



**National Association  
of Federal Credit Unions**  
3138 10th Street North  
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

May 14, 2013

Technical Director  
File Reference No. 2013-220  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

RE: File Reference No. 2013-220;  
Exposure Draft – Recognition and Measurement of Financial Assets and  
Financial Liabilities

Dear Sir or Madam:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Financial Accounting Standards Board's (FASB) exposure draft amending the accounting standards that govern the recognition and measurement of financial assets and financial liabilities. The exposure draft, generally, seeks to set out a comprehensive framework for classifying financial instruments, linking their measurement to their embedded cash flows. It also links the measurement of financial liabilities to whether an entity expects to pay the contractual cash flow associated with the liability or to settle it at its fair value.

First and foremost, NAFCU would like to highlight that the required disclosures under the proposed accounting standards update are highly burdensome for credit unions to implement. Further, the disclosures would bring little to no utility to credit union members; the entity primarily interested in credit unions' financial statements is the NCUA.

If the FASB does decide to put credit unions under the purview of this proposed framework, there are certain provisions of the proposed accounting standards update on which NAFCU seeks additional guidance. NAFCU requests that the FASB provide additional guidance as to whether an asset or liability requires amortized cost measurement, especially in the case of hold-to-maturity loans. NAFCU urges the FASB to ensure that hold-to-maturity loans are accounted for using the amortized cost method, because it provides the most accuracy and transparency. As highly regulated entities and member-owned institutions, it is crucial that credit unions' assets are reflected in the most accurate and appropriate manner.

FASB  
May 14, 2013  
Page 2 of 2

NAFCU generally supports the FASB's stated goal of reducing the complexity of accounting for financial instruments, while affording financial statement users with more practical and transparent information about an entity's financial assets and liabilities. However, NAFCU does not believe this framework is well-suited, or especially beneficial, to users of credit union financial statements- namely the National Credit Union Administration (NCUA) and credit unions' members.

NAFCU would like to reiterate its position that in proposing new accounting standard updates, the FASB should take into account the unique structure of credit unions as member-owned not-for-profit cooperative entities. Credit unions are motivated by meeting their members' needs and providing quality service, not by profit. Thus, every dollar they use to comply with regulations and accounting standards is a dollar they cannot use for the greater good of their members. Standards geared towards publicly held entities are often inapplicable or extremely difficult and costly to apply to credit unions. We strongly encourage the FASB to use the tools it has at its disposal to simplify and clarify disclosure requirements wherever possible.

NAFCU appreciates the opportunity to comment. Should you have any questions or concerns, please feel free to contact me at [ameyster@nafcu.org](mailto:ameyster@nafcu.org) or (703) 842-2272.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angela Meyster', with a long horizontal flourish extending to the right.

Angela Meyster  
Regulatory Affairs Counsel