

30 October 2008

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



LETTER OF COMMENT NO. 16

Re: File Reference No. 1610-100: Proposed Statement of Financial Accounting Standards, Accounting for Transfers of Financial Assets; An amendment of FASB Statement No. 140

Dear Mr. Golden:

Credit Suisse Group (“CSG”) welcomes the opportunity to comment on the FASB (“FASB” or “the Board”) proposed Statement of Financial Accounting Standards, Accounting for Transfers of Financial Assets (the “Exposure Draft”). 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.

CSG’s activities include a broad range of capital markets transactions including purchases of assets and debt obligations from and on behalf of clients for the purpose of securitization.

We support the Board’s efforts to improve the accounting for transfers of financial assets and believe that certain aspects of the Exposure Draft are improvements that would benefit readers of financial statements. Other aspects do not, in our view, represent improvements.

Our significant comments on the Exposure Draft are explained more fully below. Responses to the questions posed by the Board in the Exposure draft are included in Appendix A to this letter. Suggested edits to the Exposure draft are included in Appendix B.

Summary Comments

Transparent, timely and accurate accounting is of critical importance to the quality of financial reporting for securitization transactions, and to the efficient functioning of the financial markets in general. We therefore strongly support the need for high quality accounting standards governing when financial assets may be removed from a

transferor's balance sheet, as well as accounting standards governing consolidation and financial reporting for special purpose entities.

We recognize that FASB and other policymakers believe that prompt and decisive action is necessary in response to the current dislocation in the global mortgage and credit markets. We also understand the pressure from the public, including regulators, auditors and investors, to promptly issue guidance. However, it is our view that the Board's current course of action and timetable will not provide regulated entities with the ability to consider appropriate regulatory, rating agency and other responses to a final Standard. Regulated entities will face substantial challenges in explaining significant changes to their balance sheets to investors and lenders, with potentially little or no change to the economics of the transactions impacted by this guidance. In addition, we suggest that the FASB work expeditiously with the IASB to finalize a converged standard on derecognition. CSG will be an organization that will strongly consider the appropriateness of moving to International Financial Reporting Standards. The added complexity of implementing two derecognition accounting standards so potentially close to each other will increase costs significantly since CSG will need to create and add to our infrastructure for both the guidance in the Exposure Draft and for the converged derecognition standard.

As requested in our email to you dated September 22, 2008, CSG is interested in participating in the roundtable the FASB has scheduled for November 6, 2008. To that end, we have submitted our comments to you by your requested deadline of October 30, 2008.

Our letter is divided into the following sections:

1. Removal of Guidance on Qualifying Special Purpose Entities
2. Constraints that Provide the Transferee with a benefit
3. Participating Interests / Transfers of portions of financial assets
4. Legal Isolation
5. Amendments to Paragraph 17
6. Appendix A: Responses to Board Questions
7. Appendix B: CSG Proposed Revisions to Exposure Draft

Removal of Guidance on Qualifying Special Purpose Entities

We support the removal of the QSPE concept in the Exposure Draft as it is an example of rules-based guidance. Nevertheless, we believe there will be a significant financial statement impact, as these vehicles appear to be at a high risk of consolidation for the transferor, who may also be the servicer, under the proposed amendments to Interpretation 46(R). Please refer to our letter to you on the proposed amendments to Interpretation 46(R) dated October 30, 2008.

Constraints that Provide the Transferee with a benefit:

In paragraph 54B of the Exposure Draft, the Board concludes that a transferee's ability to receive the economic benefits of the transferred financial asset (that is, to collect cash flows from the transferred financial asset) does not result in the transferee receiving a benefit from that constraint. CSG disagrees with that conclusion because, in our view, the transferee benefits from this constraint by receiving the cash flows from the assets in the trust. The constraint mitigates the risk that the assets will be sold and, therefore, continues the ability of those assets to produce cash flows. Therefore, CSG recommends that the Board indicate that the rights to cash flows are a benefit to the transferee. If the Board believes that the continued ability of assets to provide cash flows does not result in the transferee receiving a benefit from the restriction, we request that the Board provide the reasoning behind why it does not provide the transferee a benefit

Participating Interests / Transfers of portions of financial assets

Loan participations can either be made on a pari-passu basis with equal risk sharing for all loan participants, or on a senior/subordinated basis (tranching), where the senior lender is paid first and the subordinate loan participation paid only if there are sufficient funds left over to make the payments. The lead bank in a participation typically originates the loan, takes responsibility for the loan servicing, organizes and manages the participation, and deals directly with the borrower. Although servicing fees are explicitly excluded from the determination of whether cash flows are equally divided among all participants, other fees such as syndicating, structuring, arranging, underwriting or agency fees are not explicitly excluded. We recommend the Board amend paragraph 8(b) to indicate whether such fees will compromise the ability of a financial asset to meet the proposed definition of participating interests.

