CREDIT SUISSE

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7 August 2015

Technical Director
Financial Accounting Standards Board
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director@fasb.org

Re: *Accounting Standards Update, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*

Credit Suisse Group (CSG) welcomes the opportunity to provide the FASB with an unsolicited comment letter in relation to *Accounting Standards Update, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. CSG is registered as a foreign private issuer with the Securities and Exchange Commission and its consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (US GAAP). We also have a number of subsidiaries that are required to apply International Financial Reporting Standards ("IFRS") to their stand-alone financial statements.

In general, we are supportive of the FASB's efforts to simplify the tax accounting model applicable to stock compensation arrangements and specifically the elimination of the APIC pool concept for the recording of tax windfalls and shortfalls, as well as allowing deferred tax assets to be recorded on NOL's caused by windfall tax benefits (e.g. elimination of Memo NOL concept). However, we do not agree with all the proposed amendments as currently drafted. Specifically, we do not agree with the recording of all tax windfalls and shortfalls in the income statement.

Unwarranted income tax expense volatility would be created, which would be difficult to manage from an effective tax rate perspective but in addition, an accounting inconsistency would be introduced as on a pre-tax basis differences caused by share price movements would be recorded directly in equity, whereas the corresponding direct tax effects would be recognized in the income statement. We therefore propose to amend the proposed model to prescribe recording all excess tax effects (windfalls and shortfalls) in equity to be consistent with the pre-tax accounting treatment of stock based compensation.

We would welcome the opportunity to further discuss our comments in this letter. If you have any questions or would like any additional information on the comments we have provided herein, please do not hesitate to contact myself in Zurich at +41 44 332 27 85, or Todd Runyan in Zurich at +41 44 334 8063.

Sincerely,

Todd Runyan
Managing Director
Global Head of the Accounting Policy and Assurance Group

John Karvellas
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