Technical Director - File Reference No. EITF-12Gr
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
director@FASB.org

VIA EMAIL: director@FASB.org


Ford Motor Company ("Ford") is a global automotive industry leader. Ford Motor Credit Company LLC ("Ford Credit"), an indirect, 100% owned subsidiary of Ford, is one of the world’s largest automotive finance companies. We file consolidated financial statements with the SEC reflecting the two business sectors, Automotive and Financial Services. Ford Credit also files financial statements as a separate SEC registrant.

Ford Credit transfers finance receivables generated from our automotive financing business to securitization special purpose entities. The special purpose entities issue debt that is secured by the cash flows generated from the financial assets. Presently we consolidate these entities under the guidance of ASC 810-10. Although the transfers of financial assets to these special purpose entities are recognized as legal sales, they do not meet the eligibility for sale accounting in accordance with Subtopic 860.

We agree with the revised proposed guidance in Subtopic 810-10 that further clarifies how a reporting entity should measure the financial liabilities of a collateralized financing entity. However, we encourage the Board to include in the Scope and Scope Exceptions section of the final guidance the scope exception provided in paragraph BC13 of the Basis for Conclusions that states, “this proposed Update should not be applied to transfers of financial assets that do not meet the conditions for a sale and, as a result, are required to be accounted for as a secured borrowing with pledge of collateral under paragraph 860-30-25-2.” When standards are finalized, the basis for conclusions is generally not included in publications. Adding this to the proposed scope exception guidance would alleviate a misapplication of the proposed guidance in Subtopic 810-10 for transfers of financial assets that do not meet the condition for a sale.

We appreciate the Board’s consideration of our views.

Sincerely,

Susan M. Callahan
Director, Americas Accounting