

October 6, 2003

Mr. Lawrence Smith Director, TA&I—FSP Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Comments on Proposed FSP FIN 46-e

Effective Date of FASB Interpretation No. 46, Consolidation of Variable Interest Entities, for Certain Interests Held by a Public Entity

Dear Mr. Smith:

FlectBoston Financial Corporation (Fleet) is a diversified financial services company with over \$190 billion in assets. We appreciate the opportunity to comment on the above-referenced FASB Staff Position (FSP). We support the decision to defer the effective date of FIN 46 for certain interests held by a public entity. However, we urge the FASB to once again consider whether a broad-based deferral of the effective date would be more appropriate given the extent of implementation issues that have arisen.

Broad-Based Deferral of the Effective Date

Several issues that are critical to the application of the standard have been identified and are being addressed in proposed FSPs. One proposed FSP addresses the identification of a decision maker. Given the bias inherent in FIN 46 toward consolidation of a VIE by the decision maker, this issue is critical to implementation. Another FSP addresses the treatment of certain fees in the calculation of expected losses and residual gains. This topic is also critical, as the identification of a primary beneficiary is dependent upon this calculation. Other issues have been identified and are being addressed by the Board in a proposed amendment to FIN 46. As a result of the pending guidance, public companies may find that the accounting treatment for a VIE that was adopted in the third quarter of 2003 may need to be reversed in the fourth quarter. This can only lead to confusion for the readers of the financial statements.

We appreciate the Board's concern for adequate disclosure and transparency of financial reporting. However, we believe that the expanded disclosures of off-balance sheet liabilities required by the SEC in recent years have resulted in significantly improved reporting of VIEs by public entities, such that the immediate need for additional information has been met. We feel that the public will be better served by an accounting standard that is applied consistently rather than a standard that is applied quickly. We therefore request that the FASB defer the effective date of FIN 46 for all entities until such time as the significant implementation questions raised by constituents can be addressed.

Limited-Scope Deferral

If the FASB chooses not to adopt a broad-based deferral, we make the following recommendations to the limited-scope deferral in the proposed FSP:

- The deferral should apply to all VIEs that were not previously considered to be special
 purposed entities (SPEs), including those that have assets that are predominantly financial in
 nature. We believe that different adoption dates for VIEs with financial assets as compared
 to those with nonfinancial assets would be confusing to readers of the financial statements,
 while a consistent adoption date would improve financial reporting.
- The fourth criterion, which states that the deferral applies only if the analysis required by FIN
 46 has not been completed, should be eliminated. Given the number of implementation
 issues outstanding and the complexity of the required analyses, any determination is subject
 to change and reconsideration and might be considered incomplete. Also, this requirement
 could result in a piece-meal adoption of the standard which, in our opinion, would be
 detrimental to financial reporting.
- Disclosures should be consistent with, and no more extensive than, those already required by
 FIN 46. The disclosure of "income, expense, purchases, or sales, or some other measure of
 activity" is not required for a consolidated VIE or a VIE in which an enterprise holds a
 significant variable interest, and should not be required for a VIE simply because it is subject
 to a three-month deferral of the effective date.

Thank you very much for your consideration. If you would like to discuss these comments in more detail, please call Barbara Riddell at 401-278-5091 or me at 617-434-2341.

Sincerely,

Ernest L. Puschaver Director of Finance Chief Accounting Officer