

December 18, 2012

Leslie Seidman, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Via email: director@fasb.org

RE: File Reference No. 2012-250: *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*

Dear Chairman Seidman:

The American Bankers Association (ABA) appreciates the opportunity to comment on the Exposure Draft *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities (ED)*. ABA represents banks of all sizes and charters and is the voice for our nation's \$14 trillion banking industry and its two million employees.

The general objective of the ED is to clarify the scope as to the specific instruments and transactions that are offset on the balance sheet and within financial statement disclosures. The intent of the ED is to limit the scope of the related requirements to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions. With that in mind, the ABA strongly supports the objectives of the ED and believes that the resulting scope of the offsetting requirements appears appropriate. We recommend that the scope clarifications be effective as proposed, which is for reporting periods beginning January 1, 2013.

We also suggest that the technical changes, as outlined below, be made to the definitions outlined in ED in order to avoid any unintended consequences in the implementation of new requirements.

1. Derivatives: Paragraph 210-20-50-1c refers to “derivative instruments” as defined in the Accounting Standard Codification (ASC) Master Glossary. The Master Glossary only provides guidance for determining whether an instrument meets the definition of a derivative and does not include other guidance related to recognition as a derivative, notably the scope exceptions in paragraphs 815-10-15-13 through 15-83. Without a further scope limitation, we believe all instruments meeting the definition of a derivative are in the scope of the offsetting disclosure requirements, and not just those recognized as freestanding derivatives.

Therefore, we recommend (subject to the further clarifications recommended below) that paragraph 210-20-50-1 refer only to those instruments “accounted for as freestanding derivatives in accordance with Section 815 (Derivatives and Hedging).”

Financial Accounting Standards Board
2012-250: Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities
December 18, 2012
Page 2

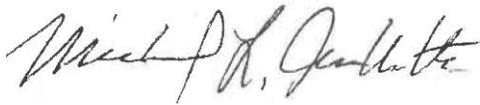
2. Repurchase Agreements: Paragraph 210-20-50-1c also refers to “repurchase agreements” as defined in the ASC Master Glossary. However, approval of an exposure draft expected to be issued in the near future related to repurchase agreements (the expected Repo ED) could modify that Master Glossary definition. Of specific concern is that the current definition limits repurchase agreements to those in which securities are transferred as collateral. If the expected Repo ED is finalized as we believe it will be proposed, approval could result in the expansion of the scope of instruments (i.e., to include repurchase agreements where non-securities collateral is transferred).

With this in mind, we urge the Board to coordinate staff efforts on this ED with those related to the Repo ED to avoid requiring operational changes that will be effective only until the Master Glossary definition changes.

In summary, we strongly support the general scope limitations proposed in the ED, and believe addressing these technical clarifications will assist in efficient and timely implementation of the offsetting requirements within the proposed effective date.

Thank you for your attention to these matters. Please feel free to contact me (mgullette@aba.com; 202-663-4986) if you would like to discuss our views.

Sincerely,



Michael L. Gullette