

CREDIT SUISSE GROUP
Paradeplatz 8
PO Box 1
8070 Zurich
Switzerland



LETTER OF COMMENT NO. 30

September 21, 2007

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Sent via post and email to director@fasb.org

Re: Proposed Statement 133 Implementation Issue E23

Dear Mr. Golden:

Credit Suisse Group ("CSG") appreciates the opportunity to express our views on the Financial Accounting Standards Board's ("FASB") proposed Statement 133 Implementation Issue E23 ("Proposed DIG Issue"). 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").

We appreciate the efforts that the FASB have made to clarify application of the short cut method. However, in general, we do not support the issuance of the Proposed DIG Issue from a conceptual standpoint. We disagree with the proposal because it increases accounting complexity at a time when there is a public desire to reduce such complexity. We would also challenge the need for new guidance when there appears to be little diversity in current practice. We feel, therefore, that the Proposed DIG Issue will not achieve the FASB's stated objective to 'increase comparability in financial statements'.

We believe that the short cut method provides a valuable economic benefit to many companies who have simple, straight-forward hedging relationships who reply upon the method for its simplicity. Severely restricting the use of the short cut method, we believe, would cause undue economic hardship for many companies who would have to add the necessary resources to perform the long haul method. We caution the FASB against hastily removing or modifying the short cut method without revising the guidance in SFAS 133, Accounting for Derivative Instruments and Hedging Activities, ("Statement 133") accordingly. CSG supports convergence with IFRS and believes that removing the short cut method without additional amendments to Statement 133 would not support the objective of convergence. Although IFRS does not permit the short cut method, it does permit portions of risk to be designated as the hedge risk in a hedging relationship (IAS 39.81). This includes designation of a derivative as hedging only a portion of the time period to maturity of the hedged item. (IAS 39 IG F2.17). These measures allow IFRS users to simplify their hedge



CREDIT SUISSE GROUP
Paradeplatz 8
PO Box 1
8070 Zurich
Switzerland

effectiveness testing without using a 'short cut' option. Therefore we believe any amendment to the short cut method should be handled in the context of an overall revision to Statement 133.

Specifically we have concerns with some of the proposed changes, including the disallowance of 'Late Hedging'; the short time period available to allow implementation before the effective date; and the uncertainty as to whether this is an implementation issue or an amendment of Statement 133.

Fair value of hedged item has to equal its principal amount

The Proposed DIG Issue will prohibit using the shortcut method when the fair value of the hedged item is different from its principal amount. This would disqualify hedge transactions that are entered into after the initial issuance or purchase of a debt instrument or 'Late Hedging'. Statement 133 does not currently include this stringent requirement, rather it only states that 'the notional amount of the swap matches the principal amount of the interest-bearing asset or liability being hedged' (para 68(a)) and that an interest rate swap must have a fair value of zero at inception (para 68(e)). We do not agree with the FASB's view that the value of the coupon differential on the underlying debt instrument is subject to changes in value as bench mark rates change and that those changes are not expected to be offset by changes in a zero-fair-value swap resulting in ineffectiveness. As long as the terms of the swap match the remaining terms of the debt, then fair value changes of both hedge item and hedge instrument should prospectively offset.

Implementation issue or amendment

We believe to add the Late Hedging restriction would mean that the Proposed DIG Issue would be an amendment of Statement 133 rather than an interpretation given that Statement 133, as noted above, does not include this requirement. As such the addition should be subject to the due process of an accounting standard amendment.

Effective Date and Transition

As noted above we believe the FASB should not include the above amendment in DIG E23, but rather consider it as part of its broader planned project on hedge accounting. However, should FASB decide to ratify the Proposed DIG Issue as currently drafted, we suggest that the effective date for adoption be delayed until at least 1 January 2009. Many companies will have to expend significant time, resources and costs to implement a long haul approach. This will be particularly challenging in the proposed timeframe given that many companies are currently occupied with implementing SFAS 157, Fair Value Measurement and SFAS 159 The Fair Value Option for Financial Assets and Financial Liabilities, which are large, complex projects.



CREDIT SUISSE GROUP
Paradeplatz 8
PO Box 1
8070 Zurich
Switzerland

Conclusion

We hope the FASB will give consideration to our comments above. If you have any questions or would like any additional information on the comments we have provided, please do not hesitate to contact Eric Smith on 212-538-5984, Todd Runyan on +41 44 334 80 63 or Allison Bunton on +41 44 333 43 84.

Sincerely,

Rudolf Bless

Managing Director, Chief Accounting Officer

Allison Bunton

Vice President, Accounting Policy and Assurance