



November 28, 2012

Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: FASB File Reference: 2012-220 Disclosure Framework

Dear Sir/Madam,

The Bank of New York Mellon Corporation (“BNY Mellon”) appreciates the opportunity to comment on the FASB’s Disclosure Framework Discussion Paper (the “Discussion Paper”). BNY Mellon is a global financial institution with \$340 billion in assets and \$1.36 trillion in assets under management and files its financial reports in the United States with the Securities and Exchange Commission and banking regulators.

This is a very early step in the FASB's process towards improving Financial Statements Footnote Disclosures with a laudable goal of improving relevance and possibly empowering preparers to exercise more judgment in the preparation of footnotes. We note that this Discussion Paper does not include any specific preliminary views or proposals, but that some alternatives have been presented, either implicitly or explicitly.

We share many preparers' concerns that footnote disclosures have become overly burdensome and cluttered with information that may not be relevant to users. We support the Board’s effort to improve these disclosures.

To overcome this challenge, and as a first step, we believe that there are major regulatory challenges that would need to be overcome by the FASB working with the Securities and Exchange Commission (“SEC”). Below highlights why we believe a joint approach is important:

- 1) The SEC maintains an important role in overseeing and regulating footnote disclosures (and other disclosures outside of the audited financial statements, such as Management's Discussion & Analysis) provided by their filers.
- 2) Any change in the regulatory approach to accommodate a new framework presents enormous challenges for financial statement preparers (and their legal advisors and auditors) who will most often err on the side of "more" disclosure versus a more tailored approach to their footnote disclosures so as to provide necessary legal protections for corporations in the current legal environment.
- 3) We believe that the Footnotes should principally be where relevant quantitative and qualitative information is disclosed to assist users in further understanding the amounts reported within the historical financial statements of Income, Position and Stockholders' Equity of the reporting entity. We are concerned that to place fundamental emphasis on the principle of "prospects for future cash flows" would increase the litigation risk of issuers. To address this risk, safe harbor protections generally available to forward looking statements in the MD&A would have to be extended to footnotes or, possibly, the Disclosure Framework expanded to cover items outside the audited financial statements.

We are of the view that a new Disclosure Framework would best reside as a new Chapter in the FASB's Concepts Statement No. 8, Conceptual Framework for Financial Reporting to be utilized by the Board as and when it makes changes to its Accounting Standards Codification. The Disclosure Framework should not be set up as a series of decision questions to be assessed by individual financial statement preparers for each and every line item and component of its financial statements. Were preparers to be burdened with having to run through such a large volume of decision questions each reporting period, not only would the costs far outweigh any benefits to users, but the legal and regulatory environmental issues we discuss above; and in our detailed responses to the questions which follow, would have to have been resolved first.

We have responded to each of the 22 Questions raised by the Board in the Discussion Paper in the Attachment to this letter and appreciate the opportunity to provide input at this early stage in the FASB's development of its Conceptual Framework for footnote disclosures.

Chapter 1 – Scope and Introduction

Question 1 – The details of this Invitation to Comment do not focus on the informational needs of donors to not-for-profit organizations. How, if at all, should the Board's decision process (see Chapter 2) be supplemented to consider the needs of donors? How, if at all, should not-for-profit reporting entities modify their decision-making process (see Chapter

4) for the needs of donors when deciding which disclosures to include in notes to the financial statements?

Response:

This Question is not applicable to BNY Mellon, and we believe that a Disclosure Framework should focus on general purpose financial statements, not on the specific needs of a few.

Chapter 2 – The Board’s Decision Process

Question 2 – Do the decision questions in this chapter and the related indicated disclosures encompass all of the information appropriate for notes to financial statements that is necessary to assess entities’ prospects for future cash flows?

Response:

The Board has outlined a total of 27 decision questions for determining which information should be disclosed in the notes to the financial statements. These questions are based on whether the information contributes to users’ assessment of prospects for cash flows from the reporting entity’s equity or credit instruments. We applaud the Board’s efforts to develop a principles based approach to allow preparers to report only relevant financial information in the footnotes.

We are concerned, however, that there are significant environmental considerations that must be more carefully considered. For example the United States Securities & Exchange Commission would need to be fully behind such an approach so that their focus might be realigned when reviewing public filings with full regard to the inconsistencies in disclosures such an approach would likely arise. Inconsistencies would occur not only between entities in the same industry, but also between filing periods for the same entity (as what is relevant one period may cease to be relevant another period). Another important consideration would be the protections normally afforded to filers who currently provide forward looking information elsewhere in their financial reports would not be available if it were to be provided in the footnotes. The verifiability of any forward-looking information by the auditors would present significant challenges and significant additional costs to preparers.

