot of you in this room.

We plan to begin redeliberations on what projects to add in the third quarter of 2017—after new FASB member Marsha Hunt joins the Board on July 1, replacing Larry Smith, whose second and final term concludes on June 30.

While it's premature to predict what projects will be added to the agenda until the Board votes, I can say that the priorities that emerged were liabilities and equity, performance reporting, intangibles, and pensions and OPEB—in that order. I should note here that, given our current resources, it is highly unlikely all will be added.

The CPA who wants us to go on vacation would probably be happy to know that some of the items in the Invitation to Comment would take a significant number of years for the Board to complete—and then, depending on the extent of change, the effective date could likely be one to two years after completion.

Finally, I'd like to talk about an upcoming accounting change that will hopefully make your lives easier. Earlier this month, the FASB voted to proceed with the drafting of a final standard on hedge accounting.

We initiated this project because companies and organizations, both large and small, found the current hedge accounting guidance too complex and, therefore, not worth the effort.

The core principle of the upcoming standard is that hedge accounting should be permitted for a broader range of financial and nonfinancial risk management strategies than under current GAAP.

The new standard will improve and simplify the requirements related to hedge accounting, more closely aligning them with companies' risk management activities. The changes will benefit companies and investors alike in their understanding of the hedge results and the costs of hedging programs.

Under the new standard, hedge accounting will be refined and expanded for both financial and commodity risks. It also will present the economic results in a more transparent way, both on the face of the financial statements and in the footnotes, for investors and analysts.

In developing our improvements to hedge accounting guidance, the FASB considered 60 comment letters, held numerous conference calls with investors and other users of financial statements, and held two public roundtables, which included preparers, auditors, regulators, and other perspectives. The FASB also met with our Private Company Council to discuss private company hedge documentation issues.

We've received overwhelmingly positive feedback on the proposed changes to the hedge accounting model from both companies and investors. Many companies expressed interest in early adoption, so that will be permitted.

We expect the final standard to be issued later this summer.

In closing, I want to emphasize again that we view quality implementation as critical to the overall success of a project. Our stakeholders expect—and should expect—that we will allocate significant resources to implementation. We will continue to enhance how we serve you in this regard.

As with everything we do, we need your input to direct those resources appropriately. We can't answer your questions if you don't ask them. We can't fix a problem we don't know exists. Communicate with us through transition resource groups, advisory groups, the FASB Technical Inquiry Service, and at conferences like this.

But the process isn't static, and we don't stop listening after a comment deadline has passed. We always welcome your input. And the more input you provide, the better the process and the better the final result. I think that will hold true for hedging.

Granted, we may not always agree on the outcome. Even when we don't, you'll always know that we considered your input carefully.

Thank you. And now I'm happy to take your questions.