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LETTER OF COMMENT NO. 17

October 15, 2008

Via email: [director@fasb.org](mailto:director@fasb.org)

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

Re: File Reference: Proposed FSP FAS 140-e and FIN 46(R)-e

Dear Mr. Golden,

U.S. Bancorp, the parent company of the sixth largest commercial bank in the United States, with over \$245 billion in total assets, appreciates the opportunity to comment on the Proposed FSP FAS 140-e and FIN 46(R)-e, amendments to FASB Statement No. 140 (FAS 140) and FASB Interpretation No. 46 (FIN 46R), issued September 15, 2008 (the "FSP"). We support the Board's effort to improve financial disclosures related to transfers of financial assets and interests in variable interest entities. However, we have significant concerns with some of the disclosure requirements included in the proposed FSP as well as the proposed effective date of December 31, 2008 for calendar year-end companies.

We understand the Board is trying to be responsive to the requests of financial statement users that see an urgent need to improve the transparency of entities that transfer financial assets and enterprises that have interests in variable interest entities and that the issuance of an FSP would allow for a more immediate effective date. However, we are concerned with the brief comment period (30 days) that was provided for this FSP relative to what seems to be potentially far-reaching and significant changes to current disclosure requirements. In addition, the proposed effective date allows less than a quarter for preparers to understand the disclosure requirements, design procedures to obtain the data, design and implement related financial reporting controls, test the controls, and remediate any deficiencies.

We are aware that many of these disclosures are the same or similar to those that would become effective January 1, 2010 if the proposed amendments to FIN 46R and FAS 140, also currently out for comment, are adopted. We note that the comment period on those exposure drafts is a 60 day period ending November 14, 2008, also brief but more than 30 days. We are concerned with what feels like a ready, fire, aim approach to the proposed implementation of significant changes in disclosure requirements around these types of transactions.

Given the impact of current market conditions on the banking industry in the last 30 days and related critical accounting developments that have required expeditious review and action during this time, we frankly have found it difficult to fully analyze the proposed additional disclosures

within this very brief comment period. We believe that many other financial institutions have been similarly challenged during this time. As a result, the brief exposure period coupled with the unprecedented market conditions has limited our ability to consider the proposal at a detailed level and to provide specific feedback to the FASB on all of the disclosures proposed. We are very concerned that if these disclosure requirements are not fully vetted by preparers prior to approval by the Board, the result may likely be unintended consequences as a result of not fully appreciating the impact of the proposal until after it is final.

For example, we have not had the opportunity to fully analyze whether a company's holdings in mortgage backed securities, CMOs, CDOs or other structured investments would be considered significant variable interests in a qualifying SPE and subject to the disclosures outlined in Appendix D of the proposed FSP. If these are in scope, we question how useful some of the disclosures proposed in Appendix D are to users. While disclosures could perhaps be aggregated, is it useful to disclose the size of these qualifying SPEs and how they are financed?

We observe that in the proposed amendment to FIN 46R, the Board concluded that the effective date of January 1, 2010 for calendar year end companies "would allow preparers adequate time to gather the data necessary to apply this proposed Statement and to properly analyze the effects of the proposed amended guidance on financial reporting." We also note that the proposed FIN 46R amendment indicates that the "Board recognizes that this proposed Statement may require significant effort for many entities to gather the necessary data for conformance, and that the review and audit procedures to ensure compliance with the proposed amendments to Interpretation 46(R) may require additional effort" and that the "Board intends to hold a public roundtable meeting that will allow constituents to further elaborate on the costs and efforts needed to properly implement the requirements of this proposed Statement." Similar considerations were expressed in the proposed FAS 140 amendment which also has a January 1, 2010 effective date.

We believe that carving out and accelerating the disclosure requirements for public companies through an FSP is contrary to the concept of due process given the impact the current market conditions are having on preparers. New disclosures are often one of the most difficult aspects of the adoption of a new or revised accounting standards as there are operational processes that must be established to ensure accuracy and completeness of the data behind the disclosures provided and for a company to embed controls around the gathering and reporting of that data to allow the company to comply with Sarbanes-Oxley certification requirements.

As a result, we strongly recommend that the comment period for this FSP be extended at least 30 days to align with the comment period on the proposed FAS 140 and FIN 46R amendments. In addition, we recommend that the effective date for implementation be delayed from December 31, 2008 for calendar year companies to no earlier than the interim reporting period ending June 30, 2009. Financial institutions are already faced with the implementation of several significant new accounting pronouncements effective January 1, 2009 for calendar year companies (FAS 141R - Business Combinations, FAS 160 -Noncontrolling Interests in Consolidated Financial Statements, FAS 161 - Disclosures about Derivatives and Hedging Activities) as well as several FSPs and EITFs that have been finalized or are proposed to be final by year-end and also effective January 1, 2009.

We respectfully request that the Board consider the significant effort that is required by preparers to analyze and implement new accounting standards including changes to disclosures. As a preparer, we want to ensure that the disclosures we provide are meaningful to shareholders and other financial statement users. We caution the Board that more data does not necessarily equate to good information. We believe it is important to enhance disclosure for those items that are material to a company's financial statements. We respectfully ask that we be given sufficient

time to determine whether all of the proposed disclosures pass the test of being good information rather than just more data.

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We appreciate the opportunity to submit our views and would be pleased to discuss our comments with you at your convenience. Please contact me at (612) 303-4352 with questions or if you need additional information.

Sincerely,

/s/ Terrance R. Dolan

Terrance R. Dolan  
Executive Vice President and Controller