Regarding the Scope of this Discussion Paper as it applies to public entities, we agree with the Board that the framework should only apply to notes to financial statements and not to management’s discussion and analysis (MD&A).

Regarding disclosure relevance and the Board’s focus on the needs of investors, lenders, and other creditors; we encourage the Board to carefully consider that “users” come in a multitude of types and to be cautious in balancing the needs of all those types of users. As an example, an equity short-seller has very different information needs than an equity long investor. Corporations are fundamentally going concerns with long term missions for their stockholders, lenders, creditors, customers and suppliers and the footnote disclosures need to be focused, in particular, on their information needs. We strongly encourage the Board to stay true to its

objective of financial reporting “to provide financial information that is useful for making investment and credit decisions”.

Question 3 – Do any of the decision questions or the related indicated disclosures identify information that is not appropriate for notes to financial statements or not necessary to assess entities’ prospects for future cash flows?

Response:

No.

Question 4 – Would these decision questions be better applied by reporting entities instead of the Board? In other words, should the Board change its practice of establishing detailed requirements in each project and, instead, establish a single overall requirement similar to the questions in this chapter?

Response:

BNY Mellon supports development of additional chapter in the FASB’s Conceptual Framework “Qualitative Characteristics of Useful Financial Information” to explain how to address relevant information and avoid irrelevant information. The Board should consider those principles and questions as it sets future disclosure standards. From a practical and cost benefit perspective, we believe that the 27 decision questions may be better applied by the Board as it develops or makes changes to the Accounting Standards Codification. We believe that the legal and regulatory environmental considerations, coupled with the significant additional costs do not support that approach. Any existing disclosure requirements in the Accounting Standards Codification requiring changes to align and promote more consistency with a new conceptual framework could be addressed over time by the Board, with prioritization given to addressing more impactful (cost versus benefit or relevance) issues from either a user or a preparer perspective.

Question 5 – Do you think that this decision process would be successful in helping the Board to set more effective disclosure requirements? If not, what would be a better approach?

Response:

We believe that the approach described in Chapter 2 provides a sound conceptual framework for the Board to use in determining relevant disclosures as it develops or changes the Accounting Standards Codification. To place the burden directly on preparers would present an overwhelming task at very significant cost. Such a conceptual framework would be best developed and incorporated within the FASB’s Conceptual Framework and implemented by the Board over a number of years as they address changes to the Accounting Standards Codification.

Chapter 3 – Making Disclosure Requirements Flexible

Question 6 – Would any of the possibilities in this chapter (see paragraphs 3.8 and 3.11) be a practical and effective way to establish flexible disclosure requirements?

Response:

Ideally, we agree that disclosure requirements should permit more flexibility, however there are several environmental concerns that need to be addressed first, as we discussed in our response to Question 1. We believe that practically, the financial statement preparers would also find their workload made more burdensome and complex, however, were the proposed 27 questions (with all of their detailed considerations) necessarily addressed each financial reporting period for each component or line item in the financial statements. This is a difficult balance between allowing flexibility on the part of preparers; and the Board providing codified disclosure requirements that assist preparers in making timely and effective disclosures.

We agree that there is becoming “disclosure overload” and that many disclosures required in the Accounting Standards Codification may not be relevant, although preparers are including them because they are required and to head off second guessing by regulators, auditors and other users in the financial reporting environment. This is discussed by the Board at paragraph 3.10: “In the U.S. legal and regulatory environment, broad general requirements like the decision questions in Chapter 2 have the potential to create significant problems, not the least of which is inconsistency. Some reporting entities probably would feel obligated to disclose every possible bit of information to avoid being second-guessed. Others might not disclose enough information. Regulators and auditors would not necessarily reach the same conclusions as reporting entities about which information is relevant.”

Question 7 – If more than one approach would be practical and effective, which would work best?

Response

We believe that only one approach is suitable and that that approach should be a new Chapter in the Conceptual Statements that the Board would use as its basis, not individual preparers.

Question 8 – Are there other possibilities that would work better than any of the ones discussed in this chapter?

Response

No.

Chapter 4 – Reporting Entities’ Decisions about Disclosure Relevance

Question 9 – This chapter attempts to provide a benchmark for judgments about disclosure relevance by clarifying the objective for the judgments. Is the description of the approach clear enough to be understandable? If not, what points are unclear?

Response

We believe that the description is clear and understandable, however we believe (as we discussed in our responses to Questions 2 and 6) that such an approach could not be practically implemented in the U.S. legal and regulatory environment.

