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29 February 2016

Technical Director
Financial Accounting Standards Board
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Sent via email to: director@fasb.org

File Reference No. 2015-350 – Proposed Accounting Standards Update Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement.

Credit Suisse Group ("CSG") welcomes the opportunity to comment on the Financial Accounting Standards Board's ("FASB") proposed Accounting Standard Update *'Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement'* (the "Proposed ASU"). CSG is registered as a foreign private issuer with the Securities and Exchange Commission and its consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

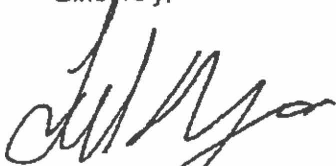
We understand that as part of the Boards disclosure framework project that the objective for issuing this Proposed ASU is to improve the effectiveness of disclosures in the notes to the financial statements. Whilst we support the Boards intention to improve the effectiveness of the fair value measurement disclosures and welcome the removal and elimination of disclosures which are not decision useful, we strongly disagree with the proposed requirements to expand the disclosures on unrealized gains and losses for Level 1 and Level 2 instruments. In addition, we do not support the proposed disclosure requirement of the weighted average and time period to develop significant unobservable inputs for Level 3 instruments.
Furthermore, CSG does not receive fair value measurement disclosure information requests from analysts and investors. This supports our view that expanded requirements are unnecessary and will not provide decision useful information.
Please find our detailed responses to the above comments and to the Questions for Respondents of the Proposed ASU in the Appendix to this letter.

Although CSG's consolidated financial statements is prepared in accordance with US GAAP, a number of our subsidiaries are required to apply International Financial Reporting Standards to their

stand-alone financial statements and we are concerned with the Boards divergence with the substantially converged disclosure requirements between Topic 820 and IFRS 13.

If you have any questions or would like any additional information on the comments we have provided herein, please do not hesitate to contact Todd Runyan in Zurich on +41 44 334 8063 or Tamaryn Swan in London on +44 207 883 4176.

Sincerely,



Todd Runyan
Managing Director
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Appendix – Responses to Questions for Respondents

We set out below our comments relating to specific questions outlined in the invitation to comment.

Question 1:
Would the proposed amendments result in more effective, decision-useful information about fair value measurements? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about fair value measurements? If yes, please explain why.

Change in Unrealized gains and losses for Level 1 and Level 2 instruments:
Credit Suisse strongly disagrees that the proposed expanded disclosure requirements result in more effective decision useful information about fair value measurements.
Credit Suisse still questions the usefulness of this disclosure requirement for Level 3 instruments and as a result do not support the Boards proposal for expanding this disclosure for Level 1 and Level 2 instruments.
US GAAP does not define unrealized gains and losses and therefore it results in an inconsistency in practice on how the unrealized gains and losses are calculated which in turn has implications on the usefulness and comparability of information.

Fair value measurement changes are recorded in earnings irrespective of whether the gains or losses are realised or unrealised and therefore we question the statement in paragraph BC 20 where users believe the information provided in the change in unrealized gains and losses for Level 1 and Level 2 instruments would provide information about the volatility of earnings.
Volatility can arise not only from unrealised gains and losses but could also result from realised gains and losses. For instance, when buying and selling liquid securities, the result could be volatility in earnings, however, all those earnings would be realised.
In addition, Credit Suisse carries out economic hedging strategies to reduce earnings volatility. These economic hedging strategies cross product types and levels of the fair value hierarchy. Therefore we question the value of the disclosure from a volatility perspective as it would ignore the economic hedging strategies and provide little information on the earnings volatility that the bank faces.

In paragraph BC 26 it describes how users felt that a rollforward of Level 1 and Level 2 instruments was not helpful as there is more certainty about the Level 1 and Level 2 fair value measurements. This appears counterintuitive to the reasoning in paragraph BC 20 where users seemed to be concerned about the volatility of these positions and therefore requiring one of the key components of a rollforward. As the rollforward is not considered helpful information, per paragraph BC26, we do not understand how the change in unrealised would be considered decision useful information.

Furthermore, the change in unrealised gains and losses is not a performance metric that is used by management to understand the volatility in earnings and we do not believe it provides meaningful information.
When we prepare this disclosure for Level 3 instruments, it is for disclosure purposes only and not used internally for performance management or other metrics.
In addition, our Investors Relations department has not received any questions or requests from analysts or investors related to the Level 3 Change in Unrealised gains and losses disclosure, which leads us to question the usefulness of the current disclosure and why the Board believes the expanded disclosure requirement for Level 1 and Level 2 instruments would be useful.

