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LETTER OF COMMENT NO. 15

October 15, 2008

Mr. Russell G. Golden  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Re: File Reference Proposed FSP FAS 140-e and FIN46(R)-e

Dear Mr. Golden:

Nationwide Insurance Group appreciates the opportunity to comment on the proposed FSP FAS 140-e and FIN46(R)-e (Proposed FSP). Nationwide Insurance Group (Nationwide) is comprised of three affiliated mutual insurance companies and their subsidiaries under common management. Nationwide Financial Services, Inc. is a Securities and Exchange Commission registrant, in which Nationwide has majority equity and voting interests. Nationwide is one of the largest diversified insurance and financial services organizations in the world, with more than \$161 billion in assets and annual revenues of \$22 billion.

While we agree with the Board as to the importance of transparency, we do not feel the proposed effective date is conducive to practitioners preparing quality disclosures. The Proposed FSP would result in a significant increase in both the population of items considered for disclosure and the number of disclosures required. Practitioners must complete an evaluation of all variable interest entities (VIEs) and special purpose entities (SPEs) to determine the population within scope for disclosure. Furthermore, we feel it is not reasonable to require this interim disclosure without the opportunity to fully examine and contemplate the underlying concepts that are changing in the context of the exposure documents for FAS 140, *Accounting for Transfers of Financial Assets (FAS 140)* and FIN 46R, *Consolidation of Variable Interest Entities, revised December 2003 (FIN 46R)*. If the implementation date remains as proposed, this disclosure is unlikely to yield quality results. In fact, users of financial statements may become more confused by this additional disclosure as inconsistent application is likely to occur until the corresponding changes to FAS 140 and FIN 46R are fully exposed.

The Proposed FSP changes the framework for determining the population for disclosures, which may result in an increased volume of disclosures, absent the other changes. A few examples include:

Underlying Guidance	Existing Population	Proposed Population
FAS 140	Securitized financial assets	Financial assets transferred to an SPE (regardless of securitization)
FAS 140	Transfers to SPEs if interests continued to be held	Transfers to SPEs if any continuing involvement exists
FIN 46R	VIEs where the entity: <ol style="list-style-type: none"> <li>1) is the primary beneficiary without a majority voting interest, or</li> <li>2) has a significant interest</li> </ol>	VIEs where the entity: <ol style="list-style-type: none"> <li>1) is the primary beneficiary (regardless of majority voting interests), or</li> <li>2) has a significant interest, or</li> <li>3) is a sponsor that holds a variable interest</li> <li>4) has variable interests in qualified special purpose entities (QSPEs)</li> </ol>

As this chart shows, the Proposed FSP requires entities to evaluate whether or not their VIEs and SPEs would meet the criteria for the new population.

Once the population is identified, there is the significant task of gathering all the new data required for the enhanced disclosures. This new data includes:

**FAS 140:** Quantitative information about gains or losses; more detail to assumptions used in measuring the fair value of the interests held; the nature, purpose, size, activities of the SPE; cash flows between a nonconsolidated SPE, etc

**FIN 46R:** Methodology for determining if the entity is the primary beneficiary; significant factors, assumptions, and judgments made in this determination; qualitative and quantitative information about your involvement. If the entity is the primary beneficiary, the data points include: carrying amount and classification of the assets and liabilities that are consolidated, the fair value of these assets and liabilities. If the entity is a QSPE, nature, purpose, size, and activities, including how the entity is financed; and terms of implicit and explicit arrangements to provide financial support.

This list is significantly longer than the existing requirements that primarily consist of disclosing the nature, purpose, size, and activities of the smaller subset of VIEs and less voluminous information on SPEs. The gathering of detail that would be required to meet this list will also take considerable time, especially for entities with a large number of VIEs and SPEs. For example, if an entity currently has no reason to know the fair value of the assets and liabilities for a VIE, they would now be required to determine this information for disclosure purposes by year-end. Another example is the QSPE detail. As QSPEs are currently scoped out of FIN 46R, companies previously were not required to maintain this type of information. A comprehensive review of QSPEs and their associated operating agreements

will need to be performed to ascertain this information. Given the time required to compile this information and the short amount of time available between now and year-end, the result is not likely to be as high of quality as desired to provide the appropriate transparency required by the disclosures.

