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Long Island City, NY 11101

April 29, 2015

Ms. Susan Cosper  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**File Reference No. 2015-220, *Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815): Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives***

Dear Ms. Cosper:

Citigroup appreciates the opportunity to comment on the Exposure Draft for the proposed Accounting Standards Update (“ASU”), *Derivatives and Hedging (Topic 815): Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives* (“the Exposure Draft”).

Citi supports the overall efforts of the Board to increase the transparency and usefulness of financial statement disclosures. However, we do not believe the amendments proposed in the Exposure Draft will provide incremental decision-useful information to users of financial statements because the number of bifurcated hybrid instruments falling within the scope of the Exposure Draft is not significant to Citi, nor, we understand, is it significant to our peers. Furthermore, for the small number of instruments that fall within the scope of the Exposure Draft, existing presentation guidance from the Securities and Exchange Commission already recommends bifurcated derivatives be presented in a manner that is meaningful to investors.

The scope of the proposed ASU includes hybrid financial instruments where the embedded derivative has been bifurcated from the host contract and separately accounted for as a derivative. Generally, Citi considers fair value to be the most appropriate accounting model for these hybrid financial instruments because they are managed for operational and risk purposes on a net fair value basis. Accordingly, Citi usually elects to remeasure hybrid financial instruments at fair value with changes in fair value reported in earnings, as per Accounting Standards Codification (ASC) 815-15-25-4 (*Embedded Derivatives*) or 825-10-15-4 (*Fair Value Option, or “FVO”*). Because Citi usually applies the fair value option provided by GAAP, we do not have a significant number of bifurcated embedded derivatives that would fall within the scope of the proposed disclosures. We are thus of the opinion that the required cost and operational complexity of complying with this disclosure requirement is not outweighed by any incremental informational benefit to investors.

Furthermore, for structured liabilities where Citi has elected the FVO as described above, a footnote to our financial statements disaggregates them by the type of embedded derivative exposure. We believe this disclosure is most appropriate for informing investors about the underlying risk exposure inherent in these hybrid financial liabilities.

Finally, as stated above, in instances where Citi bifurcates the embedded derivative from its host contract, we apply the provisions of Section II.M.3 of the Securities and Exchange Commission's Current Accounting and Disclosure Issues in the Division of Corporation Finance (as updated November 30, 2006), that recommends “...*embedded derivatives should be presented on a combined basis with the host contract, except in circumstances where the embedded derivative is a liability and the host contract is equity.*” Thus, for most hybrid instruments subject to bifurcation, we present the entire contract in the same balance sheet line item (while gains or losses may be presented in different income statement line items).

For the above reasons we do not believe that the amendments proposed in the Exposure Draft enhance the disclosures related to hybrid financial assets to a degree sufficient to justify the expense and effort of providing them.

We would be pleased to discuss our comments with you at your convenience. Please feel free to call me at (347) 648-7721.

Sincerely,



Robert Traficanti  
Global Head of Accounting Policy