



Via email: [director@fasb.org](mailto:director@fasb.org)

September 24, 2012

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

Subject: File Reference No. 2012-200

On behalf of the California and Nevada Credit Union Leagues, I appreciate the opportunity to comment on FASB's Proposed Accounting Standards Update on *Disclosures about Liquidity Risk and Interest Rate Risk*, which would amend current Topic 825 (Financial Instruments) to require certain disclosures about liquidity risk and interest rate risk. By way of background, the California and Nevada Credit Union Leagues (Leagues) are the largest state trade associations for credit unions in the United States, representing the interests of more than 400 credit unions and their 10 million members.

The proposal would apply to all reporting entities—including credit unions—and is intended to “provide information that is useful to present and potential investors, creditors, donors, and other capital market participants in making rational investment, credit, and similar resource allocation decisions.” The proposed amendments would require tabular disclosure of the carrying amounts of classes of financial assets and financial liabilities segregated by their expected maturities, including off-balance-sheet financial commitments and obligations. In addition, the proposed amendments would require a financial institution to disclose the carrying amounts of classes of financial assets and financial liabilities segregated according to time intervals based on the contractual re-pricing of the financial instruments.

The Leagues believe credit unions should be exempt from this proposal since credit unions do not seek capital market participation, donors, or potential investors. They also do not issue bonds to creditors. The primary users of credit union financial statements are the National Credit Union Administration (NCUA), state regulators, board members, supervisory committee members, creditors, auditors, and the credit union's membership. It is important that FASB understand that as a result of credit union history, focus, and structure, the list of those who are intended to benefit from the proposed requirements does not apply to credit unions.

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In addition, the proposal attempts to take the very complex issue of quantifying interest rate risk and force all financial institutions to quantify risk in the same, one-size-fits-all approach. While there are some aspects of accounting and financials where a one-size-fits-all approach may make sense, interest rate risk is not one of them. In fact, NCUA's recently released Interest Rate Risk Policy and Program Final Rule clearly demonstrates their view that a one-size-fits-all approach to interest rate risk quantification is not appropriate. NCUA, not FASB, is the insurer of the credit union industry. While we believe that the proposal is not intended to supersede NCUA's responsibility or authority as regulator to ensure safety and soundness, its contradictory approach is confusing, unreasonable, and unnecessary for credit unions.

Finally, although the information needed to compile these proposed disclosures is available to credit unions, it would require significant time and effort to prepare and audit the disclosures. For smaller credit unions, these disclosures would be exceptionally burdensome. The cost would not justify the benefit to the users of credit union financial statements—that is, regulators and credit union management are already fully informed about liquidity risks and interest rate risks, and the credit union membership would not find the data meaningful. We believe that while such disclosures may be relevant for large public entities (e.g., mutual funds, pension funds, government entities, etc.) whose shareholders would be able to understand the disclosure content and find it useful for decision-making, it is unadvised to subject credit unions to these requirements. Therefore, we urge FASB to exempt credit unions from the proposal.

I thank FASB for the opportunity to comment on this proposal. For the reasons stated above, we believe the proposal does not provide useful decision information to present and potential investors, creditors, donors and other capital market participants; contradicts NCUA's approach; is overly burdensome; and will not achieve its stated objectives with regards to credit unions.

Sincerely,



Diana R. Dykstra  
President/CEO