

July 8, 2009

Technical Director FASB PO Box 5116 Norwalk, CT 06856

File Reference: Proposed FSP FAS 157-g

Dear Technical Director:

ABS Capital Partners appreciates the opportunity to comment on proposed FSP FAS 157-g. ABS Capital Partners was established in 1990 to invest in private companies on behalf of public and private pension funds, endowments, foundations, corporations and individual investors. We have raised over \$2 billion from our investors since our inception. We utilize fund structures which are commonly used by private equity and venture capital fund managers. Investment funds are organized as limited partnerships with a limited life of ten to twelve years. Investors make a commitment to the fund and are admitted as limited partners. We manage the fund as the general partner. Capital is called from the limited partners up to the amount of their commitment as needed to fund investments and expenses of the fund. Investments are generally made during the initial 4-5 years of the fund's existence and are generally held for 3-8 years. As investments are sold, proceeds are distributed to the partners in accordance with the limited partnership agreement. When the last investment is sold or otherwise disposed of, the fund is liquidated and terminates.

In accordance with FAS 157 and the AICPA Audit and Accounting Guide for Investment Companies, we value our investments at fair value and report to our investors their respective share of the net assets of the fund, or the net asset value (NAV) of their interest. We provide complete financial statements on a quarterly basis and believe that the NAVs included in the financial statements provide our investors with consistent and reliable performance and fair value information with respect to their investment.

We believe that NAV is generally the best estimate of the fair value of a limited partner's investment in our fund. An investor makes a long-term commitment to a private equity or venture capital fund because the investor expects to earn a return that is greater than the return the investor would receive by investing in public equity markets. The investor gives up the liquidity associated with public equity markets in return for this higher return. The valuation of our investments reflects this lack of liquidity and the NAV represents a value that provides the investor with an opportunity to earn a return greater than an investment in liquid public equities if the investor continues to hold the investment through the end of the life of the fund. We think that holding the investment through the end of the life of the fund represents "the highest and best use of the asset by market participants" as provided in paragraph 12 of FAS 157. We have observed that sales of limited partner interests in our funds are often at a discount to NAV, but we have also observed sales at NAV and a premium to NAV. These sales are very

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infrequent and generally involve distressed situations. For example, we have observed an average of one sale every two to three years per fund. Thus, substantially all of our investors hold their investment for the life of the fund and are able to realize the value based on the highest and best use of the asset. For these investors, NAV provides the most relevant estimate of the fair value of their investment.

Therefore, we support the basic conclusion of the proposed FSP that permits a reporting entity to estimate the fair value of an investment within the scope of the FSP to use NAV without further adjustment. However, we find the initial phrase in paragraphs 15 and 31D ("In circumstances in which net asset value per share of an investment is not determinative of fair value") to be confusing. It appears to imply that NAV is not determinative of fair value. We think that replacing the initial phrase in paragraphs 15 and 31D with something similar to the following would eliminate some of the confusion: "Net asset value per share of an investment is often the most relevant estimate of fair value available that would not require undue cost and effort. In circumstances in which net asset per share may not be determinative of fair value…"

We believe that investments in private equity and venture capital funds should be categorized as a Level 3 investment. Therefore, users are on notice that the valuation was determined based on the reporting entities own assumptions. We do not believe that distinguishing between NAVs that are representative of fair value and NAVs that may not be representative of fair value but used the practical expedient is useful information for users of financial statements. We believe that trying to make that distinction could lead to unnecessary debates between preparers of financial statements and their auditors with no benefit for the users. Therefore, we recommend dropping the separate disclosure of the fair value of investments to which the reporting entity has applied the practical expedient as provided in subparagraph a. of paragraph 33A.

In addition, as a technical matter, we believe that most private equity and venture capital limited partnerships report partners' capital as a dollar amount and not on a per share basis. Therefore, you might consider deleting "per share" wherever it appears after "partners' capital."

Reponses to certain specific questions in the proposed FSP are set forth below:

Are there circumstances in which an investment might initially have a readily determinable fair value and in a subsequent period not have a readily determinable fair value (and thus arguably become eligible for the practical expedient)?

As discussed above, we believe that NAV represents the best estimate of the fair value of an investment in our funds. We do not believe that the distinction between a "readily determinable fair value" and "not having a readily determinable fair value" is useful for users of financial statements. These investments should be classified as Level 3 investments. This classification informs the users that the valuation involved significant assumptions and judgment by the reporting entity. We do not

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believe that users of financial statements view Level 3 investments as having a readily determinable fair value.

Do you agree with the Board's decision to permit rather than require the application of the proposed FSP?

Yes. We believe that an investor should have the flexibility to make adjustments to NAV if the investor deems the adjustments necessary to avoid conflicts with the "good faith" requirements of the Investment Company Act of 1940 or other relevant regulations.

We appreciate the opportunity to comment on this proposed FSP. If you have any questions regarding our comments, please call me at 410-246-5610.

Very truly yours,

James E. Stevenson, Jr. Chief Financial Officer