



Shannon S. Warren
Managing Director

December 17, 2007

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO.

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File Reference: Proposed FSP SOP 07-1-a, *Effective Date of AICPA Statement of Position 07-1*

Dear Mr. Golden:

JPMorgan Chase (“JPMorgan Chase” or the “Firm”) appreciates the opportunity to comment on the Proposed FASB Staff Position (“FSP”) No. SOP 07-1-a, *Effective Date of AICPA Statement of Position 07-1* (the “Proposed FSP”).

As indicated in the Proposed FSP, entities have identified significant implementation issues with AICPA Statement of Position 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies* (“SOP 07-1”). JPMorgan Chase, as a member bank of The Clearing House Association L.L.C., has supported several comment letters sent to both the AICPA and the FASB expressing The Clearing House’s major concerns with the Proposed SOP. In addition, as a member of the Dealer Accounting Committee (“Committee”) of the Securities Industry and Financial Markets Association (“SIFMA”), we believe that the implementation issues described in an earlier memorandum sent by the Committee to the FASB are important and require the FASB’s full consideration.

Therefore, at a minimum, the Firm believes that a delay in the effective date of SOP 07-1 would provide the FASB with the necessary time to address the significant issues raised by its constituents and to consider whether SOP 07-1 should be modified. In addition, we believe that it is appropriate that adoption of SOP 07-1 be prohibited for an entity that has not yet adopted. Accordingly, the Firm strongly supports the issuance of the Proposed FSP.

However, we would also like to take this opportunity to express the view that the FASB should not proceed with the issuance of SOP 07-1. With the issuance of FASB Statement No. 159, the need for SOP 07-1 is largely obviated, as entities are able to account for many investments at fair value by electing the fair value option rather than having to qualify as an investment company. Further, we believe that SOP 07-1, by making it more difficult to qualify for investment company accounting, has the effect of

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potentially restricting the use of fair value accounting, which is contrary to the current trend. In addition, implementation of SOP 07-1 has proven exceptionally burdensome in practice, and the difficulty of implementation is not outweighed by corresponding benefits of improved financial reporting. Finally, the Firm believes that the existing guidance for investment companies is sufficient.

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If you have any questions or would like to discuss our comments further, please do not hesitate to contact me at 212-648-0906 or Nicole Karagheuzoff at 212-648-0381.

Sincerely yours,

A handwritten signature in cursive script that reads "Shannon S. Warren".

Shannon S. Warren

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