In addition, we are unclear on the conceptual underpinning behind the disallowance of tranching within a participation arrangement. If the Board does not eliminate the requirement that the participating interests must be pari-passu, then we would suggest a clarifying paragraph as to why the interests must be pari-passu.

In summary, under the guidance in the Exposure Draft many participation arrangements would no longer meet the requirements for derecognition. Further, we believe this is an instance where a rules-based approach has been taken since the participating interest concept is based on the form of the participation rather than its substance.

Legal Isolation

Paragraph 8A of the Exposure Draft requires that when determining whether a transferor has surrendered control of financial assets, the entity must consider all arrangements *“even if they were not entered into at the same time of the transfer.”* (emphasis added).

Including arrangements that were not entered into at the same time of the transfer will be difficult to identify given that CSG may have multiple transactions with a transferee unrelated to the transfer under review. For example, as a derivatives dealer, CSG may have entered into contracts with beneficial interest holders (who may be existing clients) to hedge their positions. The operational difficulties of monitoring each transaction for an undefined time period seems to be an added burden on a standard that already requires a high level of monitoring. One could view this requirement as all activity with beneficial interest holders.

In addition, entities may have difficulty in requesting their legal counsel to express an opinion on potential future agreements with the transferee.

We therefore propose the FASB amend the last sentence of Paragraph 8A to eliminate this requirement, consistent with paragraph 4 of FSP FAS 140-3. We believe considering arrangements that are made contemporaneously and/or in contemplation of a transfer is sufficient in analyzing Paragraph 9 for relevant arrangements to be considered when assessing the transfer of financial assets.

Amendments to Paragraph 17

The preamble to paragraph 17(i) in the Exposure Draft replaces "entity has interests that continue to be held by the transferor..." with "transferor has continuing involvement".

We have observed that in other sections of the Exposure Draft the reference to "interest" was not replaced with "continuing involvement" (i.e. 17(i)(6) and 17(i)(4)). We therefore propose the final amendment ensure a consistent use of the terms as to indicate that interests that continue to be held by a transferor and a transferor's continuing involvement are intended to have the same meaning, if that is the intent of the Board.

We would welcome the opportunity to further discuss our comments in this letter. 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 me at (212) 325-2097, Todd Runyan in Zurich at +41 44 334 8063 or Eric Smith at (212) 538-5984.

Sincerely,

Lou Fanzini
Director
Accounting Policy and Assurance Group

Rudolf Bless
Managing Director
Chief Accounting Officer

* * * * *

Appendix A: Responses to Board Questions

Following outlines responses to the Board's specific questions.

1. Will the proposed Statement meet the project's objective to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about (a) a transfer of financial assets, (b) the effects of a transfer on its financial position, financial performance, and cash flows, and (c) a transferor's continuing involvement in transferred financial assets?

As noted above, we agree with the Board's decision to remove QSPE's. However, we believe that there will be an increased potential for consolidation of these entities, by transferors who are also the servicer – the assets of which were previously excluded from consolidation.

Consolidation of these entities may lead to balance sheets that include assets that entities do not have legal title to and therefore would not represent the consolidating entity's true exposure. Consolidation of these vehicles will impair financial ratios, financial covenant performance and regulatory capital requirements.

2. Do you agree with the Board's decisions to eliminate the qualifying SPE concept and to require that all securitization entities be evaluated for consolidation under applicable U.S. generally accepted accounting principles? If not, why not?

See above, "Removal of Guidance on Qualifying Special Purpose Entities"

3. Certain financial statement users suggested that the Board adopt a no continuing-involvement model (that is, if there is any continuing involvement, sale accounting would not be permitted). The Board decided to continue to permit derecognition of financial assets with continuing involvement as long as the conditions in paragraph 9 of Statement 140, as amended by this proposed Statement, are met, with the addition of enhanced disclosure requirements about a transferor's continuing involvement (see paragraph A28 of this proposed Statement). Do you agree with this decision? If not, why do you disagree and what approach would you recommend to meet the needs of financial statement users for additional information on transferred financial assets?

