



May 31, 2013

Ms. Leslie Seidman  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-05116

Re: File Reference No. 2012-260: Proposed Accounting Standards Update, *Financial Instruments—Credit Losses (Subtopic 825-15)* (the “Proposal”)

Dear Ms. Seidman:

The Clearing House Association L.L.C. (“The Clearing House”),<sup>1</sup> an association of major commercial banks, appreciates the opportunity to comment on the above-referenced Proposal issued by the Financial Accounting Standards Board (the “FASB” or the “Board”).

### **Executive Summary**

The Clearing House supports the FASB’s overall goal to develop an impairment model that provides more decision-useful information to investors and that also reduces complexity of the existing approach by replacing numerous current models with a single, consistent approach.

As an overall matter, we encourage the FASB and the International Accounting Standards Board (the “IASB”) to continue their efforts to achieve convergence on this matter, which is arguably the single most important accounting issue for commercial banks. We acknowledge the difficulty in achieving a consensus view on this issue, but we believe that it is too important to continue to allow vastly different models to co-exist. In an increasingly global financial marketplace, market participants, users and regulators all recognize the need for a common set of high quality accounting standards related to credit impairment. Accordingly, we believe the FASB and the IASB should renew their cooperation on this critically important matter.

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<sup>1</sup> Established in 1853, The Clearing House is the oldest banking association and payments company in the U.S. It is owned by the world’s largest commercial banks, which collectively employ over 2 million people and hold more than half of all U.S. deposits. The Clearing House Association L.L.C. is a nonpartisan advocacy organization representing—through regulatory comment letters, amicus briefs and white papers—the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing, and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer, and check-image payments made in the U.S. See The Clearing House’s web page at [www.theclearinghouse.org](http://www.theclearinghouse.org).

In general, The Clearing House is supportive of replacing the current incurred loss approach with an approach that requires consideration of a broader range of reasonable and supportable information that also incorporates expectations as to future changes in economic conditions and a longer loss emergence period. We also support an approach that is principles-based and non-prescriptive with respect to how an entity develops its estimate of expected credit losses, as such an estimate is, by its nature, highly judgmental. However, The Clearing House believes there are significant concerns with respect to the Proposal. In short, The Clearing House recommends the following:

- the period over which losses are estimated should be equal to the greater of 12 months or the period that is reliably estimable and predictable, rather than the remaining life of the financial assets, with accompanying disclosure of the time periods used to produce this estimate, as this would produce more reliable, transparent, and decision-useful information and because losses that cannot be reliably estimated and predicted do not constitute an entity's true expectation of losses;
- the proposed accounting for purchased loans that are significantly impaired should be applied to all purchased loans, as this will avoid questions as to what constitutes "significantly impaired," and would avoid potential double-counting of expected losses associated with purchased loans that do not meet the definition of "significantly impaired;" and the final standard should clarify that, upon adoption, retained earnings should not be impacted for loans or debt securities currently accounted for as purchased-credit impaired instruments;
- the allowance for credit losses may already take into account expected shortfalls in *both* principal and interest payments and, therefore, the guidance for nonaccrual loans should not be required in all cases; in addition, nonaccrual guidance should be conformed to existing regulatory guidance;
- the existing other-than-temporary impairment ("OTTI") model for securities should be retained, as it is well understood and accepted by financial statement users, and the Proposal's change does not represent an improvement over the OTTI model. Furthermore, to better align the OTTI model to the rest of the Proposal and to the FASB's ED on Classification and Measurement,<sup>2</sup> (1) the OTTI model should be applied to all instruments measured at fair value with changes recorded in other comprehensive income ("FV-OCI"), (2) the OTTI model should be permitted to be assessed on pools of homogeneous instruments, and (3) both favorable and adverse changes in OTTI estimates should immediately be recognized in earnings;
- if the Board does not agree with our recommendations regarding OTTI above, the practical expedient for debt securities should be expanded such that expected credit losses are not required to be recognized when *either* (1) the fair value of the financial asset is greater than (or

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<sup>2</sup> FASB Proposed Standards Update, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*.

equal to) its amortized cost basis; *or* (2) the expected credit losses on the financial asset are insignificant, to ensure the practical expedient remains applicable in a rising interest rate environment when the fair value of high credit-quality debt securities will decline even though their credit quality is unchanged;

