I.P. MORGAN CHASE & CO.

From: JOSEPH.SCLAFANI@chase.com Sent: Tuesday, September 16, 2003 11:19 AM

To: Director - FASB

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Subject: Comments on Proposed FSP

J.P. Morgan Chase & Co. appreciates the opportunity to comment on the Proposed FASB Staff Position (FSP) No. FIN 46-a, Effective Date of FASB Interpretation No. 46, Consolidation of Variable Interest Entities, for Nonregistered Investment Companies. We wholeheartedly support the Board's decision to defer implementation of FIN 46 for all companies currently following the specialized accounting of the AICPA Audit Guide, Audits of Investment Companies. FIN 46 presents many implementation issues and we commend the Board for its prompt action in response to the concerns raised by its constituents.

Accounting guidance should be consistent across all entities that are subject to the same specialized industry rules. The issuance of this FSP will eliminate the inconsistency that would have resulted between registered and nonregistered investment companies. Deferral of FIN 46 for these companies and reexamination after the larger issue, the definition of an investment company, is clarified by the AICPA's Proposed Statement of Position, Clarification of the Scope of the Audit and Accounting Guide Audits of Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies, will restore consistency.

We urge the Board to act promptly by finalizing this FSP at its October 8th Board meeting to allow its implementation prior to release of third-quarter earnings beginning in mid-October and the subsequent issuance of September 30, 2003 quarterly financial statements. Any delay would result in consolidation of those investments held by investment companies that qualify as variable interest entities under FIN 46 in the September 30, 2003 financial statements with subsequent reversal of the effects of such consolidation in the December 31, 2003 financial statements. There are many implementation issues still to be resolved, such as calculating expected losses, treatment of management fees, determining sufficient equity for operating companies and the status of general partner interests, that are all relevant to the investment company industry. If the Board does not ratify this FSP at the October 8th meeting, then the effects of FIN 46 will be applied on an inconsistent basis across the industry due to inconsistent guidance from the FASB and different interpretations from the "Big Four" accounting firms.