



12/15/10

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update, *Transfers and Servicing (Topic 860) – Reconsideration of Effective Control for Repurchase Agreements*

Dear Technical Director:

Citigroup appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Transfers and Servicing (Topic 860) – Reconsideration of Effective Control for Repurchase Agreements* (Proposed ASU). We strongly support the Proposed ASU and believe it represents a significant improvement to the guidance on accounting for repurchase agreements.

Question 1: Would the proposed amendments represent an improvement and simplification to the assessment of effective control for agreements that both entitle and obligate the transferor to repurchase or redeem the financial assets before their maturity? Are the proposed amendments clear and appropriate? Will the proposed amendments result in financial reporting that provides users with decision-useful information?

Citigroup believes the Proposed ASU represents a significant improvement and simplification to the assessment of effective control for repurchase agreements. The proposals are clear and appropriate, and will provide decision-useful information by resulting in accounting for more repurchase agreements as secured financing transactions.

Question 2: The Board plans to require the amendments in the final Update be effective for entities as of the beginning of the first interim or annual period after its issuance. Are there any significant operational issues that the Board should consider in determining the appropriate effective date for the final amendments?

In our view, there are no significant operational issues that the Board should consider. The Proposed ASU simplifies the existing accounting guidance for repurchase agreements. We urge the Board to finalize the amendments during the first quarter 2011, effective April 1, 2011.

Question 3: Paragraphs BC16 and BC17 set out the Board's assessment of the costs and benefits of the proposed requirements. Do you agree with the Board's assessment that the benefits of the proposals outweigh the cost? Why or why not?

Citigroup agrees with the Board's assessment. The benefits of the Proposed ASU, through simplification and consistent accounting for more repurchase agreements as secured financing transactions, clearly outweigh the nominal cost. The Proposed ASU also reduces the differences between the U.S. GAAP and International Financial Reporting Standards guidance on derecognition of financial assets. Citigroup strongly supports convergence, in particular on areas related to financial instruments accounting.

We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Robert Traficanti". The signature is written in a cursive style with a blue ink color.

Robert Traficanti
Deputy Controller and Head of Accounting Policy