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March 31, 2025

Jackson Day  
Technical Director  
Financial Accounting Standards Board (FASB)  
801 Main Avenue  
P.O. Box 5116  
Norwalk, CT 06856-5116

Via Email to [director@fasb.org](mailto:director@fasb.org)

**Re: File Reference No. 2024-ED600**

Dear Mr. Day:

We appreciate the opportunity to comment on the proposed Accounting Standard Update, *Interim Reporting (Topic 270): Narrow-Scope Improvements*. Overall, we support the Board's efforts to clarify disclosure requirements for interim reporting, and we believe that the proposed amendments are operable and would clarify the requirements for interim reporting. Our feedback on specific areas of the proposed standard is provided in our answers to the questions that follow.

**Responses to questions**

**Question 1: Do the amendments in this proposed Update that would clarify that the guidance in Topic 270 applies to interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-15-3 through 15-4) increase the understandability of Topic 270? Please explain why or why not.**

We believe that the amendments in paragraphs 270-10-15-3 and 15-4 would clarify the population of financial reporting to which the interim reporting standards apply. Specifically, we note that the term "financial information" used in existing guidance lacks precision and generates questions in practice as to what form and extent of financial communication between an entity and its users are within the scope of the current standard. The proposed clarification that ASC 270 would apply to "interim financial statements and notes in accordance with GAAP" appropriately defines and sufficiently narrows the requirements for interim reporting and would result in more consistency in interim reporting between companies. We also believe that the

proposed reference to the definition of a “full set of financial statements” in ASC 205, along with the example stating that financial reporting containing only an income statement would not be considered a full set of interim financial statements, are both helpful in clarifying the scope of the proposed amendments to ASC 270.

**Question 2: Are the proposed amendments that describe the form and content of interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-45-20 through 45-24) appropriate? Do they capture the form and content of interim financial statements and notes currently being provided in accordance with GAAP? Please explain why or why not.**

We believe that the proposed guidance on the form and content of interim financial statements is appropriate because it would be operable and effectively captures the form and content of interim financial statements and notes that companies currently provide. SEC registrants already follow and, in our experience, nonregistrants generally follow or benchmark to the rules in Regulation S-X referenced in the proposed standard.

**Question 3: Do you agree that including a list of interim disclosure requirements in Section 270-10-50 would improve the Codification? Please explain why or why not.**

We believe that the inclusion of the proposed list of interim disclosure requirements in ASC 270 would improve the Codification by clarifying which disclosures an entity must provide on an interim basis. Furthermore, in our experience, many entities utilize a checklist approach in evaluating disclosures, which the proposed standard would facilitate. Therefore, we believe that providing a consolidated list of interim disclosure requirements may reduce both costs and diversity in practice as well as improve the quality of interim financial reporting. However, we observe that ensuring that the list of disclosures remains complete would require ongoing maintenance, as future standard-setting activities undertaken by the Board could impact interim disclosure requirements.

**Question 4: Using the Board’s methodology (see paragraphs BC42–BC55), is the proposed list of interim disclosure requirements in Section 270-10-50 complete, or are there disclosures that should be included in or excluded from the list? If so, please provide the disclosures and your rationale, including supporting evidence that is consistent with the Board’s methodology.**

Using the Board’s methodology, we did not identify any interim disclosures that we believe should be added to, or removed from, the proposed list.

**Question 5: Do you agree with the Board’s methodology on how it compiled the disclosure list in Topic 270 (see paragraphs BC42–BC55)? Please explain why or why not. If not, please describe your preferred methodology. Please identify the differences between the list of interim disclosures derived using your preferred methodology and the list of disclosures in Section 270-10-50 and provide supporting evidence that is consistent with your preferred methodology.**

Overall, we agree with the Board's methodology for compiling the proposed disclosure list. We appreciate the difficulties inherent in compiling a list of interim reporting requirements and agree with the Board's reasoning in selecting the alternatives reflected in the proposed guidance. We have not identified a preferable alternative methodology, but would like to share a few observations about specific decisions underlying the methodology applied in the proposed amendments.

As noted in paragraph BC47 of the proposed amendments, it has historically been unclear whether certain phrases used in current guidance, such as *for all periods presented* or *for each period presented*, create interim disclosure requirements. We have observed some diversity in how practitioners interpret interim disclosure requirements due to this lack of clarity. Consistent with the discussion in BC89 under "Alternative Views," we believe that the Board's decision to exclude such disclosures from the comprehensive list of interim reporting requirements when they are not clearly required for interim periods could result in an overall reduction of interim disclosures. Proposed paragraph BC93 under "Alternative Views" provides examples of such disclosures currently required for "each period presented" which would clearly not be required under the proposed standard, including restricted cash, material related-party transactions, and less than wholly owned subsidiaries. We defer to financial statement users to comment on the impact of this potential disclosure reduction and whether it would affect the decision-usefulness of interim financial statements.

Because the proposed comprehensive list of interim disclosures would be used in conjunction with the disclosure principle outlined in proposed paragraphs ASC 270-10-50-67 to 50-70, we believe that material changes to the financial statements from the most recent annual period will continue to be disclosed on an interim basis. Additionally, we note that the Board reviewed interpretations of the current standard, including disclosure checklists used internally by practitioners, and therefore we believe the Board has already considered information about potential interim disclosure reduction.

Finally, we note that the proposed amendments do not alter the phrases used in current guidance, such as *for all periods presented* or *for each period presented*, which have historically created confusion, although the Board indicates in the proposed Basis for Conclusions that this language does not create interim reporting requirements. For clarity going forward, we suggest that the Board explicitly state in the proposed authoritative literature that these phrases do not create an interim reporting requirement.