Question 10 – Can this approach (or any approach that involves describing the objective for the judgments) help identify relevant disclosures? If so, what can be done to improve it? If not, is there a better alternative? What obstacles do you see, if any, to the approach described?

Response

Theoretically, we agree with the proposed approach, however we believe the environmental considerations would hinder implementation.

Question 11 – Reporting entities would need to document the reasons for their decisions about which disclosures to provide. How would reporting entities document the reasons for their disclosure decisions and how would auditors audit those decisions?

The Board asks that respondents help assess the practicality of the possible guidance in this chapter and its potential for improving disclosure effectiveness by applying it to some or all of the notes in their prior period financial statements. Please provide information about the results of that test that is as specific as possible.

Response

This question goes to the heart of the U.S. environmental issues impacting any implementation of these proposals, wherein preparers would face a significant documentation burden to satisfy regulators and keep potential litigants at bay.

Chapter 5 – Format and Organization

Question 12 – Would any of the suggestions for format improve the effectiveness of disclosures in notes? If so, which ones? If not, why not?

Response

We believe that the Board has an important role to play in setting disclosure requirements as and when it makes changes to the Codification.

Question 13 – What other possibilities should be considered?

Response

None.

Question 14 – Do any of the suggested methods of organizing notes to financial statements improve the effectiveness of disclosure?

Response

We agree with the Boards proposal regarding organizing the notes to the Financial Statements as described at paragraph 5.18(b) “Allow flexibility and provide implementation guidance (or advice) to help reporting entities determine the order.”

Question 15 – Are there different ways in which information should be organized in notes to financial statements.

Response

None.

Chapter 6 – Disclosures for Interim Financial Statements

Question 16 – Do you think that any of the possibilities in this chapter would improve the effectiveness of disclosures for interim financial statements?

Response

We believe that the Board should consider adopting a consistent and formal conceptual framework that would help ensure that interim disclosures are determined at the time when accounting changes are decided by the Board. The Board's current "ad hoc" nature of determining what interim disclosures to require without reference a supporting conceptual framework has, for the past several years, produced many instances of burdensome, complex and overly detailed interim disclosure requirements in Form 10Q filings.

Question 17 – If you think that a framework for the Board’s use in deciding on disclosure requirements for interim financial statements would improve the effectiveness of interim reporting, what factors should the Board consider when setting disclosure requirements for interim financial statements?

Response

We believe that the factors included in the set of decision questions at paragraph 6.19 are suitable for the Board to consider when setting disclosure requirements for interim financial statements.

Question 18 – If you think that a framework for reporting entities’ use in deciding on disclosures for interim financial statements would improve the effectiveness of interim reporting, what factors should reporting entities consider when providing disclosures for interim financial statements?

Response

No, to ensure consistency and to reduce the cost burden on preparers (along with environmental considerations as discussed in our response to Question 1) we believe that the Board (not individual reporting entities) should decide on footnote disclosure requirements based on a framework to be applied at the time accounting changes are decided.

Chapter 7 – Other Matters for Discussion

Question 20 – Would the change to the requirements described in paragraph 7.8 for disclosure of the summary of accounting policies improve the effectiveness of disclosure?

Response

We believe that the accounting policies should continue to be disclosed in the footnotes to the financial statements. Whether these should be disclosed as Footnote 1, or later in the footnotes is not critical, however we believe that placement as Footnote 1 helps users understand contextually the meaning of what appears in the disclosures that follow.

Question 21 – Should the summary of accounting policies include information about industry-specific accounting policies?

Response

Yes. We believe that this tailored industry-specific disclosure of accounting policies is important and necessary for all users to provide a single and comprehensive source for their understanding of the financial statements. Were it not described in the footnotes, there may be potential for

misunderstandings on the part of users who may not all share the same level of sophistication. We support continued encouragement of the use of plain language in these and other narrative or qualitative disclosures.

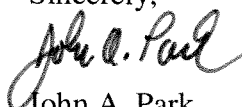
Question 22 – Are there other required disclosures that could be modified or eliminated in the short term that would result in a significant reduction in the volume of notes to financial statements?

Response

We believe that the disclosures regarding fair value measurement and pensions and post retirement benefit plans have become overly cumbersome and recommend that the Board may wish to reconsider (under the framework discussed in Chapter 2) how the current disclosures might be rationalized.

Thank you for considering our comments regarding the Discussion Paper. If you have any questions or require further information, please contact me at 212-635-7080 or Ross Brown at 212-635-7023.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Park". The signature is fluid and cursive, with the first name "John" being more prominent.

John A. Park
Controller