July 8, 2009

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

File Reference: Proposed FASB Staff Position FAS 157-g

Dear Mr. Golden:

Marcum LLP is pleased to comment on the proposed FASB Staff Position No. FSP FAS 157-g, “Estimating the Fair Value of Investments in Investment Companies That Have Calculated Net Asset Value per Share in Accordance with the AICPA Audit and Accounting Guide, Investment Companies” (the “proposed FSP”). We have reviewed the proposed FSP and have the following responses to the questions asked. We have listed each of your questions in bold italic below, followed by our response.

**Question #1**

*Do you believe there are other investments that should be within the scope of this proposed FSP? If so, what principle should be used to determine which investments are within the scope of the proposed FSP?*

**Response**

We believe that there are other types of investments that should be included within the scope of this proposed FSP. Specifically, we believe that the FASB should include all entities, or investment vehicles, that require redemption or withdrawal of such investment either at net asset value “NAV”, or, if NAV is not calculated or issued, an interest (ownership) percentage “Interest”. We believe that the term “partners’ capital per share” should be clarified to state “partners’ interest or percentage interest” since it is not common that investors in partnerships would be provided with a per share interest. We also believe that the FSP should address that it would be applicable for all investment vehicles, which include non-U.S. entities that may use IFRS or some other accounting principle, as long as redemption or withdrawal is required by their governing documents (such as private placement memorandums) at NAV or Interest.

**Question #1 (continued)**

*Do you agree that the Board should not permit the application of the proposed FSP to investments in entities that have readily determinable fair values as defined in paragraph 3 of Statement 115?*
Question #1 (continued)

Response
We agree that the Board should not permit the application of the proposed FSP to investments in entities that have readily determinable fair values as defined in paragraph 3 of Statement 115 (with one exception described in paragraph 13 of this proposed FSP). However, we believe the FSP should address or give further clarification or definition of what an active market would be for these investment vehicles. In addition, consideration and further guidance should be given when the investment is listed on an exchange, but such investment may have no volume (may be closely held by one or two large investors), and therefore the quoted price may not be indicative of fair value.

Question #2
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)? If so, please describe those circumstances. In those circumstances, should the investment be eligible for the practical expedient even though the investor may not be able to transact with the investee (fund) at net asset value per share?

Response
We believe there are 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. Additional clarification of fair value and which input should be used in the circumstance where there is a significant amount of subscription and redemption activity (i.e. in a Master/Feeder situation as defined in the AICPA’s Investment Companies guide) or contribution and withdrawal activity (i.e. in an investment partnership). Initially, such investments have a readily determinable fair value, however, in subsequent periods, if there is no activity, there may be no readily determinable fair value. We believe the practical expedient, even though the investor may not be able to transact with the investee (fund), should be eligible in such situations.

Additionally, we believe that existing guidance on determining fair value for investments in entities that have readily determinable fair values as defined in paragraph 3 of Statement 115 (with one exception described in paragraph 13 of this proposed FSP) has already been prescribed by the FASB through FSP FAS 157-3 “Determining the Fair Value of a Financial Asset when the Market for that Asset is Not Active” and “FSP FAS 157-4 “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly”.

Question #3
The Board also considered alternative approaches to the scope of this proposed FSP. One approach would have indicated that a condition to using the practical expedient is that the primary means to enter and exit the investment is transactions (for example, redemptions or distributions) between the investor and the investee (that is, the fund) at net asset value per share. Another approach would have indicated that a condition to using the practical
Question #3 (continued)

expedient is that the principal or most advantageous market for the investment is transactions (for example, redemptions or distributions) between the investor and the fund at net asset value per share. Do you believe the Board should pursue one of the alternative approaches instead of the approach taken in this proposed FSP? If so, why?

Response
Yes, consistent with our response to Question #1, we believe that both of these alternative approaches should be considered. Prior to defaulting to the practical expedient as fair value the principal or most advantageous market should first be considered. If there are alternative ways to exit out of an investment (and not required to exit via a submitted withdrawal or redemption request), and that exit method is allowed by the investee’s governing documents, we believe that should be considered prior to input used. Once the principal or most advantageous market is determined, then consideration should be given to the exit price for the withdrawal, redemption or distribution activity. If there is no market, and/or no activity, the practical expedient should be used.

Additionally, consideration should be given to the situation when the reported NAV or Interest is not the same as the measurement date. For example, if the investee does not have a calendar year end or does not produce NAV or Interest on a regular basis, can the last reported price be rolled forward to the measurement date? Consideration also should be given to how NAV or Interest is derived. If the audited financial statement contains a GAAP departure (such as amortization of organization costs) should the NAV or Interest be used if that is the price that the investment can be exited at? IFRS, Tax Basis, and Other GAAP, should also be considered as a valid NAV or Interest if the investor can redeem at that reported amount. If the investee’s governing documents dictate the calculation of the NAV or Interest, and there is no other market than the investor either requesting a withdrawal or redemption, or is locked in at a distribution price, as calculated and defined within such governing documents, then that should be the fair value used. We believe that consideration of the underlying assets and liabilities used in developing the NAV or Interest is not necessary if the only price to redeem the investment is already defined in the governing documents.