**Question 6: The Board uses the term event-driven disclosures to describe disclosures required if an event or transaction occurs (see paragraph BC65). The Board decided that while certain event-driven disclosure requirements that meet the criteria in paragraph BC46 would be included in the interim disclosure list in the proposed amendments, others would be captured by the disclosure principle discussed in Question 7 (for example, if a new line of business was acquired with specific industry disclosure requirements, the acquirer would evaluate the disclosures under the disclosure principle rather than evaluating whether those industry requirements should be disclosed in accordance with**

**the interim disclosure list in Topic 270). Do you agree with this approach to event-driven disclosures, or should other event-driven disclosures be included in the interim disclosure list? Please explain why or why not.**

Overall, we agree that the approach used by the Board in determining whether to include or exclude individual event-driven disclosures from the proposed consolidated list of disclosures is reasonable. We would have preferred an approach that holistically includes events for which disclosure may be required, as we believe that a list including only a subset of event-driven disclosures has the potential to create challenges in practice. In our experience, many entities utilize a checklist mindset to evaluate disclosure requirements, and a list that is incomplete could cause disclosure to be omitted. Further, we believe that basing the decision of whether to include or exclude disclosures from the proposed list based on the content of ASC 270 as currently codified may place undue reliance on the historical determinations that were made to include or exclude those event-driven disclosures.

We appreciate the challenges faced by the Board in defining a comprehensive list of events that may require disclosure in an interim period, and we believe that the proposed disclosure principle outlined in ASC 270-10-50-67 to 50-70 will generally ensure that material activity in an interim period is disclosed. Further, we believe that the Board's approach for event-driven disclosures may not result in a disclosure outcome that is materially different from current practice. We did not identify any additional event-driven disclosures that we believe should be included in the list.

**Question 7: Is the proposed disclosure principle operable (see paragraphs 270-10-50-67 through 50-70)? Please explain why or why not. If not, did you consider the prior SEC disclosure principle included in paragraph 270-10-50-68 to be operable (see paragraphs BC56–BC59)? Would the proposed disclosure principle provide decision-useful information? Does the operability of the disclosure principle vary between SEC registrants and nonregistrants? Please explain why or why not. Are there any reasons why the wording in paragraphs 270-10-50-67 through 50-70 should not be incorporated into GAAP? Please explain why or why not.**

We believe that the proposed disclosure principle is operable for both SEC registrants and nonregistrants, as it leverages the prior SEC disclosure principle, which, in our experience, has proved to be operable in practice. We agree that the proposed disclosure principle would complement the disclosure requirements of ASC 270 and other topics for condensed statements, as noted in ASC 270-10-50-8 and discussed in proposed BC60.

On the other hand, we believe that certain language in the proposed disclosure principle could be clarified to enhance its operability. Specifically, proposed paragraph ASC 270-10-50-70 provides an example of how an entity with a significant issuance of share-based awards during an interim period should consider annual disclosure requirements when disclosing in the award in interim financial statements in accordance with the proposed paragraph ASC 270-10-50-68. Under the proposed guidance, it is not clear that certain significant transactions, such as the issuance of share-based awards, would fall under the disclosure principle as outlined in proposed

paragraph 50-68 (which describes categories of changes provided comprising significant changes in accounting principles and practices and estimates; the status of long-term contracts; capitalization events; business combinations or dispositions; and contingencies). Likewise, certain significant changes in contracts with customers (for example, when such contracts are not considered long-term as determined under Step 1 of ASC 606) or other significant transactions or changes may not fall clearly into any of the categories outlined in the proposal. We suggest the Board consider whether the prominence of the list of categories in proposed paragraph 50-68 detracts from the clarity of what is required by the disclosure principle. We ask the Board to consider expanding the categories of changes in interim periods to be considered for disclosure presented in proposed paragraph 50-68 to encompass other types of significant transactions.

We defer to users of the financial statements as to whether the proposed disclosure principle would provide decision-useful information.

**Question 8: The Board decided to remove the phrase *interim financial information* from certain paragraphs that address the scope of the guidance within Topic 270 in the proposed amendments. Additionally, proposed consequential amendments were made to other Topics in certain paragraphs to remove the phrase *interim financial information* and other similar phrases. Would these proposed changes result in any unexpected consequences within other areas in GAAP? Please explain why or why not.**

We did not identify any unexpected consequences resulting from the proposed removal of the phrase “interim financial information” as noted in the proposed amendments.

**Question 9: Do you agree with the proposed amendments in Sections B and C? If not, please explain which proposed amendment(s) you disagree with and why.**

We do not disagree with any proposed amendments in Sections B and C.

**Question 10: Do you agree that the proposed amendments should be applied prospectively to interim financial statements and notes in accordance with GAAP issued for reporting periods after the effective date? Please explain why or why not.**

We agree that the proposed prospective transition guidance would be operable. Our understanding of how that guidance would operate is that an entity would make no changes to the comparative interim period, whether the proposed amendments caused an increase or a decrease in interim reporting for that entity prospectively. If this understanding is consistent with the Board’s intention, we suggest that clarifying that expectation in the proposed Basis for Conclusions could make the transition easier for entities to apply. Additionally, we suggest allowing a retrospective transition method for entities that wish to apply the amendments to their prior-period comparative interim financial statements.

**Question 11: How much time is needed to implement the proposed amendments? Should early adoption be permitted? Please explain why or why not.**

We defer to preparers as to how much time would be needed to implement the proposed standard. However, we support allowing an entity to early adopt the proposed amendments.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Carolyn Warger ([Carolyn.Warger@us.gt.com](mailto:Carolyn.Warger@us.gt.com)) or Christine Janis ([Christine.Janis@us.gt.com](mailto:Christine.Janis@us.gt.com)).

Sincerely,

/s/ Grant Thornton LLP