



2 Court Square, 15th floor
Long Island City, NY 11101

June 26, 2015

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

File Reference No. EITF-15B, *Proposed Accounting Standards Update, Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Cards*

Dear Ms. Cosper:

Citigroup appreciates the opportunity to comment on the Exposure Draft for the proposed Accounting Standards Update (“ASU”), *Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Cards* (“the Proposal”).

We support the efforts of the Board to address issues surrounding the derecognition of prepaid stored-value card liabilities. We agree with the Board that diversity in practice exists regarding the accounting for such liabilities and consider the topic to be of particular relevance for financial statement users. Overall, while we are supportive of the Proposal, we believe that the Board should also consider addressing prepaid stored-value financial products, regardless of their legal or physical form, that are economically similar and meet the characteristics described in the Update (ASC 405-20-40-4), such as travelers’ checks or money orders. Such products could be addressed by changing the title of the Proposal to “*Recognition of Breakage for Certain Prepaid Stored-Value Financial Products*” and by adding language in the scope section of the Proposal to include products that are economically similar, regardless of their legal or physical form.

We also note that the Task Force specifically considered whether certain customer loyalty programs should be included within the scope of the Proposal and support the Task Force’s conclusion not to include these programs in the scope of the Proposal. Loyalty programs are economically different from the sale of prepaid stored-value cards. Typically, prepaid stored-value cards require an upfront cash payment to the selling entity by the customer, whereas customer loyalty programs in most instances do not (i.e., rewards accrue to customers as a result of a separate transaction). Additionally, in order to fully participate in a credit card customer loyalty program, a customer must also be in good standing in their credit relationship and in certain instances may be required to meet accumulated points minimum

requirements in order to receive benefits from the loyalty program. Therefore, these programs are appropriately excluded from the scope of the Proposal.

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