

Via email: Director@fasb.org

September 25, 2012

Technical Director, Fire Reference No. 2012-200 Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856-5116

Re: File Reference No. 2012-200 – Proposed Disclosures about Liquidity Risk and Interest Rate Risk

Credit Union of America wishes to comment on the Proposed Accounting Standards Update on Disclosures about Liquidity Risk and Interest Rate Risk. Credit Union of America is a \$494 million assets credit union in Wichita, Kansas. We have performed asset-liability management calculations since at least the early 1990's, graduating to more sophisticated approaches over the years, so we are relatively familiar with interest rate risk measurements and reporting. Similarly, we have tracked liquidity availability for many years and have a good familiarity with liquidity issues related to the exposures and operations typical for credit unions.

Transparency With No Substantive Benefit

Credit unions (and other non-public entities) should be exempted from these disclosures, because we believe there is no substantive audience that requires or benefits from the alleged transparency and information of these disclosures. As a credit union that is regulated by both the Kansas Department of Credit Unions and the National Credit Union Administration, we are required to perform substantial reporting for interest rate risk and for liquidity, which we perform at least quarterly. We have annual examinations during which there is heavy focus on both areas. Our Board of Directors, Supervisory Committee, and Asset-Liability Management Committee are all required to understand various aspects of these risks. We have only received a single request annually for our CPA audit by a party outside the credit union.

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The proposed disclosures would not provide information that would be used by any external parties, in part because we are not publicly-owned institutions. Further, the proposed disclosures would be of little use even to internal readers, which leads to our next point.

Proposed Disclosures Do Not Provide Useful Information

Internal users, such as our Board or Asset-Liability Management Committee, will not find the proposed disclosures of value, for two reasons. First, the proposed tabular disclosures are flawed. Second, by the time such reports are generated within an audit cycle, they will already be outdated because interest rate risk projections are generated and reported at least quarterly.

Addressing the deficiencies of the proposed repricing gap tabular disclosures, I note that we used to prepare this type of reporting back in the 1990's when we first ventured into the field of interest rate risk management. But we left it behind by the late 1990's due to its flaws and our migration to moresophisticated IRR modeling. Such a table is incapable of providing much insight into an institution's real IRR exposure. The complex assumptions and methodologies inherent in modern IRR modeling do not lend themselves to providing reliable data in simple table. The proposal that the institution provide adequate explanation to allow a "reader" to understand the institution's IRR exposure would require a small textbook, to explain concepts such as duration, convexity, embedded options, rate probabilities. A reader is highly likely to believe such a table of interest rate risk or liquidity measures represents some sort of accuracy, which is never truly present.

Because interest rate risk is dynamic, none of our internal readers will pay any attention to the disclosures contained in an audit for a period that ended 4 to 6 (or more) months ago, generated with an outdated repricing gap process. By that time, the disclosures in an audit disclosure may well be ancient history. Internal users of IRR and liquidity information will have received one or two quarterly updates since the audit date, so will be uninterested in reviewing static tabular disclosures that are already out-of-date.

One Size Fits All Is Flawed

We disagree with the FASB penchant to impose the same degree of complex and costly disclosures on small, non-public institutions as are imposed on global financial institutions with tens of billions in assets. This imposes tremendous cost for audit clients, but especially for smaller and non-public institutions, there is often little or no readership to benefit from the touted "transparency". This is especially the case for these proposed disclosures, considering that regulations already require more-advanced information.

Conclusion

We appreciate the opportunity to express our viewpoint on this FASB proposal. We respectfully urge FASB to exempt credit unions from the proposed disclosures, due to the concerns and reasons described above. If you have questions or want to request additional information, please contact me at 316-265-3272 ext. 140.

Sincerely,

Paul Meissner

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SVP/CFO