

CREDIT SUISSE GROUP

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November 21, 2005

Letter of Comment No: 4
File Reference: FSPFAS133A

Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116 United States

Sent via post and email to director@fasb.org

Re: Proposed FASB Staff Position No. FAS 133-a, Accounting for Unrealized Gains (Losses)
Relating to Derivative Instruments Measured at Fair Value under Statement 133 and
Amendment to Statement 133 Implementation Issue B6

Ladies and Gentlemen:

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Credit Suisse Group appreciates the opportunity to comment on the Financial Accounting Standards Board's proposed Staff Position No. FAS 133-a, Accounting for Unrealized Gains (Losses) Relating to Derivative Instruments Measured at Fair Value under Statement 133 (the 'proposed FSP') and Amendment to Statement 133 Implementation Issue B6 (the 'amendment to DIG B6'). Credit Suisse Group is registered as a foreign private issuer with the Securities and Exchange Commission and prepares annual US GAAP financial statement.

Overall, we appreciate the Board's effort to increase consistency and to eliminate differences that have added to the complexity in US GAAP. In particular, with respect to the proposed FSP and amendment to B6, we are supportive of the consistent treatment of unrealized gains (losses) upon initial recognition of derivative transactions and hybrid instruments. We agree with the application of a principle-based approach that relies on the concepts of transaction price presumption and minimum reliability threshold in determining the accounting for such unrealized gain (loss) at initial recognition.

However, we believe that the transaction price presumption addressed in paragraph 3(a) and (b) of the proposed FSP and as included in the amendment to DIG B6 should be consistent with paragraph 15(a) and (b) of the working draft of Statement of Financial Accounting Standards No. 15X, Fair Value Measurements, which provides a more broad definition. We are not convinced conceptually that the ability to rebut the transaction price presumption from the perspective of the entity should be limited to the specific situation in which the transaction does not occur in the reference market for that asset or liability.

Further, since under the proposed guidance a freestanding and an embedded derivative would always have to be recognized at its fair value estimate, irrespective of whether or not the transaction price presumption is rebutted, we believe the essence of the proposed guidance is founded on recognition of fair value estimates and unrealized gains (losses) at inception. Therefore, we believe the proposed FSP should be clarified to state that the minimum reliability threshold is the overriding principle.



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In addition, we believe that the scope of the proposed FSP should be broadened to include instruments recognized at fair value under the Hybrid Exposure Draft.

The proposed FSP and amendment to DIG B6 require a retrospective application. As we understand the wording of the proposed guidance, the calculation of the transition adjustment would have to consider unrealized gains (losses) attributable to fair value estimates that met the minimum reliability threshold as of the inception date of the respective instruments. We believe a prospective application should be permitted, as these amounts may not be objectively determinable given practical limitations and perceptions after the fact.

Further, according to paragraph 10 of the proposed FSP, in the fiscal year in which the proposed FSP is initially applied, and in all interim period within that fiscal year, an entity shall disclose the effect of the change in accounting principle on income before extraordinary items and any affected per-share amounts. We believe since this change would have been retrospectively applied to any prior periods presented, as required by paragraph 17(b)(2) of FAS 154, Accounting Changes and Error Corrections, disclosure of the current period effect of the change in accounting principle will not provide additional benefits. We do not believe these disclosure requirements should be required, as adequate information to the users will be provided through comparability of all periods presented.

Finally, we believe that the wording of the last sentence of the second paragraph in the Response section of the amendment to DIG B6 should be amended to reflect that in determining the carrying value assigned to the host, unrealized gains shall be added and unrealized losses shall be deducted.

We thank the Board for their attention to our comments. Please contact Eric Smith in New York at (212) 538-5984 or Margret Kraemer in Zurich at (+41) 44 332 2762 if you would like to further discuss these points.

Sincerely,

Rudolf Bless Managing Director, Chief Accounting Officer

Margret Kraemer Vice President, Accounting Policy Group