

CREDIT SUISSE



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LETTER OF COMMENT NO. 206

**File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b**

Credit Suisse Group (“CSG”) welcomes the opportunity to comment on the Financial Accounting Standards Board’s (“FASB”) proposed Staff Position FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary Impairments*, (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. As mandated by the Emergency Economic Stabilization Act of 2008, the US Securities and Exchange Commission (the “SEC”) conducted a study on mark-to-market accounting. One of the recommendations in the study was that the FASB reassess current impairment accounting models for financial instruments. We believe this FSP effectively modifies the current guidance to provide a more uniform system of impairment testing standards for financial instruments thus improving the quality of information provided to users of financial statements.

In requiring separate disclosure of (a) the credit component and (b) non-credit component of an other-than-temporary impairment, we believe greater transparency is provided to the financial statement user. When markets are dislocated, as with the current credit crisis, the ability for an entity to separately disclose credit risk improves the relevance of the financial statements by aligning the impairment in earnings with the impairment in expected cash flows. Thus we believe the requirement to recognize the credit component of the other-than-temporary impairment in income and the other portion in other comprehensive income is a significant improvement to the current guidance that would require the entire other-than-temporary impairment to flow through income.

Additionally, we agree that the proposed modification to the current indicator for assessing an other-than-temporary impairment is more operational than current requirements. It is extremely difficult to assess the likelihood a security will recover in value and make a positive assertion that there is an intent and ability to hold the investment long enough for it to recover. As well, we commend the FASB for allowing management to use judgment in determining the amount of the credit loss as



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opposed to prescribing guidance as it may not be operational or useful to apply the same methodology for all of the varying asset classes.

We believe additional efforts should be made to align the related guidance 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.

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 Todd Runyan in Zurich on +41 44 334 80 63.

Sincerely,

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