

Paul Saltzman

Executive Vice President and General Counsel
Phone 212.613.0138

paul.saltzman@theclearinghouse.org

September 10, 2010

Sir David Tweedie, Chairman International Accounting Standards Board 30 Cannon Street, First Floor London, EC4M 6XH United Kingdom

Mr. Robert Herz, Chairman
Ms. Leslie Seidman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Accounting for financial instruments- Impairment model

Dear Sir David, Mr. Herz, and Ms. Seidman:

The Clearing House Association L.L.C. ("The Clearing House"), an association of major commercial banks<sup>1</sup>, is writing to you to express our concern about the coordination of redeliberations between the IASB and FASB on the proposed impairment model for financial instruments and to respectfully request that the IASB and FASB develop a joint project and timeline to work together closely on these re-deliberations. Our concern arises from the fact that

<sup>&</sup>lt;sup>1</sup> Established in 1853, The Clearing House is the nation's oldest banking association and payments company. It is owned by the world's largest commercial banks, which collectively employ 1.4 million people in the United States and hold more than half of all U.S. deposits. The Clearing House Association is a nonpartisan advocacy organization representing – through regulatory comment letters, amicus briefs and white papers – the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer and checkinage payments made in the U.S. See The Clearing House's web page at <a href="https://www.theclearinghouse.org">www.theclearinghouse.org</a>.

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the IASB has already begun its re-deliberations (on August 3<sup>rd</sup> and 24<sup>th</sup>) and made some initial key decisions at these meetings, including the impairment approach and outlook period, while the FASB's comment period on its financial instruments exposure draft remains open. We also understand that the IASB plans further discussions in September – again, in advance of the FASB and its staff being able to participate substantively in the dialogue with the benefit of comments from its constituents.

We believe that convergence between IFRS and US GAAP must be a fundamental objective in developing a new impairment model in order to ensure global consistency in methodology. This objective was expressed clearly in the vast majority of comment letters submitted to the IASB, including the comment letter previously submitted by The Clearing House, and based on the comments already received by the FASB, appears to be a consistent comment in constituent responses to the FASB's financial instruments exposure draft. However, we believe that convergence will become much more difficult to achieve if the IASB and FASB continue to move forward on different timelines. We believe it will be a substantial impediment to convergence if the IASB continues to move forward with preliminary key decisions on an impairment model, as the IASB will have established a direction on the principles of an impairment model, without benefitting from full dialogue and debate of the FASB, including consideration of comments received by the FASB on its exposure draft and its roundtable discussions with its constituents.

To better achieve a joint re-deliberation process, the FASB will also need to prioritize its discussions on impairment as part of its re-deliberation on its broader financial instruments exposure draft. While we appreciate that the FASB must also address the more fundamental topic of classification and measurement, we note that adoption of an impairment model will be necessary regardless of the FASB's final conclusions on classification and measurement. Accordingly, assigning a high priority to the impairment discussion will continue to constitute an efficient use of resources, and also will help facilitate a converged approach.

Sir David Tweedie Mr. Robert Herz Ms. Leslie Seidman

Thank you for considering the comments provided in this letter. If you have any questions or are in need of any further information, please contact David Wagner, Senior Vice President, Financial and Tax Affairs at 212.613.9883 (email: david.wagner@theclearinghouse.org).

Sincerely yours,

Paul Saltzman

Executive Vice President and General Counsel Head of The Clearing House Association

cc: Mr. Mario Draghi Chairman, Financial Stability Board Bank for International Settlements

> Mr. James L. Kroeker Chief Accountant, Office of Chief Accountant Securities and Exchange Commission

Mr. Wayne Carnall Chief Accountant, Division of Corporate Finance Securities and Exchange Commission

Mr. David Becker General Counsel Securities and Exchange Commission

Mr. Arthur Lindo Associate Director and Chief Accountant at Banking Supervision and Regulation Federal Reserve Board

Ms. Kathy Murphy
Chief Accountant
Comptroller of the Currency

Mr. Robert Storch Chief Accountant FDIC Sir David Tweedie Mr. Robert Herz Ms. Leslie Seidman

> Ms. Patricia Selveggi Statistics Officer Federal Reserve Bank of New York

Mr. James Bean; Wells Fargo Bank, N.A. Chairman – IASB Working Group Chairman – Financial Reporting Committee The Clearing House Association L.L.C.

Mr. David Wagner Senior Vice President, Financial and Tax Affairs The Clearing House Association L.L.C.