- specific guidance in the Proposal on Troubled Debt Restructurings (“TDRs”) should be eliminated as investors find the TDR classification confusing and do not understand how TDRs relate to impaired and nonaccrual loans; instead, information regarding loan modifications, not specifically limited to TDRs, could be provided via credit quality disclosures;
- if the Board decides to retain the TDR guidance in the Proposal, the guidance on when to write down a TDR should be eliminated, as it will be confusing for modifications such as term extensions that do not necessarily result in an impairment. In addition, the proposed write off of the adjustment between the amortized cost basis of the investment and the present value of the newly expected cash flows should be eliminated, as it may preclude the recovery of prior write-downs and may be challenging to apply to loans aggregated in pools; instead, rules governing recognition of a charge-off or charge-down of loan principal should continue to be governed by issued regulatory guidance. Finally, the FASB should include clear guidance in the Proposal on when a TDR can be removed from TDR classification, as the current approach of “once a TDR, always a TDR” can be misleading to users who interpret loans classified as TDRs as having a higher probability of default in the near term, which may not be the case if borrower performance has improved;
- the FASB should work on developing an overall framework for disclosures before any specific changes to existing disclosure requirements are proposed, and should consider eliminating the roll forwards of debt instruments that are classified as FV-OCI and those that are carried at amortized cost, as they do not provide particularly useful information to financial statement users; and
- the Proposal will materially impact calculations of regulatory capital and interplay with other rules applicable to banks; the Board and the Federal banking agencies should jointly and proactively consider these issues.

It should be noted that a few of The Clearing House’s foreign banking organizations support the adoption of the IASB model with certain modifications because they believe that it would result in more comparability among issuers and that for assets that have not experienced credit deterioration, projections beyond a period of 12 months are inherently unreliable. While a few of our U.S. member banks support the current expected credit loss (“CECL”) approach in the Proposal, The Clearing House believes that there are significant concerns with respect to the Proposal. Our detailed comments are discussed further below.

**A. The measurement period for expected losses should be reliably estimable and predictable.**

The CECL approach, as proposed, requires that an entity’s loss provision be based on the estimate of the cash flows that the entity does not expect to collect over the remaining life of the financial assets in the pool. The Clearing House is concerned that the proposed approach requires an

entity to forecast losses so far out into the future that such estimates are inherently unreliable, and therefore, we do not believe this approach would achieve the Board's goal of providing decision-useful information to investors. As an alternative, we recommend that the measurement period for expected losses instead consist of that which is reliably estimable and predictable. To alleviate concerns that the forecast period will be shorter than under today's incurred loss approach, we recommend the period over which losses are estimated be equal to the greater of 12 months or the period that is reliably estimable and predictable.

We believe this alternative approach would achieve the primary goal of the Proposal, which is to address the delayed recognition of credit losses, the primary weakness identified with the current U.S. generally accepted accounting principles ("U.S. GAAP") model. It would also maintain the conceptual basis in the Proposal for the recognition of credit losses, as this approach would also be based on an entity's *expectation* of credit losses, rather than an estimation of losses that are probable of having been incurred, and that expectation would incorporate both historical experience as well as forward-looking information.

Furthermore, we believe that our suggested approach would be superior to the Proposal's approach in that the reliability of expected credit loss estimates would be improved, particularly for long-dated and evergreen assets. Furthermore, credit risk managers would be better able to validate and back-test estimates. In our view, estimates that are more reliable are inherently more useful to users of financial statements.

In actual practice, we believe the differences between the Proposal and our suggested alternative would not be great, as losses for many types of loans tend to materialize earlier rather than later in the life of the asset. In particular, we believe that our alternative approach would capture a substantial portion of expected credit losses for performing assets and all of the expected credit losses for non-performing assets.

We note that the Board has characterized an approach based on "reasonably foreseeable losses" as capturing only "some" of the expected credit losses versus the Board's Proposal recognizing "all" of the expected credit losses,<sup>3</sup> and as a measurement period that is "arbitrary" or "truncated".<sup>4</sup> We do not agree with these characterizations. In our view, losses that cannot be reliably estimated and predicted do not, in essence, constitute an entity's true expectation of losses. Instead, such forecasts would be performed only to satisfy an accounting requirement, and therefore would not convey accurately to investors management's best estimate of expected losses.

We recognize that there may be some diversity in practice in terms of how to interpret the terms "reliably estimable" and "predictable". However, it is important to recognize that the Proposal also may lead to diversity in practice, as projections of credit losses over the life of a loan could vary considerably among entities. For example, assume two financial institutions hold exactly the same loan,

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<sup>3</sup> Question 4 of the Proposal.

