

September 19, 2013

Financial Accounting Standards Board (FASB)
FASB Technical Director
401 Merritt 7
Norwalk, CT 06856-5116

RE: File Reference No. 2013-310

Dear FASB Technical Director,

I am writing on behalf of the California and Nevada Credit Union Leagues (Leagues), the largest state trade association for credit unions in the United States, representing the interests of more than 400 credit unions and their 10 million members. The Leagues appreciate the opportunity to provide comments to the Financial Accounting Standards Board (FASB) regarding its Proposed Accounting Standards Update on the Definition of a Public Business Entity.

The Leagues strongly support the proposed Accounting Standards Update (ASU) that amends the Master Glossary to include one definition of a public business entity for use in U.S. GAAP and identifies the types of organizations that would be excluded from the scope of *the Private Company Decision-Making Framework: A Guide for Evaluating Financial Accounting and Reporting for Private Companies (Guide)*, once it is finalized.

Specifically, the Leagues agree that credit unions should be excluded from the definition of a public business entity. Since credit unions are not-for-profit cooperatives, wholly-owned by their members, the users of credit unions' financial statements are very different from those of publicly traded companies. Therefore, credit unions should be excluded from the definition of a public business entity.

The Leagues concur with the proposed amendments that would define a public business entity as a business entity meeting any one of the following criteria:

1. It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements, with the SEC.
2. It is required by the Securities Exchange Act of 1934, as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency.
3. It is required to file or furnish financial statements with a regulatory agency in preparation for the sale of securities or for the purpose of issuing securities.
4. It has (or is a conduit bond obligor for) unrestricted securities that are traded or can be traded on an exchange or an over-the-counter market.
5. Its securities are unrestricted, and it is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement.

Further, we agree with the FASB and thank the Board for their position that financial institutions, including credit unions, should not be included in the definition of a public business entity simply on the basis of "public accountability." FASB has noted, and we agree, that public accountability applies to many regulated industries and should not be a factor in determining whether an entity is considered public for financial reporting purposes. Therefore, credit unions, as financial institutions that do not otherwise meet any of the criteria of a public

business entity, should not be included in the definition.

In addition, the proposed ASU identifies the types of business entities that would be excluded from the scope of the *Guide*, once it is finalized. Under the proposal, credit unions are not public business entities and are not excluded from the scope of the *Guide*. The Leagues appreciate the clarity this provides.

Lastly, the Leagues urge the FASB to work closely with regulatory agencies, including the National Credit Union Administration (NCUA), the prudential regulator for federal credit unions, so that eligible credit unions will be able to take full advantage of any appropriate flexibility in financial reporting under U.S. GAAP.

In conclusion, the Leagues strongly support the proposed ASU and believe that credit unions should be excluded from the definition of a public business entity. We thank the FASB Board for proposing to amend the Master Glossary to include just one definition of public business entity and for providing clarity to the scope of the *Guide*.

We also thank you for the opportunity to comment on this proposed ASU and for considering our views.

Sincerely,

Diana R. Dykstra
CEO/President
California and Nevada Credit Union Leagues

cc: California and Nevada Credit Union Leagues