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September 25, 2012

Technical Director
File Reference No. 2012-200
Financial Accounting Standards Board (FASB)
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: File Reference No. 2012-200

Dear Sirs,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the Exposure Documents open for comment. As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 149 Georgia credit unions that have over 1.8 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

Thank you for seeking comment regarding recommendations set forth by the Financial Accounting Standards Board (FASB) that would amend current Topic 825 (Financial Instruments) to require certain disclosures regarding liquidity risk and interest rate risk.

The proposal would apply to all reporting entities—including credit unions—and is intended to provide users of financial statements with more decision-useful information about entity-level exposures to liquidity risk and interest rate risk. For credit unions, the primary users of financial statements are the National Credit Union Administration, State Examiners, Board of Directors, Supervisory Committees, creditors, auditors and their membership. Recent NCUA examinations have focused heavily on interest rate risk management and liquidity risk and have been much more robust. In fact, NCUA recently incorporated expanded interest rate risk guidance into Part 741 of their Regulations. The Board of Directors and Supervisory Committee, likewise, are required by regulation to be knowledgeable and informed about such risks. Creditors and auditors have access to risk information upon request, while members rarely request the audited financial statements.

Members may not be able to effectively evaluate inherent financial risks based on the tabular and narrative disclosures required by the proposal and therefore the costs and usefulness of these additional disclosures are of concern. It would be necessary to require uniformity in the methods, measures and estimates used in the calculations, such as interest rate yield curves, rate shocks, mortgage prepayment speed estimates and deposit runoff estimates. Otherwise, the information presented would not be comparable between entities. Financial institutions do not use a set of standardized measures and estimates.

In addition, there would be significant time, effort, and expense involved in preparing and auditing these disclosures as it takes considerable time to balance and process results. For smaller credit unions, these disclosures would be exceptionally burdensome and they would be unable to comply without significant help from their independent accountants or third party consultants.

Because both liquidity and interest rate risks are critical to the health and viability of financial institutions, such disclosures may be relevant for large public entities whose shareholders, which include mutual funds, pension funds, government entities, etc., would need to understand the disclosure content and find it useful for decision-making.

Credit unions in Georgia would like to see this proposal withdrawn due to the abundance of risk information readily available on public web portals of the regulatory authorities. In addition, the credit union regulatory authorities may be opposed to the public disclosure of this risk information as the reader may not fully understand the unique risk profile of the credit union or the complicated information contained in the disclosures, which could be misleading. After all, credit unions are prohibited from disclosure of what some might call regulatory risk information to the public, as disclosure of CAMEL ratings and other exam findings are not allowed by NCUA's Regulations. We do not believe the proposal will provide useful for decision-making purposes and will likely create an unrealistic measure of safety and soundness. Again, this causes concern for both the cost and usefulness of the added disclosures.

If this proposed rule becomes final, we suggest a 9 – 12 month time frame for compliance and an exemption for financial institutions under \$500 million in assets. The industry will need to catch up with the new requirements and regulators; also, auditors and staff will need an adequate adjustment period to properly implement the new disclosures.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Selina Gambrell or Cindy Connelly at (770) 476-9625.

Respectfully submitted,



Selina M. Gambrell

Compliance Specialist