



MISSOURI CREDIT UNION ASSOCIATION

September 25, 2012

Technical Director
File Reference No. 2012-200
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856
Director@FASB.org

**RE: Michael V. Beall, Esq., - File Reference No. 2012-200
Comments on Proposed Accounting Standards Update: Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk**

On behalf of the 1.3 million credit union members, the Missouri Credit Union Association (MCUA) would like to take this opportunity to express our views on the Financial Accounting Standards Board (FASB) request for comments on a proposed exposure draft that would amend current Topic 825 (Financial Instruments) to require certain disclosure about liquidity risk and interest rate risk. MCUA supports FASB's efforts to provide users of financial statements with more decision-useful information about entity-level exposures to liquidity risk and interest rate risk; however, MCUA strongly opposes the application of the FASB's proposed accounting standards update (ASU) to credit unions.

We request that FASB exclude credit unions from the coverage of this proposal. Credit unions are not publicly traded companies and, therefore, do not have shareholders who have purchased publicly traded stock. Credit unions currently disclose information regarding liquidity to credit union regulators (i.e. National Credit Union Association [NCUA]) and their members through call reports and financial statements. Effective October 1, 2012, NCUA requires all federally insured credit unions of \$10 million or more in assets to have a written policy and program that demonstrates how the credit union meets requirements to manage interest rate risks. Duplicating disclosure of this information could be confusing to the members and would undermine, and possibly mislead, users.

Costs

The investment portfolios of small credit unions are simplistic and should not require additional disclosures. Normally, they are not involved in complex investments nor do they have off balance sheet liabilities. Medium size credit unions will have the most difficulty meeting the requirements of these additional disclosures. Most medium sized credit unions do not have the expertise on staff to meet all the regulatory reporting causing them increased expenses to work with their brokers and auditors to make sure they have the required tables and disclosures.

Regardless of size, the extra tables and disclosures required for the credit unions would be rather considerable. They would have to re-evaluate their entire investment portfolio to disclose

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the liquidity risk and interest rate risk factors. They would have to look at their balance sheet accounts to determine which ones have liquidity and / or interest rate risk. The initial work to determine the scope of disclosures would be considerable. The ongoing efforts would be less, but the information would need to be continually monitored. This could result in considerable costs and time. The additional disclosures will once again cause undue hardship on the small to medium credit unions making it difficult to meet all the regulatory requirements.

Effective Date

In the event that FASB does not exempt credit unions from the final ASU, MCUA asks that FASB allow adequate time to acquire the expertise and enhance their reporting systems to meet the requirements. We recommend an effective date of one year after the change is adopted, and a delayed effective date of six months for credit unions and other nonpublic entities.

As always, we appreciate the opportunity to respond to FASB's proposal. We strongly recommend that credit unions are exempt from the application of the proposal. We will be happy to respond to any questions regarding these comments.

Sincerely,



Michael V. Beall, Esq.
President/CEO