

Blackstone

December 2, 2011

Technical Director
Financial Accounting Standards Board
401 Merrit 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Technical Director,

RE: Proposed Updates on Investment Property Entities, Investment Companies, and Principal versus Agent Analysis

The Blackstone Group (“Blackstone”) appreciates the opportunity to comment on the recently issued FASB Proposed Updates (the “Proposed Updates”) on the following topics:

- Real Estate – Investment Property Entities (Topic 973)
- Financial Services – Investment Companies (Topic 946)
- Consolidation – Principal versus Agent Analysis (Topic 810)

Blackstone is a leading alternative asset manager, managing various private equity funds, real-estate focused funds, funds of hedge funds and credit oriented funds with approximately \$158.7 billion of assets under management, as of September 30, 2011. The Proposed Updates are expected to have a significant impact on Blackstone and we request an extension of the comment period to allow sufficient time to evaluate this impact, both individually and collectively. Specifically, additional time is required to evaluate whether Blackstone managed funds and other vehicles, including single investor funds, single investment funds, asset-backed securitization vehicles and blocker funds, would meet the definition of an investment company and if not, what the accounting implications would be. Further, one of Blackstone’s reportable segments is Hedge Fund Solutions which, amongst other activities, comprises a significant funds of hedge funds business in which Blackstone funds invest in third party hedge funds. The changes relating to the consolidation of one investment company by another where a controlling financial interest is held as contained in the *Financial Services - Investment Companies* Proposed Update need to be evaluated in the context of our funds of hedge funds business. Blackstone would need to evaluate whether the changes would provide meaningful information to users of financial statements and whether it is operationally possible to provide such information. In addition, Blackstone has a significant presence in the management of real-estate focused funds which may be impacted by the Proposed Updates contained in *Real Estate – Investment Property Entities*. A full evaluation of all of our real-estate focused funds is required to determine if they are Investment Property Entities or Investment Companies or neither and to evaluate any changes in the related accounting.


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Blackstone manages a number of complex fund structures and other alternative vehicles. In order to evaluate the impact of the Proposed Updates contained in the Principal versus Agent Analysis, it is necessary to review each type of fund structure to determine the capacity in which Blackstone acts. It is only with this in depth review that Blackstone will be able to provide robust comments which have the ultimate objective of providing users of financial statements with meaningful financial information.

As the three topics are interrelated and impact consolidation overall, we feel it is necessary to review and evaluate concurrently. The current comment period does not allow sufficient time to perform a comprehensive review of the impact of the changes, especially in light of the year end reporting timeframe. We therefore request an extension to at least February 15, 2012. This additional time will allow Blackstone to provide meaningful and well researched comments.

We appreciate your consideration of this request. If you have any questions concerning this request, please do not hesitate to contact me at 212 583 5605.

Yours truly,



Kathleen Skero
Finance Director
The Blackstone Group