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LETTER OF COMMENT NO. 18

File Reference: Proposed FSP FAS 107-a

Credit Suisse Group ("CSG") welcomes the opportunity to comment on the Financial Accounting Standards Board's ("FASB") proposed Staff Position FAS 107-a, *Disclosures About Certain Financial Assets: An Amendment of FASB Statement No. 107*, (the "FSP"). CSG is registered as a foreign private issuer with the Securities and Exchange Commission and its consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Overall, CSG supports the proposed FSP agreeing that it would improve the quality of information provided to users of financial statements. However, in reviewing the detail of the proposed disclosure, we have several comments.

The "Incurred Loss Amount" measurement for debt securities is a new measurement basis not currently defined in US GAAP. The "Incurred Loss Amounts" will need to be accumulated for both the current and previous year-end dates to determine the proposed pro forma income statement impact disclosures. As this is a new measurement basis that is not currently generated within our financial reporting systems, CSG, as well as many other constituents, will have difficulty accumulating the necessary information especially in light of the proposed effective date.

The proposed FSP notes that the IASB is concurrently proposing a similar set of disclosures for reporting entities that prepare financial statements in accordance with IFRS. In reviewing the proposed disclosure requirement from the IASB, *Investments in Debt Instruments: Proposed Amendments to IFRS 7*, we noted that the IASB is not requiring disclosure of an "Incurred Loss Amount" measurement; highlighting in the "Basis for Conclusion" section of the proposed amendment that they believe the "Amortized Cost" amount would generally equal the "Incurred Loss Amount" as the treatment of impairments for investments under US GAAP is inconsistent with IFRS. US GAAP requires that once impairment is recorded, future increases in value cannot be reported in income until the security is sold. Under IFRS, for certain investments, the recognition of increases in value in income may occur when the price recovers. In an effort to promote convergence with IFRS, we recommend that the FASB reconsider the impairment standards under US GAAP specifically regarding the permanence of impairment

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If the FASB continues to require an Incurred Loss Amount, we believe there is an inconsistency in the guidance provided in the footnotes to Example 4 in Paragraph 33A for the "Incurred Loss Amount" column as there is a different measurement basis for each type of financial instrument. For held-to-maturity securities, it is defined as a FAS 114 approach without an allowance for pools of similar securities under FAS 5. For available-for-sale securities, it is defined as a discounted cash flow model. For loans and lease receivables, it is defined as current carrying value, presumably as a FAS 114 and FAS 5 approach. For mortgage loans held-for-sale, a literal interpretation would be a FAS 114 approach without an allowance for pools of similar loans under FAS 5, since no specific guidance is noted for this product type. As such, we are seeking additional clarification in the guidance being provided for the definition of the Incurred Loss Amount to be consistent for all types of financial instruments and therefore more easily understood by users of the financial statements.

In regards to the scope, we do not believe the proposed disclosures should include financial assets measured at fair value in the statement of financial position with changes in fair value recognized in earnings. We believe the information for financial assets outside of the scope of the proposed FSP is already provided through disclosure requirements under FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FAS Statement No. 115*. Additionally, as noted in the IASB's Basis for Conclusion in the Proposed Amendments to IFRS 7, entities are not currently required to maintain amortized cost-based information. As such, including these instruments within the scope of the proposal could be unduly onerous, as the proposed effective date may not allow constituents sufficient time to generate amortized cost-based information that does not already exist.

We would welcome the opportunity to further review any changes you may consider to this proposed standard prior to its final issuance. In the meantime, if you have any questions or would like any additional information on the comments we have provided herein, please do not hesitate to contact Eric Smith or Patrick Ackerman in New York on (212) 538-5984 or (212) 325-2051, respectively.

Sincerely,

Rudolf Bless
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Director
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