



SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. SAB 117]

Staff Accounting Bulletin No. 117

AGENCY: Securities and Exchange Commission.

ACTION: Publication of Staff Accounting Bulletin.

SUMMARY: This staff accounting bulletin modifies portions of the interpretive guidance included in the Staff Accounting Bulletin Series in order to make the relevant interpretive guidance consistent with authoritative accounting guidance and Securities and Exchange Commission rules and regulations. Specifically, the staff is updating the Series in order to bring existing guidance into conformity with the Financial Accounting Standards Board Accounting Standards Codification Topic 321, *Investments – Equity Securities*.

DATES: *Effective:* [Insert date of publication in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Brian Staniszewski, Professional Accounting Fellow, Office of the Chief Accountant at (202) 551-5300 or Lindsay McCord, Associate Chief Accountant, Division of Corporation Finance at (202) 551-3400, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The statements in staff accounting bulletins are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the federal securities laws.

List of Subjects in 17 CFR Part 211

Accounting, Reporting and recordkeeping requirements, Securities.

Dated: November 29, 2017.

Brent J. Fields,

Secretary.

Accordingly, part 211 of title 17 of the Code of Federal Regulations is amended as follows:

**PART 211—INTERPRETATIONS RELATING TO FINANCIAL REPORTING
MATTERS**

1. Add an authority citation for part 211 to read as follows:

Authority: 15 U.S.C. 77g, 15 U.S.C. 77s(a), 15 U.S.C. 77aa(25) and (26), 15 U.S.C. 78c(b),
17 CFR 78l(b) and 13(b), 17 CFR 78m(b) and 15 U.S.C. 80a-8, 30(e) 15 U.S.C. 80a-
29(e), 15 U.S.C. 80a-30, and 15 U.S.C. 80a-37(a).

2. Amend the table in subpart B by adding an entry for Staff Accounting Bulletin No. 117 at
the end of the table to read as follows:

Subpart B—Staff Accounting Bulletins

| Subject | Release No. | Date | Fed. Reg. Vol. and page |
|---|------------------------|---|---------------------------------------|
| ***** | | | |
| Publication of Staff Accounting Bulletin No. 117 | SAB-117 | [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] | [INSERT FEDERAL REGISTER CITATION] |

Note: The text of SAB 117 will not appear in the Code of Federal Regulations.

Staff Accounting Bulletin No. 117

This staff accounting bulletin modifies portions of the interpretive guidance included in the Staff Accounting Bulletin Series in order to make the relevant interpretive guidance consistent with current authoritative accounting and auditing guidance and Securities and Exchange Commission (“Commission”) rules and regulations. Specifically, the staff is updating the Series in order to bring existing guidance into conformity with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 321, *Investments – Equity Securities* (“ASC Topic 321”). The FASB adopted ASC Topic 321 through its issuance of Accounting Standards Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.

The following describes the changes made to the Staff Accounting Bulletin Series that are presented at the end of this release:

1. Topic 5: Miscellaneous Accounting

a. Topic 5.M in the Staff Accounting Bulletin Series entitled *Other Than Temporary Impairment of Certain Investments in Equity Securities* (“Topic 5.M”) is no longer applicable upon a registrant’s adoption of ASC Topic 321. Topic 5.M provided the staff’s views on evaluating whether an impairment loss should be recognized in net income for investments in equity securities that were measured at fair value with changes in fair value presented in other comprehensive income.¹ ASC Topic 321 establishes new guidance that eliminates the ability to present changes in the fair value of investments in equity securities within other comprehensive income. After a registrant adopts ASC Topic 321, investments in equity securities that previously qualified for presenting changes in fair value within other comprehensive income will

¹ Prior to the adoption of ASC Topic 321, FASB ASC Topic 320, *Investments—Debt and Equity Securities*, permitted investments in equity securities with readily determinable fair values to be classified as (1) available-for-sale, with changes in fair value recognized in other comprehensive income, or as (2) trading securities, with changes in fair value recognized in net income.

be measured at fair value with changes in fair value presented immediately in net income.

Therefore, ASC Topic 321 eliminates the need for Topic 5.M.

Accordingly, the staff hereby amends the Staff Accounting Bulletin Series as follows:

TOPIC 5: MISCELLANEOUS ACCOUNTING

M.1. Impact of a Registrant's Adoption of FASB ASC Topic 321, *Investments – Equity Securities – Overall*

Topic 5.M is no longer applicable upon a registrant's adoption of ASC Topic 321. Topic 5.M provided the staff's views on evaluating whether an impairment loss should be recognized in net income for investments in equity securities that were measured at fair value with changes in fair value presented in other comprehensive income. ASC Topic 321 establishes new guidance that eliminates the ability to present changes in the fair value of investments in equity securities within other comprehensive income, which eliminates the need for Topic 5.M. Registrants that have not yet adopted ASC Topic 321 should continue to refer to Topic 5.M.

[FR Doc. 2018-00352 Filed: 1/10/2018 8:45 am; Publication Date: 1/11/2018]