

CREDIT SUISSE GROUP
Paradeplatz 8
PO Box 1
8070 Zurich
Switzerland

1 April 2009

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut, USA 06856-5116
director@fasb.org

LETTER OF COMMENT NO. 258

File Reference: Proposed FSP FAS 157-e

Credit Suisse Group ("CSG") welcomes the opportunity to comment on the Financial Accounting Standards Board's ("FASB") proposed Staff Position FAS 157-e, Determining Whether a Market is Not Active and a Transaction is Not Distressed, (the "FSP"). CSG is registered as a foreign private issuer with the Securities and Exchange Commission and its consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Overall, CSG supports the FASB's efforts to provide additional guidance on the application of SFAS 157, Fair Value Measurements. We note that both the FASB and the US Securities and Exchange Commission (the "SEC") have emphasized that judgment must be applied when estimating fair value as per SFAS157 when markets are inactive. We also note that the presumption that a transaction price is not distressed unless there is evidence to the contrary has been difficult to apply in practice. We believe, because of this presumption, that there have been significant write downs in asset values that may have been based on distressed transactions.

We agree with the FASB's factors as contained in the proposed FSP to consider in Step 1 of the model and that the factors are not to be considered all inclusive. We believe that the definition of an active market as per SFAS 157 is abbreviated. We believe that many preparers have been applying factors similar to those set out in paragraph 11 in the practical application of FAS 157 since its adoption and that codification of these practices in the authoritative literature is helpful. We believe, since the factors are not all-inclusive, it is inconsistent to use the term "all" and "each" in paragraph 12 as some could interpret this as being prescriptive.

We believe that the presumption should be that transactions are not distressed, even in inactive markets, unless evidence is available to overcome this presumption. We do not believe that this presumption should be reversed by the FSP. That is, we do not believe that transactions in inactive markets should be presumed to be distressed transactions unless evidence supports that the transaction is not distressed. We believe that the difficulty to determine the sufficiency of time for usual and customary marketing activity and the number of bidders for the asset is the same as the difficulty that exists under the current guidance to prove a transaction is distressed. We believe



CREDIT SUISSE GROUP
Paradeplatz 8
PO Box 1
8070 Zurich
Switzerland

a better construct, and one more consistent with the original principals of SFAS 157, would be to provide a set of factors for step 2 that would be indicative of a distressed transaction. These factors should include the two already in paragraph 13 but would be 'put in the negative'. That is, a transaction in an inactive market would be considered a fair value transaction unless factors were present indicating the transaction was distressed. Factors to consider include: (a) the sufficiency of time before the measurement date to allow for usual and customary marketing activities for the asset; (b) the number of bidders for the asset; (c) the compulsion of sale by regulatory or other governmental bodies.

We believe the second sentence in paragraph 15 should be clarified. We believe that distressed transaction prices may provide some evidence that should be considered and not ignored. Appropriate adjustments to distressed transactions can provide information that is not available from any other source or method.

In general, we are supportive of the example included in paragraphs A32A to G. However we have concerns with two sentences that seem to mix concepts from fair value with those of credit impairment. The last sentence in paragraph A32B could be read to imply that any inactive transaction could be ignored if the "quoted prices indicate abnormal liquidity risk premiums when compared with reasonable estimates of credit risk for collateralized debt obligation securities." This mixing of the fair value and credit impairment models could prove confusing. The same comments can be made for the penultimate sentence in paragraph A32D. Using a "model that uses realistic assumptions (considering all available market information discussed below) about the performance of the underlying mortgage loans" implies that an entity can derive "realistic assumptions" about "performance" (a credit risk concept) better than the marketplace. We do not believe that these sentences are consistent with the marketplace perspective required by SFAS 157.

We would welcome the opportunity to further review any changes you may consider to this proposed standard prior to its final issuance. In the meantime, if you have any questions or would like any additional information on the comments we have provided herein, please do not hesitate to contact Eric Smith in New York on (212) 538-5984 or Todd Runyan in Zurich on +41 44 334 80 63.

Sincerely,

Rudolf Bless Managing Director Chief Accounting Officer

Olivia Whitaker Asst. Vice President Accounting Policy and Assurance Group