<sup>4</sup> Proposed Accounting Standards Update, *Financial Instruments—Credit Losses (Subtopic 825-15)* Frequently Asked Questions, March 25, 2013, paragraph 3.g.

because they have acquired it via a syndication or participation. Although each entity would be required to estimate expected losses over the contractual life of the loan, which would be the same for each entity, the probability and amount of expected losses estimated by each bank could vary significantly, such that the estimated credit losses would be significantly different for each bank. Thus, we believe that any concern regarding the potential diversity in interpreting what constitutes “reliably estimable and predictable” should be no greater or worse than the concern regarding the potential diversity in estimating expected credit losses over the contractual life of the loan. Moreover, any concerns over diversity in practice could be mitigated by a requirement to disclose the time period used to predict losses for each class of financial instruments and how that determination was made.

**B. All purchased loans should be treated the same under the Proposal.**

The current model under U.S. GAAP for purchased credit-impaired (“PCI”) loans is operationally complex and we believe that neither the methodology nor the disclosures are well understood by investors. Conceptually, we see no need for a distinction between PCI loans and other purchased loans and we therefore strongly support the elimination of the existing U.S. GAAP guidance for PCI loans and the introduction of a single approach to measurement that applies to all purchased loans.

However, we note that the Proposal still appears to propose two distinct models for PCI loans and loans that are purchased but that do not meet the proposed definition of “significantly impaired.” In practice, we believe that questions will arise as to which loans meet the definition of “significantly impaired.” In addition, for acquired loans that have some impairment but the impairment is not significant enough to meet the definition of a PCI loan, the Proposal would result in recognizing twice the expected losses inherent in the loan at purchase. This is because the Proposal would require an entity to recognize an allowance for its estimate of these credit losses even though the price paid includes a discount in consideration of the credit risk of the loan. Accordingly, we recommend that all purchased loans should be treated the same: entities should record an allowance for the initial estimate of expected future credit losses at the date of acquisition, and then record any subsequent changes in expected future credit losses through a provision.

We would also like clarification of the proposed guidance with respect to the calculation of the effective interest rate for PCI loans. Our understanding is that the effective interest rate should be calculated at inception, and the yield should not be adjusted thereafter, even if cash flows and other assumptions such as prepayment speeds subsequently change. We support this approach as it means that all changes in assumptions are recorded in earnings, which is consistent with International Financial Reporting Standards (“IFRS”). Accordingly, we recommend that this point be clarified in the final standard.

Finally, we recommend that the final standard include transition guidance for loans or debt securities acquired in a transfer that are currently accounted for under ASC 310-30. Our understanding is that, upon adoption, retained earnings should not be impacted for these instruments, and the existing nonaccretable discount could be used as the basis for determining the allowance for loan losses.

**C. Guidance for nonaccrual loans should be refined.**

The Proposal introduces new proposed guidance on when to place loans on “nonaccrual” status, and how to account for loans at that point. Specifically, it states: “An entity shall cease accrual of interest income when it is not probable that the entity will receive substantially all of the principal or substantially all of the interest.”<sup>5</sup>

However, we note that this proposed guidance may be inconsistent with the proposed guidance on calculating the allowance for credit losses, which may include expected shortfalls in both principal *and interest*, depending on the manner in which the entity estimates expected credit losses. In other words, in certain cases the expected shortfalls in interest already may have been provided for via the provision for credit losses. Accordingly, we recommend clarify the Proposal to note that the guidance for nonaccrual loans may not be required in all cases. In addition, we strongly recommend that the nonaccrual guidance be codified in a form identical to the existing regulatory guidance to avoid inadvertently promulgating new guidance.

**D. The existing impairment model for securities should be retained and applied to all FV-OCI instruments.**

The Proposal represents a major change to the way in which impairment is measured for debt securities. We believe the existing OTTI model for debt securities is well understood and accepted by financial statement users, and we do not believe that the proposed change would represent an improvement over that model. Recent improvements to the OTTI model and enhanced disclosures that permit the disaggregation of credit risk separately from non-credit risk and provide greater transparency to the credit impairment process for debt securities also have been well received by the investor community.<sup>6</sup> Accordingly, we recommend that the existing OTTI model be retained. Furthermore, we believe that the OTTI model should be applied to all instruments measured FV-OCI as it more closely aligns to the business model notion in the FASB’s ED on Classification and Measurement.<sup>7</sup>

In addition, in order to provide for greater consistency with the rest of the Proposal, both favorable and adverse changes in OTTI estimates should immediately be recognized in earnings, and OTTI should be permitted to be assessed on pools of homogeneous instruments as well as on individual assets, to better align the model in its application to loans.

