

April 19, 2013

Ms. Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**File Reference No. EITF-13A**

Dear Ms. Cospers:

McGladrey LLP is pleased to comment on the Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815) Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes* (the "ASU"). We are supportive of the provisions of the proposed ASU and have an additional recommendation for your consideration. Namely, given the clarification by the Task Force that was noted in paragraph BC 11 of the ASU, we recommend that paragraph 815-20-25-6 be modified to indicate that the inclusion of a new rate as a benchmark interest rate would justify the use of a different benchmark interest rate than what had been used in the past for similar hedges. Our responses to the specific questions put forth in the document follow.

**Question 1:** *Do you agree that the Fed Funds Effective Swap Rate (OIS) should be included as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to UST and LIBOR? Why or why not?*

We agree that OIS should be included as a U.S. benchmark interest rate given the recent increased emphasis on OIS based products, the resultant demand for hedging the related interest rate risk exposure, and the movement to OIS as the discount rate for derivative valuations. With the current prevalence of OIS in the market and the low exposure to credit risk on which the rate is based, it appears to meet the definition of a benchmark interest rate for the U.S.

**Question 2:** *Do you agree that no additional disclosures should be required? If not, please explain why.*

We agree that no additional disclosures are required. Current disclosure requirements are not at a level which would distinguish amongst which benchmark interest rate is associated with particular hedges and we see no need to add disclosure requirements specific to the use of OIS as a benchmark interest rate.

**Question 3:** *Do you agree that the proposed amendments only should be applied on a prospective basis for qualifying new or redesignated hedging relationships? If not, please explain why.*

We agree that application should be on a prospective basis and limited to new or redesignated hedges.

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**Question 4:** *Should the effective date of the amendments in the proposed Update coincide with the issuance date of a final Update? If not, when should the amendments be effective? Please explain why.*

We are in agreement with an effective date that coincides with the issuance of a final Update. This would also be consistent with a prospective application for new or redesignated hedging relationships.

**Question 5:** *If the effective date of the amendments in the proposed Update does not coincide with the issuance date of a final Update, should early adoption be permitted? If not, please explain why.*

While our preference would be for the effective date to coincide with the issuance date, if that is not the case, we are in agreement with permitting early adoption.

We appreciate this opportunity to provide feedback on the proposed guidance and would be pleased to respond to any questions the FASB or its staff may have concerning our comments. Please direct any questions to Rick Day (563.888.4017) or Faye Miller (410.246.9194).

Sincerely,

A handwritten signature in cursive script that reads "McGladrey LLP".

McGladrey LLP