September 7, 2010

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

Re: File Reference No. 1830-100

Fair Value Measurements and Disclosures (Topic 820): Amendments for Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs

Dear Technical Director:

OppenheimerFunds appreciates the opportunity to comment on the proposed Accounting Standards Update: Fair Value Measurements and Disclosures (Topic 820): Amendments for Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs ("ASU") and we support the Financial Accounting Standards Board's ("FASB") efforts in adding clarity to the disclosures of fair value measurements to financial statement users.

The proposal attempts to improve comparability of fair value measurements and disclosures between statements prepared under U.S. GAAP and IFRS. The majority of the revisions appear to be non-substantive edits intended to achieve harmonization of terminology between the two standards, which we believe will not materially change disclosure and valuation practices for investment companies that are required to redeem their shares daily at their current fair value.

While we support the objective of the ASU, we are concerned with one provision of the ASU in terms of its application by open-end mutual funds. Paragraph 820-10-50-2f of the ASU would require a measurement uncertainty analysis for assets or liabilities classified as Level 3 within the fair value hierarchy. Entities would need to assess whether reasonable alternatives to the unobservable inputs used in the fair value measurements would have resulted in significantly higher or lower fair values at the financial reporting date. In deriving such alternative inputs, the entity must also consider the effect of correlation between unobservable inputs if it would be relevant to the fair value measurement output.

Entities would then evaluate the significance of such alternative values for potential disclosure of their effect by asset class, including the range of alternative values and how

they were calculated. A separate Board proposal excludes from this analysis any unquoted equity securities¹.

Open-end mutual funds are valued, and bought and sold, at the Net Asset Value ("NAV") established each day. As a result, the sensitivity of asset values to various assumptions is reflected every day in the net asset value at which shareholders buy and sell fund shares. Financial statement disclosure of the sensitivity of a particular asset class, on a backward looking basis, would not only be less meaningful to shareholders than the daily updating of NAV, it also has the possibility of misleading investors who might use it as a measure of NAV volatility, because the market factors affecting the sensitivity of an asset class are likely to have changed since the date of the financial statements.

We therefore recommend that mutual funds who offer daily purchases and redemptions of shares be excluded from the proposed requirements under paragraph 820-10-50-2f.

Limited benefit to Mutual Fund shareholders

The key advantage of Level 3 sensitivity analysis appears to accrue to those investors who use operating companies' financial statements as the basis for evaluating estimated asset and liability values. These disclosures may provide valuable insight into management's estimation practices and the quality of reported earnings. Investors may then use this additional information to adjust their analysis of company earnings, cash flows, asset, and liability values to assess the company.

Mutual funds are subject to certain statutory requirements and guidance by both the Investment Company Act of 1940 ("the 1940 Act") and the Securities and Exchange Commission ("SEC") which among various items, dictates the structure of the fund, reporting to shareholders and oversight responsibilities of the Funds' Boards of Directors (the "Funds' Board").

These requirements result in significant differences as compared to an operating company. As mentioned above, one of the distinguishing characteristics of a mutual fund is the published NAV at which an investor may purchase and redeem shares on a daily basis. Although the stock prices of operating companies are influenced by the disclosures included within their issued financial statements, operating companies themselves do not issue the fair value price at which their shares are to be purchased and sold.

Open-end mutual fund share prices are available at market close each day. In contrast, financial statements are typically not available until 60 days after the fiscal period end. Given the objective of a mutual fund, which is to purchase and sell investments for

¹ See paragraph 109 of Accounting Standards Update Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities (Topic 815).

income and/or gains, there is no guarantee that those investments subject to fair value measurements as of fiscal year end are still held at the date of report receipt. This reporting delay significantly diminishes any benefit that a shareholder might anticipate from the measurement uncertainty analysis.

If the objective of this analysis is to provide information regarding the uncertainty inherent in the unobservable inputs, it appears to have limited benefit to mutual fund shareholders as the value of fund shares are not affected by this disclosure, nor is there any certainty that the mutual fund will continue to hold such assets or liabilities after the financial statement report date.