If the Board decided to include this requirement in the final version of the standard then additional clarification is necessary on the level of disaggregation. The example disclosure included in paragraph 820-10-55-100A shows the expanded disclosure requirement for the change in unrealized gains and losses at an aggregate level for the reporting entity's assets and liabilities. Whereas the disclosure requirement in paragraph 820-10-50-2 states that the information should be provided at a class of assets and liabilities. The Board should clarify whether the proposed expanded disclosure should be provided at a disaggregated or aggregated level.

Quantitative Information about Level 3 significant unobservable input
Please refer to our responses to Question 5 and Question 6

Disclosures eliminated
We support the Boards decision to remove the disclosure of the amount of transfers and the reasons for the transfer of Level 1 and Level 2 instrument as both populations are observable and movements between these two levels only reflects degrees of observability. We do not believe this information provides any decision useful information to users of the financial statements. However, we believe that as long as the transfers are required to be disclosed in the Level 3 rollforward, the policy regarding the timing of transfers will continue to be useful information to financial statement users.
In addition we do support the removal of the disclosure related to the valuation processes of Level 3 instruments.

Other Disclosures modified and clarified
We support the Boards decision regarding the modification and clarification of the disclosures related to investments that use the NAV practical expedient and we also support the clarified language on the measurement uncertainty disclosure.

Question 2:
Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

Unrealised gains and losses on Level 1 and Level 2 Instruments
The distinction between unrealised and realised gains and losses are not automatically generated by our accounting and other reporting systems. Credit Suisse has a significant volume of purchases, sales, issuances and settlements occurring every day in our trading portfolios of Level 1 and Level 2 instruments on which the proposed disclosure would now have to be prepared. This would require Credit Suisse to track the amortised cost basis and cash movements at a transaction level for a significant volume of instruments.
In order to perform the current unrealised gains and losses on Level 3 disclosure requirement, Credit Suisse utilises a combination of manual calculations and automated processes to prepare the disclosure. Even where this has been automated for Level 3 instruments, assumptions have been put in place to derive these amounts. Often, given system challenges this disclosure is calculated manually. This is currently a manageable process for Level 3 instruments as it represents a small percentage of our fair valued instruments (5.9% of assets and 4.6% of liabilities). Given the significantly higher volume of transactions and portfolio turnover Level 1 and Level 2 instruments (approximately 95% of fair valued instruments), it would not be feasible to prepare the disclosure manually and would be a significant exercise to operationalise this requirement across the bank. This includes a substantial investment in the development of systems and processes, time and resources that will be required to effectively meet the disclosure requirements. All these efforts to

operationalize these requirements would be made to provide information that would be used solely for disclosure purposes.

For our comments on the changes required by paragraph 820-10-50-2(bbb) please refer to Question 5 and Question 6.

Question 3:
Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

As described in our response to Question 1 and Question 2, the expanded disclosure requirements would impose significant incremental costs. The Board asserts that they do not believe that entities will incur significant cost to implement these requirements and can leverage information that already exists. This is not the case for Credit Suisse as our systems do not separately track realised and unrealised gains and losses. In order to do so would require significant technology, time and resourcing investment in the development of systems and processes to meet the disclosure requirement and provide reliable and audible information.

We have noted in Question 1 our support for the Boards removal of certain disclosure requirements, however, for the proposed removals there will be very little time and resource saving as a result which could be offset against these expanded proposed requirements on the change in unrealised gains and losses for Level 1 and Level 2 instruments.
As a result of this proposed ASU, there will be significant increase in the cost of preparing disclosures.

As noted in previous comment letters provided and above, the cost in initially complying with new fair value measurement disclosures are high; but there is also an ongoing compliance cost for each incremental disclosure requirement. The fair value measurement disclosures are extensive, and cover numerous pages of our quarterly and annual reporting and are certainly one of the most substantial set of disclosures which Credit Suisse prepares for US GAAP reporting. The preparation involves numerous departments and expanding the disclosure requirements will compound this already intensive process. We believe this would be wasted efforts to expand a disclosure requirement which does not provide meaningful information to this already pressurized quarter end close process and would create the need for additional SOX controls.

Question 4A:
The proposed amendments would apply to all entities, except for certain requirements in paragraph 820-10-50-2(bbb) through (d), for which private companies would be exempt. Do you agree with the exemption for private companies? If not, please describe why and which disclosures should be required for private companies.

N/A - Credit Suisse Group does not meet the definition of a private company.

Question 4B:
Should entities other than public business entities (for example, employee benefit plans and not-for-profit organizations) also be exempt from the proposed amendments mentioned in Question 4A? If yes, please describe why and which disclosures they should be exempt from.

N/A - Credit Suisse Group does not meet the definition of a private company.

Question 5:
The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the weighted average of significant unobservable inputs used in Level 3 fair value measurements. Are there classes of financial instruments for which this disclosure is inoperable or does not provide meaningful information? If yes, please describe those classes of financial instruments and explain why.

