

CREDIT SUISSE GROUP Paradeplatz CH-8070 Zurich Switzerland

February 10, 2008

Teresa S. Polley Chief Operating Officer Financial Accounting Foundation 401 Merritt 7 Norwalk, CT 06856-5116 U.S.A.



LETTER OF COMMENT NO. 58

By email to: tspolley@f-a-f.org

Re: Request for comments on Proposed Changes to Oversight, Structure, and Operations of the FAF, FASB, and GASB

Dear Ms. Polley:

Credit Suisse Group ("Credit Suisse") welcomes the opportunity to comment on the proposed changes to the oversight, structure, and operations of the Financial Accounting Foundation ("FAF"), the Financial Accounting Standards Board ("FASB"), and the Governmental Accounting Standards Board ("GASB"), as proposed by the FAF Special Committee on Governance Review ("Special Committee").

Credit Suisse disagrees with the Special Committee's proposal to reduce the size of FASB from seven to five members. We believe the FAF incorrectly presumes a faster standard-setting process with a five-member Board. In our view, this action may adversely impact the quality of standard-setting by limiting the representation and experience needed to address the range and complexity of global accounting issues. FASB staffing levels and an elongated due process are the primary constraints to Board productivity and responsiveness. Reducing the number of Board members would exacerbate this situation and potentially introduce inefficiencies into the standard-setting process.

Credit Suisse applauds the Special Committee's efforts to improve the FAF, FASB, and GASB. Accordingly, we have provided detailed responses to your specific proposals in the Appendix to this letter. Should you wish to discuss our views in detail or require additional information, please do not hesitate to contact Eric Smith at (212)538-5984 or Todd Runyan at (41) 44 334 8063.

Sincerely,

Managing Director

Chief Accounting Officer

Specially Mulch
Beverly Welch
Vice President

Accounting Policy and Assurance Group



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## **Appendix**

## **Financial Accounting Foundation**

1. Expand the breadth of individuals and organizations that are invited to submit nominations for the FAF Board of Trustees with the understanding that final authority for all appointments rests solely with the Board of Trustees.

Credit Suisse agrees with this proposal to expand the nomination process and to grant the FAF complete authority to approve all Trustees. In our view, the FAF best understands its staffing requirements and should have primary authority over its membership.

Change the term of service for Trustees from two three-year terms to one fiveyear term.

Credit Suisse believes the FAF has more flexibility to balance its collective skills with two three-year service terms rather than one five-year term. Accordingly, we do not agree with this proposal.

Change the size of the Board of Trustees from sixteen members to a range of fourteen to eighteen members.

We support this proposal as it gives the FAF added flexibility to secure memberships and to balance its membership.

4. Strengthen and enhance the governance and oversight activities of the Trustees as to the efficiency and effectiveness of the standard-setting process.

Credit Suisse supports the FAF in its effort to strengthen its oversight of "due process, agenda setting, solicitation of public comment, consideration of comments, and the retrospective evaluation of the effectiveness and efficiency of standards." We agree with your objective to be mindful not to blur the distinction where standard setting ends and influencing standard setting begins. The FAF could consider the experience of the Standards Advisory Council of the IASC Foundation as an approach to improving standard setting efficiency and effectiveness while maintaining the independence of the standard setters.

#### Financial Accounting Standards Board

5. Reduce the size of the FASB from seven members to five.

The depth and breadth of accounting issues before FASB requires the expanded thinking and collaboration of the seven-member Board. Accordingly, we disagree



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with the Special Committee's recommendation to reduce the size of FASB from seven to five members. The diversity of ideas associated with the larger Board is a key strength of FASB.

### 6. Retain the FASB simple majority voting requirement.

Credit Suisse agrees with this proposal.

#### 7. Realign the FASB composition.

While we are satisfied with the current Board composition, we would support increased representation of users and investors on the Board, given the importance of information relevance as a qualitative characteristic of financial information. We would support the following composition:

Representation	Current Composition	Proposed Composition
Public Accounting	3	2
Industry / Preparers	2	2
Users / Investors	1	2
Academe	1	1

# 8. Provide the FASB Chair with decision-making authority to set the FASB technical agenda.

The FASB Chair should not set the FASB technical agenda. Agenda decisions require representation, experience, and deliberation commensurate with other standard-setting activities. The technical agenda is a key first step in the standard-setting process. Credit Suisse believes FASB has satisfactorily established the technical agenda. Given the range and complexity of accounting issues, one individual should not be empowered with this decision-making authority.

### Governmental Accounting Standards Board

No comments on proposals 9, 10, and 11.