We agree with the Exposure Draft, including the Board's decision to not adopt a no continuing-involvement model, subject to our comments noted throughout our comment letter.

Please see our comment letter on FSP FAS 140-e and FIN 46(R)-e as it relates to enhanced disclosure about a transferor's continuing involvement.

4. What costs do you expect to incur if the Board were to issue this proposed Statement in its current form as a final Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits?

We expect there to be a significant cost to our operations if the Board moves forward with the proposed amendment, primarily as it relates to the impact that a significant number of new entities will be required to be consolidated under the proposed FIN 46(R). We also believe that without coordination with the IASB, potentially requiring us to implement two standards (currently as proposed and future converged) in a short period of time would be an unnecessary cost that could be avoided.

5. The Board decided to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. A transfer of a portion of a financial asset as a sale is eligible for derecognition only for a pro rata portion that meets the definition of a participating interest. Do you agree with this decision? If not, why do you disagree? If you agree with the Board's decision to limit the portions of a financial asset that are eligible for derecognition, do you agree with the definition of a participating interest? If not, what alternative definition do you recommend and why?

See above, "Participating Interests / Transfers of portions of financial assets"

6. Paragraph 9(c) of Statement 140 and the related implementation guidance, as amended by this proposed Statement, require that the transferor (a) not maintain effective control over transferred financial assets to account for a transfer as a sale and (b) provide examples of effective control. The Board decided to incorporate many of the concepts from paragraph 9(b) of Statement 140 into paragraph 9(c), which results in the creation of the additional examples that are included in paragraphs 9(c)(3) and 9(c)(4). Do you believe that paragraph 9(c) of Statement 140 and the related implementation guidance, as amended by this proposed Statement, clearly explain how to determine if the transferor maintains effective control? If not, what additional guidance or examples are necessary? Do you believe that paragraph 9(c), as amended by this proposed Statement, is operational in its entirety in its current form? If not, what changes are necessary? Do you believe these additional examples of effective control in paragraphs 9(c)(3) and 9(c)(4) are operational in their current form? If not, what changes are necessary?

Please see our comments above related to paragraph 9(c)(3)

7. Certain financial statement users strongly recommended that the Board provide disclosure principles and require certain specific disclosures for both transferred financial assets treated as sales and those that are treated as secured borrowings. Do

you agree that additional disclosures about transferred financial assets are necessary and operational? If not, what changes would you make to the requirements? Do you believe that the revisions to the disclosure requirements are sufficient? If not, what additional disclosures do you believe are necessary?

Please see our comment letter on FSP FAS 140-e and FIN 46(R)-e.

8. Appendix C includes significant amendments, primarily as a result of this proposed Statement, to related literature including (a) the FASB Special Report, A Guide to Implementation of Statement 140 on Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, (b) certain Emerging Issues Task Force (EITF) Issues and Topics, and (c) certain AICPA Audit and Accounting Guides. Do you agree that the related literature, as amended, is consistent with the proposed amendments to Statement 140? If not, why do you disagree and what changes would you make?

We have no specific disagreements with the related literature in Appendix C other than those in our letter.

9. Due to differences in financial statement user needs and cost-benefit considerations, should any differences exist for recognition, measurement, disclosure, transition, or effective date for private companies? If yes, please articulate what differences should exist and the reasons for those differences.

CSG has no comment on private company accounting.

Appendix B – CSG Proposed Revisions to Exposure Draft

8A The objective of paragraph 9 and related guidance is to determine whether a transferor and all of the entities included in the financial statements being presented have surrendered control over transferred financial assets. This determination must consider all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, ~~even if they were not entered into at the time of the transfer.~~

8B(b) All cash flows received from the asset are divided among the participating interests (including any interest retained by the transferor, its consolidated affiliates included in the financial statements being presented, or its agents) in proportion to the share of ownership represented by each. ~~Cash flows allocated to a servicer as compensation for servicing activities, if any, shall not be included in that determination,~~ **except for fees relating to the compensation for servicing activities by the transferor to the transferee and fees received by the transferor for services to the underlying obligor.** The transferor's ownership shares must remain pro-rata over the life of the original financial asset. Participating interests may be further appointed by the transferor as long as the resulting portions meet the definition of participating interest.