Increased Investor confusion and uncertainty

FASB believes that synchronizing the fair value measurement disclosure requirements will increase the comparability of statements prepared using U.S. GAAP and those prepared under IFRS. The Board further believes that such standardization will reduce diversity in valuation practices and simplify financial reporting.²

NAV represents the Investment Advisor's best estimate of the fund's value each day utilizing those pricing procedures and standardized methodologies as approved by the Funds' Board of Directors. Disclosures of a range of asset and liability estimates may confuse investors and raise questions as to the validity of fund valuation practices, lessening confidence in the reported NAV and fund returns.

In seeking to accurately describe the subjectivity used in determining such alternative values, investor misgivings may be reinforced by technical descriptions of the Investment Advisor's approach to varying the alternative inputs used for each class of securities. Assuming that the Investment Advisor is able to clearly summarize a variety of alternative valuation methodologies, the benefit to the investor is debatable as the value of the information would likely not warrant the additional costs resulting from such disclosures. Investors would likely incur additional expenses related to the analysis, documentation, printing, and mailing costs needed to support the sensitivity analysis. Further, fund auditors may increase their fees to support the additional resource hours required to evaluate the reasonability of the measurement uncertainty analysis and its inclusion in, or exclusion from, financial statement disclosures.

² See paragraph BC8 of the ASU's Background Information and Basis for Conclusions.

³ See paragraph 820-10-55-81 of the ASU which states that a "reporting entity should provide any other information that will help users of its financial statements to evaluate the quantitative information disclosed. For example, a reporting entity might describe the relative subjectivity and limitations of the unobservable inputs and the range of unobservable inputs used."

Unintended consequences

As discussed within paragraph BC58 of the Background Information and Basis for Conclusions, it is the Board's intent to provide users of financial statements with information about the measurement uncertainty inherent in Level 3 securities at measurement date. The Board specifically states that "The proposed disclosure is not intended to reflect remote (including worst-case) scenarios and **it is not forward looking** (that is, the analysis in the proposed disclosure is not meant to predict how a fair value measurement would change in the future because of changes in future economic conditions.)" [Emphasis added]

As the transaction value of an open-end mutual fund share is published each day, and it is uncertain that fair valued investments continue to be held at report date by the Fund and for that matter at report issuance date, investors may determine that the value of the fair value uncertainty analysis as related to mutual funds is an indication of future pricing or portfolio risk.

Although the Board may not intend that users interpret this information as predictions of future valuations, we believe that users may infer such information from the range of estimates provided. The unintended use of this disclosure may lead to future litigation on the basis that the range of estimates did not reflect subsequent pricing volatility, and the implication that the disclosure itself, or the valuation practices supporting such disclosure, were inadequate or misleading to fund shareholders.

* * *

A proponent of educating and empowering investors, OppenheimerFunds supports the Financial Accounting Standards Board ("FASB") in its pursuit of enhanced qualitative disclosures to provide the financial statement user with relevant and concise reporting.

We support the exclusion of unquoted equities securities from the measurement uncertainty analysis. We would recommend that this exclusion be incorporated directly within Topic 820, so that its effectiveness is not contingent upon the adoption of the proposed Accounting Standards Update Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities (Topic 815).

We believe that current investment company disclosures provide sufficient insight into fund valuation practices so that investors can evaluate sources of information and potential impact to the valuation of the fund's underlying investments.

We urge the Board to consider excluding open-end investment companies from the requirements of a fair value uncertainty analysis as we believe that it introduces

ambiguity into financial reporting which is detrimental to the goal of clear and simplified disclosures to assist in investor decision making.

We appreciate the opportunity to comment on the proposed ASU. Please feel free to contact me should you require additional information on the comments provided herein.

Sincerely,

Brian Wixted

Brian W. Wifted

Senior Vice President and Treasurer of the Funds

(303) 768-3468