



CREDIT SUISSE GROUP
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March 13, 2012

Ms. Leslie Seidman, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Mr. Hans Hoogervorst, Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Submitted via electronic mail to director@fasb.org

Re: File Reference No. 2011-230, Exposure Draft: *Revenue from Contracts with Customers*

Dear Madam or Sir:

Credit Suisse Group ("CSG") welcomes the opportunity to share our views on the Revised Proposed Accounting Standards Update, *Revenue from Contracts with Customers* (the "Revised ASU"). CSG's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). However, a number of our subsidiaries are required to apply International Financial Reporting Standards ("IFRS") to their stand-alone financial statements.

CSG continues to support the Boards' efforts to create a comprehensive and broadly applicable accounting standard for revenue recognition and believe that the Revised ASU is an improvement. We appreciate the Boards' consideration of many of our concerns that were expressed in our previous comment letter on the initial Exposure Draft, *Revenue from Contracts with Customers*. However, we do believe that there are still several aspects of the Revised ASU that do not, in our view, represent improvements. Our comments on the Revised ASU are explained more fully below in the following areas:

1. Onerous Performance Obligations
2. Disclosures
3. Transition

Onerous Performance Obligations

The Revised ASU proposes that an entity be required to recognize a liability and a corresponding expense if a performance obligation that is satisfied over a period of time greater than a year is onerous. Limiting the need to assess onerous performance obligations to only those obligations satisfied over a period of time greater than one year is narrower in scope than what had been



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proposed in the original exposure draft. However, we do not support the concept that the onerous obligation should be assessed at the individual performance obligation level. This could result in a loss being recorded by an entity even though the arrangement is profitable as a whole.

We believe that users of financial statements are primarily interested in the outcome of the arrangement as a whole rather than the separate performance obligations therein. As such, we recommend that the Boards consider that the facts and circumstances of each arrangement should dictate the appropriate unit of account for assessing onerous contracts. As well, as opposed to requiring an assessment at each reporting date, we recommend that the Boards require the assessment at the contract inception with reassessment required only when there are material modifications to the contract and/or if there are changes to significant factors in the market that would warrant reassessment.

Disclosures

We do not believe certain disclosure requirements in the Revised ASU meet the Boards' objective of providing users of financial statements information to determine the amount, timing and uncertainty of revenue and cash flows from contracts with customers. We find certain disclosure requirements to be unnecessarily granular with little incremental benefit to a financial statement user. For example, the proposed reconciliations ("rollforwards") from opening to closing balances of contract assets, contract liabilities and onerous performance obligations focus on accounting mechanics rather than insight into a company's future or expected revenues, revenue mix or trends that would assist the users of financial statements in making investment decisions. In addition, the time, effort and cost to implement systems to track this information are onerous. As such, we see very little incremental benefit for a user given the costs and operational difficulties the proposed disclosure requirements would entail.

As well, we have concerns over the proposed requirement to provide the disclosures on an interim basis. We are in agreement that interim financial statements provide users with timely information. However the Boards have historically balanced the level of disclosures required on an interim basis to enable a user to assess material changes from the preceding full fiscal year. We believe the interim basis information required under current standards provides users with the information needed to assess significant changes from the prior fiscal year. As such, we believe the proposed interim disclosures would be particularly burdensome providing little, if any, incremental benefit to users above existing interim disclosure requirements.

Prior to requiring additional disclosures under the Revised ASU, we recommend that the Boards apply the principles and objectives of the proposed Disclosures Framework to the disclosures in the Revised ASU. As the objective and primary focus of the Disclosures Framework project is to improve the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of each entity's financial statements we believe it's important to have a disclosure framework established to determine which additional disclosures, if any, would be required under the Revised ASU.

Transition

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We do not agree that the proposed guidance should be applied retrospectively. Retrospective application is operationally onerous and requires an entity to maintain dual reporting under both current GAAP and the proposed model for the retrospective period. As such, we question whether the potential benefits to the users of our financial statements will outweigh the costs to a global financial institution such as ours where contracts can number in the thousands. We believe that the operational costs related to the review and related accounting adjustments to these contracts would outweigh any potential benefit to investors who will be reviewing comparative financial statements.

We recommend that the Boards implement a transition alternative similar to that allowed in ASU 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*. This transition alternative would allow entities the flexibility to apply the guidance prospectively upon the date of adoption with the requirement to disclose comparative information for either the period of change or the period immediately preceding the change. We believe this option would provide sufficient information to users about the effect of the change on a particular entity.

We would welcome the opportunity to further discuss our comments in this letter. If you have any questions or would like any additional information on the comments we have provided herein, please do not hesitate to contact me in Zurich at +41 44 333 1968, or Todd Runyan in Zurich at +41 44 334 8063.

Sincerely,



Rudolf Bless
Managing Director
Deputy Chief Financial Officer



Olivia Whitaker
Vice President
Accounting Policy and Assurance Group