Question #4
The Board recognizes that permitting rather than requiring the application of this proposed FSP for entities within its scope potentially reduces comparability. The Board decided to permit rather than require that reporting entities apply this proposed FSP to investments within its scope, in part, to avoid potential conflicts with the “good faith” requirements of the Investment Company Act of 1940 and Accounting Series Releases No. 113, Statement Regarding “Restricted Securities,” and No. 118, Accounting for Investment Securities by Registered Investment Companies. Do you agree with the Board’s decision to permit rather than require the application of this proposed FSP? Are there any other unintended consequences of requiring the application of this proposed FSP to investments within its scope?
Question #4 (continued)

Response
We agree with the Board’s decision to permit rather than require the application of this proposed FSP since there may be other observable factors to consider when evaluating the fair value of the investment. We believe clarification should be made with respect to when this practical expedient should be used. Also, if the practical expedient was used, is this an accounting policy choice that should be disclosed in the footnotes to the financial statements and should disclosure be required to discuss why it was used as fair value?

We also believe additional consideration should be given regarding NAV or Interest as a starting point in determining fair value. If the entity believes that the NAV or Interest should be adjusted for specific situations, the proposed FSP should address that would be acceptable as long as the amounts and rationale used were disclosed in the financial statements.

Additionally, we suggest that the Board provide further clarification or consider deleting the phrase “is not determinative of fair value” in paragraph 15 of the proposed FSP since it is not clear.

Question #5
Are the disclosure requirements of this proposed FSP operational?

Response
Generally, we believe that the requirements of this proposed FSP are operational, however, paragraph 16 states that “if an investment is within the scope of this FSP…. “ which implies that each investment would require the disclosure, as opposed to only significant investments or investment categories. This task would be onerous and would be disproportionate when compared to the disclosure requirements required for the schedule of investments. We believe that the threshold for this disclosure requirement should be consistent with item 7.14 and 7.16 of the AICPA Investment Guide, which states that either 1% or 5% of net assets (or partners’ capital) require separate disclosure in the schedule of investments, and is based on whether the reporting entity is registered or subject to other regulatory requirements.

Question #5 (continued)
Should the Board require all of the disclosure by major category (or should it permit some of them on a more aggregated basis)?

Response
We believe the Board should provide examples of the application of acceptable “major category” aggregations that are indicated in paragraph 16 of the proposed FSP. Should the major category agree to the schedule of investments? If the major category is determined based on nature and risks, we believe the Board should clarify what is meant by “nature and risks” of an investment. Does the nature of the investment mean the investment strategy? Is the risk divided into counterparty risk, liquidity risk, etc.? How can this classification be audited by the investors’ independent auditors?
Question #5 (continued)
If the final FSP is effective upon issuance (for example, assume issuance is July 31, 2009), can the disclosures be provided for prior periods for which financial statements have not been issued?

Response
We do not believe that the FSP should be effective upon issuance as it requires many new disclosures, which may not be readily available, and it would also be problematic for employee benefit plans (since they have a July 31st deadline) and insurance companies. Additionally, it would be problematic for the second quarter 10-Q’s since they would need to apply this guidance immediately.

We believe that comparative disclosure should not be required since it may be difficult to obtain that information, and consistent with SFAS 157, the disclosure should be prospective in nature. The Board should consider a required implementation date for fiscal periods ending on or after September 15, 2009 with early application permitted, to allow preparers sufficient time to gather the information required for disclosure.

Question #5 (continued)
Are there other disclosures that the Board should consider requiring?

Response
We believe the Board should provide a comprehensive example disclosure, with implementation guidance, that would incorporate all the required disclosures contemplated by paragraph 16.

The Board should consider expanding the guidance for items (a), (b) and (c) of paragraph 16. Specifically, (a) should be expanded to include why the practical expedient was used as fair value; (b) should be expanded to include clarification over the term “finite lived investment” (what if the investment partnership’s governing documents state 50 years, is that finite lived?) and the date that the investment is expected to end should be included; and (c) should be expanded to include the timing and amount of expected unfunded commitments.

We believe the cost of the investment is an important disclosure and should be added as item (g) to paragraph 16.

We also believe additional disclosures should include the investor’s ownership percentage in the investment vehicle (if not already indicated on the schedule of investments). In situations where a redemption or withdrawal is requested, but has not yet been distributed to the investor, the ownership percentage reported at the measurement date may not include this request and therefore disclosure should indicate this situation and state the ownership percentage was determined prior to this request.

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Marcum LLP appreciates the opportunity to provide comments on the proposed FSP. If you have any questions concerning our comments, please contact Christina Catalina at (631) 414-4414.

Very truly yours,

Marcum LLP

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