We believe that these suggested modifications will reduce complexity of the model, yield substantially similar impairment results compared to the current model, and ensure consistency with respect to the recognition of changes in credit loss estimates with the impairment model for loans.

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<sup>5</sup> 825-15-25-10.

<sup>6</sup> FASB Staff Position FAS 115-2, *Recognition and Presentation of Other-Than-Temporary Impairments* and FASB Staff Position FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability has Significantly Decreased and Identifying Transactions that are Not Orderly*.

<sup>7</sup> FASB Proposed Standards Update, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*.

**E. The practical expedient should be expanded to avoid unnecessary impairment testing.**

If the Board does not agree with our recommendation to retain the existing OTTI model, then we request that the proposed practical expedient be expanded to ensure that it is relevant in all interest rate scenarios. We note that debt securities are expected to be one of the more common types of financial assets carried at FV-OCI. Under the Proposal, the practical expedient would only apply if (1) fair value of the financial asset is greater than (or equal to) its amortized cost basis and (2) the expected credit losses on the financial asset are insignificant.<sup>8</sup> We believe that many debt securities will not qualify for the practical expedient described in the Proposal, even though they exhibit little or no sign of credit deterioration. For example, financial institutions frequently hold large portfolios of debt securities with high credit quality, including U.S. Treasury and other highly rated securities. In a rising interest rate environment, the fair value of such securities will decline; as a result, such securities may no longer qualify for the practical expedient as proposed, even though their credit quality is unchanged.

Accordingly, we recommend that the practical expedient be modified to not require that expected credit losses be recognized when *either* (1) the fair value of the financial asset is greater than (or equal to) its amortized cost basis; *or* (2) the expected credit losses on the financial asset are insignificant. Doing so will relieve entities from the operational burden of preparing quantitative estimates of impairment for many financial assets that exhibit little or no sign of credit deterioration.

**F. Guidance for Troubled Debt Restructurings (TDRs) should be eliminated or modified.**

We note that the Proposal carries forward the definition of a TDR from current U.S. GAAP. We continue to recommend that separate accounting guidance is not required for TDRs, as more fully articulated in our previous comment letter on this issue.<sup>9</sup> The Clearing House believes that investors find this classification confusing and do not understand how this category of loans relates to impaired and nonaccrual loans. Accordingly, we recommend that specific guidance on TDRs be eliminated. As an alternative, information regarding loan modifications, not specifically limited to TDRs, could be provided via the credit quality disclosures recently introduced in ASU 2010-20 and ultimately codified in ASC 310-10-50, *Receivables – Overall - Disclosures*.

If the Board decides to retain the TDR classification and guidance, however, we do not support the additional guidance proposed regarding when to write down a TDR, as it will be confusing for many types of modifications such as term extensions which do not necessarily result in an impairment. In addition, we do not support the proposal that would require a write-off of the adjustment between the amortized cost basis of the investment and the present value of the newly expected cash flows.<sup>10</sup> This is

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<sup>8</sup> 825-15-25-2.

<sup>9</sup> Please refer to our letter to the FASB dated December 13, 2010, File Reference No. 1880-100, Proposed Accounting Standards Update, Receivables (Topic 310), *Clarification to Accounting for Troubled Debt Restructurings by Creditors*, available at <http://www.theclearinghouse.org/index.html?f=071400>.

<sup>10</sup> 310-40-35-10, as further explained in BC 45-47.

a significant change from current U.S. GAAP, which permits the use of a valuation allowance for any amounts between the recorded investment of the asset and the present value of expected cash flows. Accordingly, we are concerned that the Proposal will preclude the recovery of prior write-downs until the resolution of the financial asset. Additionally, the Proposal may be challenging to apply as it is often difficult to estimate a write-off at the individual loan level for loans aggregated in pools. As the rules that govern the recognition of a charge-off or charge-down of loan principal are addressed by regulatory accounting principles, we encourage the FASB to eliminate the requirement to write off the adjustment between the amortized cost basis of the investment and the present value of the newly expected cash flows.

