January 14, 2011

Technical Director
Financial Accounting Standard Board (FASB)
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft – Reconsideration of Effective Control for Repurchase Agreements

File Reference No. 1900-100

Dear Technical Director:

MetLife, Inc. (MetLife) appreciates the opportunity to provide comments on the exposure draft of proposed Accounting Standards Update, Reconsideration of Effective Control for Repurchase Agreements (the ASU).

MetLife is a leading provider of individual and institutional life and property & casualty insurance, employee benefits and financial services with operations throughout the United States and the regions of Latin America, Europe and Asia Pacific. MetLife manages a significant securities lending program, is a participant in the to-be-announced (TBA) securities market where repurchase agreements (i.e., dollar rolls) are common and occasionally uses other forms of repurchase agreements, all accounted for or impacted by Codification Topic 860, Transfers and Servicing.

We support the ASU and believe it represents a significant improvement and simplification to the assessment of effective control for repurchase agreements. In a typical repurchase arrangement, the transferor has a contractual obligation to repurchase the financial asset regardless of the source of funds for that repurchase. De-recognition of the financial asset from the balance sheet and re-recognizing that same financial asset as a separate purchase transaction at a new book value simply because the collateral may not be maintained or sufficient to purchase the same asset does not accurately represent the economic substance of the transaction which is a secured borrowing. Specifically, accounting for such an arrangement as a sale unnecessarily results in a transferor recording changes in the fair value of an available for sale security in earnings despite no change in the transferor’s intent for or ultimate exposure to that asset. Therefore, we believe that the accounting proposed in the ASU will more appropriately reflect the economics of these types of transactions and be more decision useful than if the assets were de-recognized.
MetLife does not believe there are any significant operational issues that would need to be considered in determining the effective date for the final standard, and agrees with the Board’s assessment that the benefits of the ASU outweigh the cost.

In addition, MetLife continues to believe users and preparers would benefit substantially if participants in all markets agree to a common, understandable set of accounting standards. We support the ASU as it aligns with that goal by improving convergence with International Financial Reporting Standards (IFRS) by eliminating the consideration of a transferor’s ability to repurchase or redeem financial assets on substantially agreed terms, even in the event of default by the transferee.

We once again thank you for the opportunity to respond to the ASU and your consideration of our observations and comments. If you have any questions regarding the contents of this letter, please do not hesitate to contact me.

Sincerely,

Peter M. Carlson  
Executive Vice President and Chief Accounting Officer