As Credit Suisse is an SEC registrant, we currently provide the proposed disclosure on the weighted average of significant unobservable inputs used in Level 3 fair value measurements. The disclosure is challenging to prepare for large complex financial institutions operating across global markets. To prepare the disclosure, it requires the aggregation of a large volume of different instruments with significant unobservable inputs, which is highly manual intensive with significant operational cost. It is an ongoing challenge to aggregate the data in a manner that provides meaningful information.

We do not support and continue to question the usefulness of the weighted average disclosure requirement and therefore propose the removal of this requirement. There are numerous ways of calculating the weighted average and believe this may be inconsistently applied among preparers resulting in lack of comparability.
When calculating the weighted average for derivatives, it results in an added layer of complexity as the weighted average could be weighted on either gross or net fair value, notional, or the significant unobservable input. In addition, derivatives fluctuate between asset and liability which adds to the complexity of the calculation and lack of comparability of the information provided.

Our Investor Relations department has received no questions or requests for further information on the weighted average disclosure from analysts and investors and therefore based on this experience believe that this disclosure is not currently providing meaningful and decision useful information to users of financial statements.

Question 6:
The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the time period used to develop significant unobservable inputs. What would be the costs associated with including this disclosure? Would this disclosure provide more effective, decision-useful information?

We do not agree that the Boards requirement to disclose the time period used to develop significant unobservable inputs provides effective, decision useful information. The disclosure, like the determination of the fair value measurement, is compiled using inputs at the reporting date and not over a period of time.
It would be an extreme outlier where an unobservable input is developed over a period of time. An example thereof would be where in the absence of current information a historical correlation may be used. This would be the exception rather than the norm. Furthermore, the time period information

is not tracked and, given the nature of the disclosure, it will add an additional manual requirement to an already manually intensive process.
If the proposed time period disclosure is produced, it is expected that the time period for substantially all the instruments would be the current reporting date. It is also unclear how the information requested can be aggregated to produce any meaningful and useful information. Unless the disclosure is prepared at a disaggregated transaction level it would not provide any decision useful information.

Question 7:
Are there any other disclosures that should be required by Topic 820 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

CSG believes that the Fair Value Measurement disclosures are extensive and is one of the most substantial set of US GAAP disclosures which reporters have to prepare. In addition our Investor Relations department does not receive any questions or requests on the Fair Value Measurement disclosures; therefore, we do not believe any additional disclosure requirements would be of any benefit to users of financial statements

Question 8:
Are there any other disclosure requirements retained following the review of Topic 820 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.
To see how the Board applied the decision questions from the proposed Concepts Statement to Topic 820, see Decision Questions Considered in Establishing Disclosure Requirements.

Level 3 rollforward
CSG agrees with the Boards determination that the Concept Statements would not require a level 3 rollforward as the information could easily be understood from other financial statement presentations. We continue to question the usefulness and the cost benefit of providing the detailed categories required within the Level 3 rollforward and believe the operational cost of preparing the disclosure outweighs any perceived benefit. In particular, the specific requirement to break out the cash movements by whether it relates to a purchase, sale, issuance or settlements is overly onerous. This disclosure has resulted in significant system configurations to obtain the relevant information from the cash settlement systems (of which there are numerous systems and can differ by product) to link up with the data from a financial reporting perspective. We continue to believe that for most financial instruments the type of cash movement is intuitive to the type of instrument. For instance, trading assets are liabilities are typically purchased or sold and would not be issued or settled. Whereas for OTC derivative instruments, due to their bespoke nature would be considered issued or settled directly with the counterparty and not sold to another market participant. Therefore we believe an increase or decrease in cash movements would have been sufficient disclosure requirement for users of financial statements.

Level 3 Quantitative unobservable input disclosure
As outlined in our response to Question 5 and Question 6, we do not support the requirements to reflect the weighted average and the time period to develop the significant unobservable inputs.
We also question the usefulness of providing the range of unobservable inputs. The disclosure currently provided reflects the upper and lower range and that often reflects extreme outliers at the upper and lower end of the scale, which skews the range represented. CSG believes that it would

be far more meaningful for preparers to only be required to report the range that is representative of the population instead of including extreme outliers.

Question 9:
How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? If yes to either question, please explain why.

As described in our responses to question 2 and 3, if the Board continues with the requirement for the change in unrealised gains and losses for Level 1 and Level 2 instruments then a significant amount of time and investment in the development of systems and processes will be required to effectively meet the disclosure requirements and provide reliable and auditable information. We believe that in order to comply with these proposals that at least two years post the issuance of the standard will be necessary to ensure compliance in an audible manner.
There are also a number of significant new accounting standard projects impacting financial institutions over the following years and a limited amount of both technology and financial resources available to implement these disclosure requirements in an automated and audible manner.