Finally, we recommend the FASB include clear guidance on when a TDR can be removed from TDR classification. Currently, once a loan is classified as a TDR, it remains classified as such, notwithstanding subsequent improvements in the credit quality of a loan and/or financial condition of the borrower.<sup>11</sup> As a result, we believe that the current approach to disclosure of TDRs can be misleading since many users may interpret that classification as having a higher probability of default in the near term, which may not always be the case if borrower performance has improved.

**G. Disclosures should be streamlined.**

We note that there are many new disclosures included in the Proposal. We are concerned that the Board continues to add additional disclosures in a piecemeal fashion without regard to the already extensive disclosures that govern this area of accounting. Many stakeholders have expressed concerns about the relevance and sheer volume of information in the notes to financial statements, and as a result, we strongly encourage the FASB to proceed cautiously when proposing new disclosures; more disclosure does not always translate into better information for users. We recommend that the FASB work on developing an overall framework for disclosures before any specific changes to existing disclosure requirements are proposed.

In particular, we would ask the Board to consider eliminating the roll forward of debt instruments that are classified as FV-OCI.<sup>12</sup> In our experience, this information does not provide particularly useful information to users of financial statements. We also question why a separate roll forward disclosure is required for debt instruments carried at amortized cost and similarly suggest that it be eliminated.<sup>13</sup>

**H. The Proposal will materially impact calculations of regulatory capital and interplay with other rules applicable to banks. The Board and the Federal banking agencies should jointly and proactively consider these issues.**

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<sup>11</sup> ASC 310-40-40 and 310-40-50-2a.

<sup>12</sup> 825-15-50-13.

<sup>13</sup> 825-15-50-12.



Due to the very nature of their assets – *e.g.*, loans and debt securities – the Proposal will disproportionately affect banks<sup>14</sup> and other entities which are subject to regulatory capital requirements.<sup>15</sup> The Clearing House is concerned that the interaction of certain aspects of the Proposal with the Federal banking agencies' current<sup>16</sup> and proposed<sup>17</sup> regulatory capital rules will have consequences that are unintended and not fully understood. We encourage the Board and the Federal banking agencies to consider these issues jointly and proactively in order to address and ameliorate possible negative consequences and other related issues as described below.

First, The Clearing House is concerned that the Proposal's implementation requirement of a "cumulative-effect adjustment to the statement of financial position ... as of the beginning of the first reporting period in which final amendments become effective"<sup>18</sup> will require many banks on a single date to record a significant downward adjustment in shareholders' equity and therefore regulatory capital because of an increase in the allowance for credit losses based on a current estimate of expected credit losses over the lifetime of each applicable financial asset. Given that that such a decrease in regulatory capital would reflect solely a change in accounting methodology and not a decrease in banks' economic and regulatory capital resources, we respectfully urge the Board to reconsider the Proposal's implementation mechanic. The Board and the Federal banking agencies should work jointly to, at minimum, phase-in the effect of the cumulative accounting adjustment with respect to regulatory capital levels over time in order to avoid an instantaneous and largely artificial drop in many banks' regulatory capital levels.

Second, the interplay between the regulatory capital rules and the Proposal will have other consequences which we believe should be fully explored by the Board and the Federal banking agencies given that the allowance for loan and lease losses can affect banks' regulatory capital in other ways. Existing regulatory capital requirements permit banks to include in Tier 2 capital the general allowance for loan and lease losses up to 1.25% of total risk-weighted assets. The international Basel III framework<sup>19</sup> and the Federal banking agencies' Basel III NPR include the same standard.<sup>20</sup> Absent a change to the existing and proposed regulatory capital rules, the transfer from capital to the allowance for expected credit losses effected by the Proposal will likely reduce regulatory capital due to the increase in the loss reserve. Similarly, so-called "advanced approaches" banks – *i.e.*, those with more than \$250 billion in total consolidated assets or \$10 billion in foreign exposures – are required under the

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<sup>14</sup> Unless otherwise noted, we refer to banks to mean both bank holding companies and their depository institution subsidiaries for purposes of this letter.

<sup>15</sup> Although none have been designated to date, regulatory capital requirements will also eventually apply to non-bank financial companies designated as systemically important under Section 113 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

<sup>16</sup> See 12 C.F.R. Part 208 *et seq*; 12 C.F.R. Part 225 *et seq*; 12 C.F.R. Part 3 *et seq*; 12 CFR Part 325 *et seq*.

