



December 7, 2012

Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P O Box 5116  
Norwalk Connecticut 06856-5116

**File Reference No: EITF-11Ar**

Dear Ms. Cospers,

Citigroup is pleased to comment on the Proposed Accounting Standards Update pertaining to *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. Citigroup supports the objective of the amendment which is to resolve the diversity in practice about whether Subtopic 810-10, Consolidation- Overall, or Subtopic 830-30, Foreign Currency Matters- Translation of Financial Statements, applies to the release of the cumulative translation adjustment into earnings when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity.

We agree with the Proposed Update that supports the guidance in Subtopic 830-30 which provides for the cumulative translation adjustment to be released into earnings only if the sale or transfer results in a complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets has resided. We also support the view that partial sale guidance in Section 830-30-40 should continue to apply to an equity method investment that is a foreign entity. We further agree and appreciate FASB's efforts in clarifying that the sale of an investment in a foreign entity includes both events that result in the loss of a controlling financial interest in a foreign entity and events that result in an acquirer obtaining control of an acquiree in which it held an equity method investment immediately before the acquisition (step acquisition), both of which will result in the release of cumulative translation adjustment into net income.

Appendix A provides Citigroup's response to specific questions asked by the Board raised in the Exposure Draft.

If you have any questions, I can be reached at 347-648-7721.

Sincerely,

A handwritten signature in blue ink that reads "Robert Trappicini".

Robert Traficanti  
Deputy Controller and Global Head of Accounting Policy

**APPENDIX A:**

**Question 1: Do you agree that an entity should apply the guidance in Subtopic 830-30, as clarified by amendments in this proposed Update, for the release of the cumulative translation adjustment into net income upon the loss of a controlling financial interest of a subsidiary or a group of assets that is a nonprofit activity or a business (other than a sale in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity? If not, please explain why.**

We agree that an entity should apply the guidance in Subtopic 830-30, as clarified by the proposed amendments, for the release of the cumulative translation adjustment into net income upon the loss of a controlling financial interest of a subsidiary or a group of assets that is a nonprofit activity or a business (other than a sale in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity.

**Question 2: Do you agree that an entity should apply the guidance in Subtopic 830-30, as clarified by the proposed amendments, for the release of the cumulative translation adjustment into net income upon the loss of a controlling financial interest in an investment in a consolidated foreign entity as well as to the derecognition of an equity method investment that is a foreign entity in an acquisition of a business in stages (sometimes referred to as a step acquisition)? If not, please explain why.**

We agree that an entity should apply the guidance in Subtopic 830-30, as clarified by amendments in this proposed Update, for the release of the cumulative translation adjustment into net income upon the loss of a controlling financial interest in an investment in a consolidated foreign entity as well as to the derecognition of an equity method investment that is a foreign entity in an acquisition of a business in stages (sometimes referred to as a step acquisition).

**Question 3: Do you agree that the proposed amendments clearly differentiate the treatment for releasing cumulative translation adjustment between events occurring within a foreign entity and events related to an investment in a foreign entity? If so, please explain.**

We agree that the proposed amendments clearly differentiate the treatment for releasing cumulative translation adjustment between events occurring *within* a foreign entity and events related to an investment *in* a foreign entity.

Based on the proposed amendments, it is our understanding that for events occurring *within* a foreign entity (i.e., the sale of a subsidiary or group of assets), release of the cumulative translation adjustment into net income is appropriate only if the subsidiary or group of assets sold is a foreign entity or constitutes a complete or substantially complete liquidation of a foreign entity, as aligned with the guidance in 830-30.

Further, it is our understanding that for events related to the sale of an investment *in* a foreign entity, the guidance in 810-10 and 830-30 clarify that when a parent no longer controls a foreign entity, all currency translation adjustment related to the foreign entity shall be released into net income.

Correspondingly, if control of a foreign entity is maintained after a sale transaction, the current guidance in 810-10 is applicable and any related cumulative translation adjustment shall be adjusted to reflect the change in the ownership interest in the foreign entity through a corresponding charge or credit to equity attributable to the parent.

It is our understanding that should the sale of an investment *in* a foreign entity represent the full or partial sale of an equity method investment that is a foreign entity, then the related cumulative translation adjustment should be released (i.e., fully or on a pro-rata basis for partial sales). Moreover, it is our understanding that when the derecognition of an equity method investment that is a foreign entity is part of a step acquisition, then the related cumulative translation adjustment would also be released into net income.

**Question 4: Do you agree that the proposed amendments should be applied prospectively? If not, please explain why.**

We agree that the proposed amendments should be applied prospectively.

**Question 5: Do you agree that an entity should be permitted to early adopt the proposed amendments? If not, please explain why.**

We agree that an entity should be permitted to early adopt the amendment in this proposed Update.

**Question 6: How much time would be needed to implement the proposed amendments?**

The proposed amendments are consistent with what Citigroup follows presently. Therefore, immediate implementation of the proposed amendments would not be an issue for Citigroup.