We respectfully disagree with the Board's assertion that the task of disclosing this information should not be difficult for public entities given the similarity of the population and types of disclosures to those required by the *Sample Letter Sent to Public Companies That Have Identified Investments in Structured Investment Vehicles, Conduits or Collateralized Debt Obligations (Off-balance Sheet Entities)*. The SEC letter addresses only structured investment vehicles, conduits, and collateralized debt obligations. The Proposed FSP requires disclosure of a larger population of items, as discussed in the chart above, in particular, all VIEs, not just those that are conduits; and all QSPEs. Furthermore, the Proposed FSP requires disclosures above and beyond the SEC disclosures. For example, the SEC letter does not require disclosure of the methodology for determining if the entity is the primary beneficiary of a VIE; significant factors, assumptions, and judgments made in this determination; or the fair value of assets consolidated if the entity is the primary beneficiary of a VIE. Even for public entities, the Proposed FSP will be difficult to implement, as the requirements are not sufficiently similar to those outlined in the SEC letter.

Given that the Proposed FSP was released for comment on September 15 with the comments due by October 15, we feel the comment and implementation period is too short to adequately address an issue deemed problematic by the FASB board. In addition, this Proposed FSP introduces underlying concepts and ideas without sufficient time for discussion and evaluation. The task of disclosing these types of items is the equivalent of implementing the proposed revisions to FAS 140 and FIN 46R that are currently in exposure draft form. While the amounts are not booked to the ledger yet, a full evaluation still must be performed to identify these types of items for disclosure. Additionally, the financial statement users will see disclosure of items that might not make it into the final FAS 140 and FIN 46R standards after their comment period concludes, which could be misleading.

Furthermore, this Proposed FSP comes at a time when market conditions are forcing entities to focus on other issues such as solvency, investment impairments, and liquidity. For example, entities are focused on the newly issued FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*, and the current SEC mark-to-market review. Given the importance of these other issues and the other new standards that already must be implemented in 2008, this Proposed FSP should be considered a lower priority and the requested disclosures should be implemented later as part of the adoption of the FAS 140 and FIN 46R exposure drafts.

#### CONCLUSION

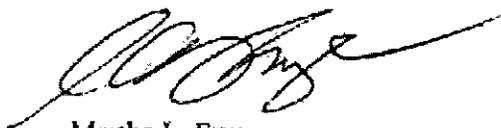
While implementation of this Proposed FSP will entail a significant amount of effort to implement for year-end reporting, we believe an even greater issue is the likely result of low quality and inconsistent disclosure. We believe it is not reasonable to require this interim requirement without the opportunity to fully debate the underlying concepts that are changing in the context of the exposure documents for FAS 140 and FIN 46R. Inconsistent application is likely due to the lack of authoritative guidance which has yet to be fully vetted through the exposure process. While we understand the Board's desire to improve transparency for financial statement users, we believe the truncated implementation

timeframe and limited opportunity for robust discussion will result in low quality disclosure information for financial statement users.

Given the other hot topics facing the FASB and entities in the context of the credit crisis and the market volatility, the time and attention required to fully discuss this Proposed FSP and to implement it if it were to become effective is not available to practitioners. This Proposed FSP should be deferred and the disclosures revisited when the comment period for the FAS 140 and FIN 46R exposure drafts occurs.

We hope these comments assist you during your redeliberations of the Proposed FSP. In the event that any Board or FASB staff member would like any further clarification of our positions we are happy to explain them in greater detail.

Respectfully,

A handwritten signature in black ink, appearing to read 'M. Frye', written in a cursive style.

Martha L. Frye  
Senior Vice President and Chief Accounting Officer  
Nationwide Insurance