<sup>17</sup> Board of Governors of the Federal Reserve System (the "Federal Reserve"), Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency (collectively, the "Federal banking agencies"), Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III – Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action, 77 F.R. 52792 (Aug. 30, 2012) (the "Basel III NPR"); Regulatory Capital Rules – Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements, 77 F.R. 52888 (Aug. 30, 2012); Regulatory Capital Rule: Advanced Approaches Risk-Based Capital Rules; Market Risk Capital Rule, 77 F.R. 52978 (Aug. 30, 2012) (the "Advanced Approaches NPR").

<sup>18</sup> Proposal at 4.

<sup>19</sup> Basel III at 19.

<sup>20</sup> Basel III NPR at [153].

Federal banking agencies' advanced approaches risk-weighted capital rules<sup>21</sup> to calculate expected credit losses for purposes of those rules (generally as the product of the probability of default, or "PD", and the loss given default, or "LGD"). If a bank's general allowance for loan and lease losses is less than its expected credit losses as calculated under the advanced approaches rules, the bank must deduct the shortfall 50% from Tier 1 capital and 50% from Tier 2 capital; if the general allowance for loan and lease losses exceeds expected credit losses, the bank may include the excess in Tier 2 capital to the extent that the excess does not exceed 0.6% of the bank's credit risk-weighted assets.

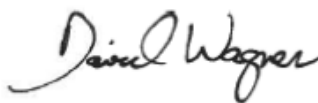
In addition, the regulatory dividend capacity of depository institution subsidiaries of bank holding companies is determined under applicable law and regulations based on net income.<sup>22</sup> For example, under the Office of the Comptroller of the Currency's regulations, "a national bank may not declare a dividend if the total amount of all dividends (common and preferred), including the proposed dividend, declared by the national bank in any current year exceeds the total of the national bank's net income for the current year to date, combined with its, retained net income of current year minus one and current year minus two..."<sup>23</sup> Thus, any reduced net income resulting from implementation of the Proposal may have the effect of constraining dividends by depository institutions and, consequently, their holding companies.

While we understand that international and U.S. Federal banking agencies have indicated that they will monitor the impact of accounting changes on regulatory capital standards, we believe that, in light of the foregoing, the collateral effects of the various interrelationships between the Proposal and applicable bank regulatory requirements should be carefully examined and discussed by the Board and the Federal banking agencies, including to consider whether appropriate recalibrations should be made.

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Thank you for considering our comments. If you have any questions or are in need of any further information, please contact me at (212) 613-9883 (email: [david.wagner@theclearinghouse.org](mailto:david.wagner@theclearinghouse.org)).

Sincerely yours,



David Wagner  
Executive Managing Director and  
Head of Finance Affairs

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<sup>21</sup> See, e.g., 12 C.F.R. Part 225, Appendix G; see also Advanced Approaches NPR.

<sup>22</sup> See e.g., 12 U.S.C. §60; 12 C.F.R. Part 5.60 et seq.

<sup>23</sup> 12 C.F.R. § 5.64(c).

cc: Ms. Susan M. Cospers  
Technical Director  
*Financial Accounting Standards Board*

Mr. Craig Olinger  
Acting Chief Accountant  
Division of Corporation Finance  
*Securities and Exchange Commission*

Ms. Kathy Murphy  
Chief Accountant  
*Comptroller of the Currency*

Mr. Robert Storch  
Chief Accountant  
*Federal Deposit Insurance Corporation*

Mr. Paul Beswick  
Chief Accountant  
Office of Chief Accountant  
*Securities and Exchange Commission*

Mr. Steven Merriett  
Deputy Associate Director and Chief Accountant  
*Federal Reserve Board*

Mr. Hans Hoogervorst  
Chairman  
*International Accounting Standards Board*

Mr. Jeffrey Diermeier  
Chairman, Board of Trustees  
*Financial Accounting Foundation*

Ms. Teresa Polley  
President and Chief Executive Officer  
*Financial Accounting Foundation*

Mr. John (JJ) Matthews, PNC Financial Services Group Inc.  
Chairperson – Financial Reporting Committee  
*The Clearing House Association L.L.C.*

Ms. Esther Mills  
President  
*Accounting Policy Plus*

Mr. Ryan Pozin  
Assistant Vice President  
*The Clearing House Association L.L.C.*