



CREDIT SUISSE GROUP
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November 10, 2009

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

**Re: Potential deferral of FAS 167, *Amendments to FASB Interpretation No. 46(R)*,
for certain asset management activities**

Dear Mr. Golden:

Credit Suisse Group (“CSG”) would like to provide the Board with some considerations for the upcoming Board meeting regarding the deferral of FAS 167, *Amendments to FASB Interpretation No. 46(R)* (“FAS 167”), for certain asset management activities.

We agree that a deferral is the appropriate course of action to take at this time. As noted in the Board’s Education Session on November 4, 2009, this would to give the Board more time to discuss the issues and what they intended with the guidance. We also agree this would be most effective if done as part of the joint project with the IASB. We believe the impact on what is more traditional asset management activity was not anticipated, and, as noted below, is in large part, but not solely, due to the changes in paragraph 5(b)(1). We also note that there are traditional funds that are VIEs that we agree also should not be consolidated merely because of market-based fees, and, therefore, should be covered by the deferral.

We note that the Board has been discussing this issue in the context of paragraph B22, which is trying to determine if the asset manager is receiving fees that are commensurate with that of a service provider. Some have referred to this as the concept as whether the asset manager is acting in a fiduciary arrangement. While consideration of changes to B22 may be appropriate, and perhaps as more of a long-term approach, we would also like to offer our observation that many, though not all, of the issues that have arisen in implementation of FAS 167 as it relates to asset managers of funds have arisen due to the change in the guidance in paragraph 5(b)(1). In particular, the fact that multiple investors having kick-out rights or participating rights is not always sufficient evidence there are equity investors with important decisions over the activities of the entity. This change to the impact of kick-out rights was originally introduced in the concept of determining whether the enterprise was a primary beneficiary in paragraph 14C. In order to be consistent with the changes in paragraph 14C, paragraph 5b1 was changed. The consequence of these changes is



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that many funds that were previously voting interest entities “flipped” to variable interest entities because the governance of these entities provides kick-out rights to all investors – not just one. Prior to FAS 167, these rights were sufficient and important rights that rendered the entity a voting interest entity, but this is not the case in FAS 167. CSG believes that these rights are legally provided to the investors for substantive reasons or because they are required to have them and that they can have importance even if held by multiple parties.

Therefore, we suggest the Board consider an approach that, in addition to the general deferral for certain asset manager activities, that the Board consider deferring the changes to paragraph 5(b)(1) as it relates to kick-out rights or participating rights. As we observed the Board agreed to in the Education Session, we agree that the scope of the deferral should not be limited only to registered funds or money market funds, but should have a broader scope similar to the scope that is included in the Accounting Standards Update No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value or its Equivalent*.

We also do not believe that a deferral for the scope of activities contemplated should require significant additional disclosures.

We would welcome the opportunity to further discuss our comments in this letter. 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) 538-4847, Todd Runyan in Zurich at +41 44 334 8063 or Eric Smith at (212) 538-5984.

Sincerely,

Rudolf Bless
Managing Director
Chief Accounting Officer

Julie Roth
Director
Accounting Policy and Assurance
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