

29 November 2010

**BY EMAIL TO: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)**

Ms. Elizabeth M. Murphy  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
USA

**Re: Short-Term Borrowing Disclosure (File Number 27-22-10)**

Dear Ms. Murphy:

Credit Suisse Group ("CSG") welcomes the opportunity to comment on the Securities and Exchange Commission's ("SEC") above-captioned proposed rule as it applies to foreign private issuer ("FPI") financial institutions. CSG is an FPI bank holding company, and its consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Overall, we are supportive of the proposed rule and the additional quantitative and qualitative disclosure requirements. We believe the proposed disclosure would bring greater consistency among registrants, not only bank holding companies, and assist investors in understanding a registrant's short-term borrowing arrangements. However, CSG would find it very difficult to comply with the quantitative disclosures without a transition accommodation with respect to prior-period data and an effective date that would allow CSG to develop systems and procedures to collect data on short-term borrowings on a daily basis, which CSG does not currently do. Please find in the attached Appendix more detailed responses to address these concerns and certain specific questions set out in the proposed rule.

We would welcome the opportunity to discuss these issues and concerns. In the meantime, 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 Patrick Ackerman in New York on (212) 325-2051.

Sincerely,

  
Rudolf Bless  
Managing Director  
Chief Accounting Officer

  
Patrick Ackerman  
Director  
Accounting Policy and Assurance Group

## Appendix

**Question 2:** Consistent with the approach taken in Guide 3 and in former Rule 12-10 of Regulation S-X, we propose to define “short-term obligations” by reference to the amounts payable for various categories of short-term obligations that are typically reflected as short-term obligations on the balance sheet and stated as separate line items in accordance with Regulation S-X. Is the proposed definition sufficiently clear? If not, what changes should be made to the proposed definition? For example, should the definition refer to “short-term obligations” as defined in U.S. GAAP? In connection with any response, please provide information as to the costs associated with the implementation of any changes to the proposed definition.

We believe that the definition of “short-term obligations” is sufficiently clear in Regulation S-X. In addition, as not all SEC registrants file financial statements prepared using US GAAP, we do not believe it would be appropriate to use the US GAAP definition of short-term obligations.

**Question 4:** Is disaggregation by currency or other grouping useful to the understanding of aggregate short-term borrowing amounts? Would the proposed requirement for disaggregation provide an appropriate level of detail? Is it sufficiently clear? Instead, should we prescribe a specified method or threshold for disaggregation? If so, describe it. For example, should we require information to be presented separately by currency where there is a significant amount of borrowings that are not denominated in the company’s reporting currency? If so, should we specify a threshold amount (e.g., 5, 15 or 20% of borrowings) and what should that threshold be? Or should the amounts instead be disaggregated into more generalized categories, such as “domestic” and “foreign” borrowings? Please provide details about the costs and benefits of any alternatives to the proposed disaggregation provision, and discuss whether requiring companies to follow a specific disaggregation method would impose practical difficulties on companies (or particular types of companies) when they are gathering and compiling the proposed short-term borrowings disclosure.

We do not support the additional disaggregation of short-term borrowings in the quantitative disclosures of average balances by currency or other grouping. We do not believe that the benefit to investors of providing this information merits the additional cost of collecting this highly detailed information. There exists an extensive volume of frequently traded instruments in various currencies, such as repurchase agreements and securities lending agreements, which are currently reported in the functional currency of each subsidiary in an aggregate amount. The segregation of these instruments within the financial reporting systems to calculate a daily average by underlying currency by subsidiary, as well as the consolidation of the subsidiary data by currency at the Group level, would be an extensive technological effort. We recognize that borrowings in certain currencies may lower or increase the overall cost of borrowing, but we believe that qualitative disclosure of any material impact of those borrowings to the overall blended cost of funds would be most useful to investors.

**Question 10:** Should registrants be required to provide the largest amount of short-term borrowings outstanding at any time during the reporting period (meaning intra-day as opposed to close of business)? Would this amount be difficult for registrants to track?

We urge the SEC to clearly define the maximum daily amount of short-term borrowings to be an end-of-day balance and not an intra-day balance. The tracking and consolidation of intra-day balances from numerous entities in various regions of the globe would be very difficult, if not

impossible, to track, especially for frequently traded instruments such as repurchase agreements and securities lending transactions. In addition, the netting of reverse repurchase agreements against repurchase agreements can only be performed on the end-of-day balances, where only a static portfolio of instruments can be verified under the netting criteria of FASB Interpretation No. 41, *Offsetting of amounts Related to Certain Repurchase and Reverse Repurchase Agreements* (“FIN 41”). We are very concerned that a requirement to provide the largest amount of short-term borrowings outstanding on an intra-day basis is not practicable. We are certain that such a requirement would present great difficulty and expense in setting up systems to attempt to gather such data.

