

November 30, 2012

Ms. Susan Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 2012-220; Disclosure Framework

Dear Ms. Cosper:

We appreciate the opportunity to comment on the FASB's Invitation to Comment: *Disclosure Framework* (the ITC). The FASB's focus on improving the effectiveness of disclosures in notes to financial statements is an effort that Citi supports.

We acknowledge that while limiting or reducing volume of disclosures is not the primary objective of the effort to improve notes to financial statements, it is a highly desirable outcome. As a financial statement preparer subject to reporting rules of the U.S. Securities and Exchange Commission (SEC) and industry regulators we have seen the volume of disclosure steadily increase with time. This increase necessarily increases the cost of, and time taken to prepare, interim and annual financial reports. The framework should focus on the usefulness of required disclosures and the extent to which existing disclosures are actually used by investors and other financial statement users.

The ITC discusses the possibility of merging financial statement footnotes with MD&A disclosures for entities subject to SEC reporting requirements. We believe that the distinction between these two sections should be maintained, as information presented in the footnotes to financial statements is subject to audit, while disclosures in the MD&A section are not, as is appropriate for forward looking and subjective information.

We believe that coordination among the FASB, SEC and regulatory bodies when setting disclosure requirements could be an effective way to reduce duplication of disclosure in the footnotes and other sections of financial statements, while maintaining the safe harbor for forward looking and subjective items.

Citi is supportive of a decision making framework or concept statement being used when establishing new disclosures for newly issued standards and updates, as this would enhance consistency between disclosures required in different accounting topics (ASCs). Further, we believe that if this approach were to be adopted, the decision making framework or concept statement should be applied to evaluating disclosure requirements already promulgated as well.

The possibility of removing specific disclosure requirements from ASCs and instead allowing financial statement preparers to apply the decision making framework themselves would, we believe, reduce comparability among issuers as judgments might not be made consistently. There is also a risk that if disclosure requirements became less prescriptive, thus requiring more judgment to be applied, the workload of issuers of financial statements increases. We believe that this is the case because prior to actually compiling disclosures (data gathering and footnote preparation), an entity would have to exercise, and document, their judgment regarding which disclosures are to be made, and determine the level of detail required. All of these requirements would add to the time required to prepare financial statements. Further, as this judgment process by management would have to be applied at each and every reporting period the benefits of streamlining data collection and verification would be lost if a disclosure is judged not to be needed in one period but is necessary in another.

Chapters 3 and 4 discuss permitting or requiring selectivity to be exercised by the reporting entity in applying disclosure requirements, and consider how a reporting entity would make decisions about disclosure relevance. Approaches suggested by the ITC for accomplishing the goal of building flexibility into the application of disclosure requirements include:

- i. Making disclosures less prescriptive, allowing flexibility in the way in which the entity complies with a particular requirement;
- ii. Identifying one set of potential disclosures for each Topic and requiring reporting entities to make their own decisions about the relevance of each item;
- iii. Set a minimum disclosure and an expanded set of disclosures. Reporting entities would make their own judgments about whether to provide the minimum or some or all of the expanded disclosures;
- iv. Establish three or more tiers of information items. Reporting entities would make their own decisions about which level applies to them.

In determining how to apply judgment in any of the models proposed above, financial statement preparers could consider factors like materiality, industry relevance, new transactions or lines of business in the period, etc.

As preparers of financial statements subject to scrutiny by investors, regulators, the media and various other interested parties, and as a company with relatively few peers of similar size and complexity, we believe that prescriptive disclosure requirements and/or selection criteria (for instance, explicit numerical thresholds defined to identify which tier of disclosure to apply in iv. above) would be preferable. This would enhance comparability among industry participants, assist in reconciling regulatory filings to financial statement disclosures and ensure that users of the financial statements understand the data as presented.

While we have phrased our observations above from the perspective of financial statement preparers, we believe that our auditors, regulators, and legal advisors would have a similar preference for prescriptive disclosure requirements. Processes for verifying data prepared to conform to a prescriptive requirement will be more robust than those attempting to test the veracity of more subjective management judgments.

As mentioned in the ITC, the SEC requirements and the requirements in the Codification are based on the premise that an interim period is not a discrete reporting period but an integral part of the next annual reporting period and that the purpose of interim financial statements is to update information from the previous annual financial statements.

We are aware of the tension between the goals of providing greater amounts of disclosure at interim periods and the requirement to provide those disclosures in a timely fashion. We believe that viewing interim financial statements as an update from the previous annual financial statements is an appropriate way to balance these opposing forces and inform the decision making process when setting interim disclosure requirements. Thus, when considering the methods that could be used to establish requirements for interim periods, we believe that modifying the annual disclosure requirements to fit interim reports would be preferable to developing a unique set of decision questions to be applied when setting disclosure requirements for interim reports.

We would be pleased to discuss our comments with you at your convenience. Please feel free to call me in New York at (347) 648-7721.

Sincerely,

Deputy Controller and Head of Accounting Policy

Robert Draficanti