From: Ann Sebastian

To: Director - FASB

Subject: File Reference No. 2012-200

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Technical Director Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856

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The focus of our comments related to FASB's Proposed Accounting Standards Update on *Disclosures about Liquidity Risk and Interest Rate Risk* (Exposure Document) is on the interest rate risk disclosures, specifically for credit unions.

The proposed interest rate risk disclosures, if passed, would provide dangerous and misleading information about the safety and soundness of a financial institution, and therefore, the financial services industry.

Our concerns are as follows:

1. Credit Unions should be exempt from this Proposed Update.

The benefits of such reporting far outweigh the costs for credit unions as credit unions do not seek "potential investors, creditors, donors, and other capital market participants" as stated in the Update. Additionally, we have had little or no requests for this type of information from our members.

2. A one-size-fits-all approach is not appropriate for interest rate risk.

Interest rate risk is a very complex issue and cannot be quantified in the same fashion over various types of financial institutions. Forcing all institutions to abide by the exact same quantitative methods would be highly imprudent as each financial institution has a distinct structure that produces entirely different results. The NCUA recently stated in its Interest Rate Risk Policy and Program Final Rule (effective September 30, 2012) that a one-size-fits-all approach to interest rate risk is not appropriate.

3. The required methodologies mentioned in the Proposed Update to measure interest rate risk are inadequate.

The Proposed Update requires the use of GAP Analysis, One-year Income Simulations, and implies a Static Balance Sheet. These interest rate risk measurements are ineffective, inadequate, and antiquated. They do not provide enough information to effectively quantify interest rate risk. Also, assuming a static balance sheet assumption erroneously simplifies a complex analysis. Thus, the proposed reporting would not provide reliable information regarding a financial institution's exposure to fluctuations in market interest rates.

For the reasons stated above, as well as many others, the Proposed Update does not provide useful decision information to present and potential investors, creditors, donors, and other capital market participants. Placing a higher priority on the objective of achieving comparability across institutions versus good decision information is not a prudent decision driver in running a business. And, contrary to its stated objectives, the Proposed Update will create an unrealistic measure of safety and soundness.

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