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August 23, 2013

Technical Director
File Reference No. PCC-13-01A
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: File Reference No. PCC-13-01A

Exposure Draft – Accounting for Identifiable Intangible Assets in a Business

Combination

Dear Sir or Madam:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Financial Accounting Standards Board's (FASB) and Private Company Council's (PCC) exposure draft proposing amendments that would provide guidance on an accounting alternative for the recognition, measurement, and disclosure of identifiable intangible assets acquired in a business combination. In general, a company electing the proposed alternative would recognize, separately from goodwill, only those acquired identifiable intangible assets that arise from contractual or legal rights. For assets a company acquires but does not recognize, the company would instead disclose qualitatively the nature of such assets. Additionally, the proposed accounting alternative would simplify the measurement of identifiable intangible assets acquired by private companies arising from contractual rights with noncancelable terms.

NAFCU believes this proposal will greatly reduce the costs and complexity for credit unions accounting for identifiable intangible assets pursuant to a business combination. However, for the reasons described below, NAFCU argues that the scope of this proposal should be increased to exclude from recognition all identifiable intangible assets, rather than only those not arising from contractual or legal rights.

I. Introduction

First and foremost, NAFCU would like to reiterate its position that in proposing new accounting standards updates, the FASB should take into account the unique structure of credit unions as member-owned, not-for-profit, cooperative entities. Credit unions aim to meet their

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members' needs and provide quality service, not to generate profit. Thus, every dollar they use to comply with regulations and accounting standards is a dollar they cannot use for the greater good of their members and the communities they serve.

II. Scope of the Proposal

The proposed accounting alternative for identifiable intangible assets would greatly reduce the cost and complexity of their measurement compared to existing guidance. However, the scope of the proposal, as applied to federal credit unions, should be increased so that all identifiable intangible assets acquired pursuant to a business combination need not be recognized separately from goodwill. Instead, credit unions electing the accounting alternative should provide qualitative disclosures of all such identifiable intangible assets. Credit unions do not typically engage in business activities giving rise to significant levels of identifiable intangible assets, nor do they typically engage in business combinations with other entities that would give rise to significant levels of identifiable intangible assets. Requiring credit unions to engage in the extensive and laborious process of accounting for such assets separately from goodwill would provide little additional information while resulting in a meaningful reduction to credit union resources.

Further, the primary reader of credit unions' financial statements is the National Credit Union Administration (NCUA), not individual or institutional investors. The NCUA has access to the financial records of federal credit unions and engages in constant oversight of their financial condition. Qualitative descriptions of all types of identifiable intangible assets would provide sufficient information to the NCUA to allow it to conduct a deeper examination into particular credit unions where it deems necessary.

III. Conclusion

For the reasons discussed above, NAFCU believes that the FASB should increase the scope of the proposal so that credit unions electing the accounting alternative would not be required to recognize, separately from goodwill, any identifiable intangible assets acquired pursuant to a business combination. NAFCU appreciates the opportunity to provide our comments. Should you have any questions or concerns, please feel free to contact me at ameyster@nafcu.org or (703) 842-2272.

Sincerely,

Angela Meyster

Regulatory Affairs Counsel