



April 15, 2025

**VIA ELECTRONIC SUBMISSION (DIRECTOR@FASB.ORG)**

Mr. Jackson M. Day  
Technical Director  
Financial Accounting Standards Board  
801 Main Avenue  
PO Box 5116  
Norwalk, CT, 06856-5116

**Re: File Reference No. 2024-ED910 Environmental Credits and Environmental Credit Obligations (Topic 818)**

Dear Mr. Day,

The Securities Industry and Financial Markets Association ("SIFMA")<sup>1</sup> appreciates the opportunity to comment on the Proposed Accounting Standards Update— *Environmental Credits and Environmental Credit Obligations (Topic 818)* (the "proposed ASU"). SIFMA supports the FASB's efforts to improve the accounting for environmental credits ('credits') and environmental credit obligations ('obligations'), and believes that the proposed ASU will improve the financial reporting for these credits and obligations.

SIFMA agrees with the proposed recognition and measurement model for environmental credits and environmental credit obligations. The proposed ASU creates a model that provides meaningful financial reporting for compliance obligations and the credits that will be used to settle them, as well as for purchases of credits used to settle voluntary commitments to offset energy usage from conventional sources. The proposed ASU also provides for a fair value election which aligns with the risk management of credits purchased and sold for market-making and related purposes, guidance which is absent for a

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

number of entities transacting in credits, such as banks. Non-bank market makers and investors consider these credits to be inventory when held in a broker dealer or investment company entity, and therefore under the guidance of ASC 940 and ASC 946, respectively. While the subsequent measurement outcome may be similar under the proposed ASU if the fair value election is selected, SIFMA requests that the FASB clarify that this proposed ASU does not supersede the industry guidance regarding the accounting for inventory already provided for broker dealers and investment company entities.

SIFMA does not support the disclosure requirements in the Proposed ASU, which are unduly onerous and costly, and likely to be of limited benefit. It is unclear to us how or whether users of financial statements would use this information in their investment decisions related to SIFMA member firms. We believe a much smaller set of disclosures would provide sufficient information for users; such disclosures might simply consist of the carrying value of obligations and the credits that are probable to be used to settle them, the amount of non-compliance credits expensed during the year, and the carrying value of credits held for transfer or exchange. We urge the FASB to reconsider the costs and benefits of the disclosures in the proposed ASU.

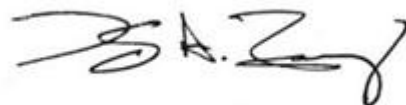
SIFMA supports the proposed transition method, and requests an effective date of at least one year following the issuance date of the final ASU.

Thank you for the opportunity to comment. Should you have any questions or require further information concerning any of the matters discussed in this letter, please do not hesitate to contact the undersigned Laurin Smith (Laurin.T.Smith@JPMorgan.com).

Sincerely,



Laurin Smith  
Managing Director, JPMorganChase  
Chair, SIFMA Accounting Committee



Kevin A. Zambrowicz  
Deputy General Counsel  
Accounting and Institutional (Legal)  
SIFMA