**Question 23:** Should we apply the proposed amendments to foreign private issuers’ annual reports on Form 20-F, as proposed? Or should we exclude these annual reports from the scope of the amendments? If so, why?

We believe the proposed amendments should apply to the annual report on Form 20-F of FPIs. As discussed below (see response to Question 39), we believe FPIs, including CSG, will need a transition accommodation for the proposed amendments, which should be implemented on a prospective basis, and that the effective date for implementation should be no earlier than the annual report on Form 20-F for fiscal year 2011.

**Question 39:** Would the proposed transition accommodation be useful for registrants? Is it sufficiently clear? Should we extend it to cover bank holding companies? If so, why?

We believe the transition accommodation should be extended to FPI bank holding companies, as many of them, including CSG, do not track information on short-term borrowings on a daily basis in connection with the preparation of reports to regulators. In connection with its registration, CSG agreed with the SEC to use monthly averages in its disclosures under Exchange Act Industry Guide 3, *Statistical Disclosure by Bank Holding Companies* (“Guide 3”), as calculating daily averages was not required by CSG’s primary regulator and was deemed to be an undue burden and expense for CSG (we understand this is true for many other FPI banks and bank holding companies). Under the proposed rules, CSG and many other FPIs would qualify as financial companies for which daily averages would now be required on a retrospective basis. As this would be a change in practice for CSG, we strongly urge the SEC to waive the requirement of retrospective implementation for FPI banks and bank holding companies and other financial companies and apply the proposed transition accommodation for nonfinancial companies for disclosure on a prospective basis only. CSG does not have all the financial data readily available to recreate prior-period statistics on a daily basis and such a requirement would result in a costly and burdensome effort to collect and analyze the data for completeness and accuracy.

For example, prior-period daily information would not be readily accessible for short-term borrowings that were elected to be measured at fair value, such as repurchase agreements, securities lending transactions and hybrid structured notes. Similarly, under US GAAP, repurchase agreements and securities lending transactions may be netted against reverse repurchase agreements and securities borrowed transactions, respectively, on the face of the balance sheet, if certain criteria are met under FIN 41. Although some of this daily information for fair value measurement and netting under FIN 41 is available in risk management systems, it is not directly linked to the financial reporting systems on a daily basis and only recorded at

month end on a manual basis. As a result, the collection of this daily information from prior periods cannot be compiled without significant burden and expense.

Therefore, similar to current exemptions within Guide 3, we propose that prior-year comparative amounts as previously reported using monthly averages should not be restated and that the proposed transition accommodation be extended to FPI banks and bank holding companies, including CSG. Since CSG does not track daily averages, we strongly urge the SEC to postpone the effective date of these new disclosures for FPIs to no earlier than the annual report on Form 20-F for fiscal year 2011 in order to provide sufficient time to modify financial reporting systems and manual procedures to gather the required daily information on a prospective basis starting January 2011.

**Question 40:** Are any other transition accommodations necessary for any aspects of the proposed requirements? Would any of the proposed requirements present any particular difficulty or expense that should be addressed by a transition accommodation? If so, please explain what would be needed and why. For example, should we provide a transition period to allow smaller reporting companies and/or non-bank companies time to set up systems to gather the data for the proposed disclosure? If so, what should that period be?

Notwithstanding our discussion under Question 39, additional time and effort would be required to gather information for short-term borrowings depending on the ultimate required level of disaggregation by currency or other grouping as described above in Question 4. Similar to the requirement for daily averages, the information relating to the transaction currency of each individual instrument is not currently collected in our financial reporting systems at the CSG consolidated level. All information is reported in the functional currency of each subsidiary in an aggregate amount. Individual instruments in their transaction currency would not be readily available for prior periods. In addition, if the requirement to disclose the largest amount of short-term borrowings outstanding at any time during the reporting period as described above in Question 10 (i.e., intra-day balances as opposed to close of business), significant lead time of at least a year and expense would be required to develop the systems necessary to coordinate the collection of data on a real-time basis throughout the business day from entities in various regions of the globe. This information could never be accumulated for prior periods due to the complexity of information throughout the trading business day, and could only be collected on a prospective basis once systems have been developed.