

Wellington Management Company, LLP

75 State Street Boston Massachusetts 02109

Telephone: (617) 951-5000



October 30, 2008

LETTER OF COMMENT NO. 7

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

Re: File Reference No. 1620-100 - Exposure Draft, Proposed Statement of Financial Accounting Standards, Amendments to FASB Interpretation No. 46 (R)

Dear Mr. Golden,

Wellington Management Company, LLP ("WMC" or the "Firm") appreciates the opportunity to respond to the proposed "Amendments to FASB Interpretation No. 46 (R). "We are pleased to see that FASB is moving back toward accounting principles for consolidation as opposed to merely adding to the accounting rules that seem to dominate FIN 46(R) today.

In this comment letter, we are encouraging the FASB to move even further away from a rule-based mechanical calculation methodology to develop a comprehensive approach of establishing broad principles for consolidation. We also believe the Board should consider deferring its proposed amendments to FIN 46 (R), and rather incorporate these concepts into its broader joint FASB/IFRS consolidation project(s).

If the Board decides to move forward with revising FIN 46(R) again, we believe that a critical ingredient to any broad principles it proposes must be one that recognizes when the operations and financial position of variable interest entities ("VIEs"), and therefore the risks, are inextricably linked to a consolidating entity's results of operations and financial position, the VIE should be consolidated. Conversely, when a VIEs operations and financial position are merely associated with those of a variable interest holder that may have sponsored or created the VIE, and other variable interest holders bear the majority of risk, then consolidation accounting is not appropriate as such consolidated financial statements will not be "meaningful" nor provide "fair presentation" to shareholders and creditors of the sponsoring entity.

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Overview and Background:

WMC is a Massachusetts limited liability partnership and is registered as an investment adviser with the US Securities and Exchange Commission ("SEC"). WMC offers investment management services for a fee that is assessed against the assets under management of our clients. Our clients fall into three categories: 1.) sub-advisory to U.S. and non-U.S. mutual funds and hedge funds sponsored by unaffiliated parties; 2.) institutional separate accounts; and, 3.) privately offered pooled investment vehicles sponsored by WMC including collective investment funds, common trust funds, non-U.S. domiciled funds ("Offshore Funds"), and U.S. and non-U.S. domiciled hedge funds (collectively "WMC Sponsored Funds").

We evaluate all of our WMC Sponsored Funds for possible consolidation under the present FIN 46 (R) model. In addition, we evaluate each of our sub-advisory relationships for possible consolidation under the current model. We consider the management fees and performance fees that we earn from the WMC Sponsored Funds as variable interests. Also, when evaluating the primary beneficiary determination under the current form of FIN 46 (R), we consider the impact of investments by the Firm and related parties of the firm into the WMC Sponsored Funds when measuring our total variable interest.

WMC may make investments into WMC Sponsored Funds that are required by the structure of the entity, such as a general partner's interest in a limited partnership. In addition, WMC may invest directly into a pooled investment vehicle on a temporary basis to seed that vehicle. Investments by certain partners and employees of the Firm in the various WMC Sponsored Funds are independent investment decisions made on a voluntary basis. These related party investors are treated the same as all other investors in those funds, with participants entering into standard agreements like other clients. In some instances, fee arrangements and certain investment size restrictions may differ for related parties of the firm. Such related party investments are not done for WMC's corporate purposes and related parties of the Firm are not influenced on the direction of their investments by any other related party.

The comments and the numbered questions below correspond to the specific "Requests for Comment" the FASB set out in its Exposure Draft:

1. Will the proposed Statement meet the project's objectives to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements?

WMC is concerned that even with the proposed FIN 46 (R) amendments, consolidation of several of its WMC Sponsored Funds may still be required, and that the resulting financial statements will not be meaningful to our users. The guiding principle of ARB

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51 "Consolidated Financial Statements" is to present consolidated financial statements in instances where they are more meaningful than separate financial statements and necessary for fair presentation when one of the entities in the consolidated group directly or indirectly has controlling financial interest in the other entities.

WMC is in the business of managing the assets of our clients for a fee. Our clients' invest in WMC Sponsored Funds to have their assets managed with a goal of earning income or realizing gains. WMC's business and our clients' investments mutually benefit from the positive performance of the underlying assets, however this mutual interest is not an indicator that consolidation of the operations and financial position with our clients' assets provides "meaningful" or "fair presentation."

When WMC Sponsored Funds are considered VIEs, there are situations under the proposed amendments to FIN 46 (R) that will result in WMC having a controlling financial interest, and thus requiring consolidating the operations and financial position of WMC Sponsored Funds. WMC believes that consolidation of its WMC Sponsored Funds does not reflect the economic reality that clients of the WMC Sponsored Funds, including related parties of the Firm, bear the majority of the risk associated with their investment. Said differently, consolidation of its WMC Sponsored Funds would result in a distorted and misleading gross presentation of potentially billions of dollars of client net assets and operations on WMC's consolidated financial statements despite WMC bearing no direct risk related to those assets and operations.

Appendix I to this letter shows five different types of hypothetical WMC Sponsored Funds that have substantially the same investment, goals, operations, reporting requirements, and only slightly different organizational structures. As we understand the proposed amendments to FIN 46 (R), three of the WMC Sponsored Funds would require consolidation. We do not believe that FASB intended this anomaly, and we think it is likely that further "structuring" will be undertaken in the industry to achieve appropriate financial reporting, i.e. non-consolidation of pooled-investment vehicles.

3. The Board decided to adopt a more principles-based approach to determine the primary beneficiary of a variable interest entity. Do you believe the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, are sufficiently clear and operational?

If the Board decides to move forward with revising FIN 46(R) rather than stepping back to propose a new pure principle based consolidation model, then we suggest expanding some of its proposed concepts to de-link the role of "sponsor" from what appears to be a de facto presumption of "controlling financial interest." In paragraph 14A Step 1 – Qualitative Analysis, FASB introduces a concept that the qualitative assessment of determining the primary beneficiary should also consider the VIE's " purpose and design, including the risks that the entity was designed to create and pass through to its

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variable interest holders." Paragraph B30 of the proposed FIN 46 (R) amendments directs an entity to apply the risk guidance in FSP FIN 46 (R) – 6 "Determining the Variability to be Considered in Applying FIN 46 (R)," which denotes credit risk, interest rate risk, foreign currency exchange risk, commodity price risk, equity price risk and operations risk as the various types of risks to consider in the design of an entity. We believe that the FASB needs to expand on this risk concept in Paragraph 14A subparagraph a. In addition to the power to direct matters concept, we suggest adding something to the effect of: "and the responsibility to absorb the risks specifically designed for the equity investment at risk holders in the VIE." Thus, a sponsor, who designs the entity, does not have a controlling financial interest, and passes all the risks of the VIE to the holders of the VIE, should not be required to consolidate the VIE simply as a result of sponsoring the entity.

9. Should the elements of a consolidated variable interest entity be required or permitted to be classified separately from other elements in an enterprise's financial statements?

If the Board is not persuaded by any of the arguments above for non-consolidation of pooled-investment vehicles by the sponsoring entity, then we recommend separate classification of VIEs in the financial statements. In fact we recommend 'one-line' consolidation presentation, e.g. "Total Assets from VIEs" "Total Liabilities from VIEs" "Minority Interest of VIEs" and "Net increase/decrease in net assets from VIEs operations" "Less: Minority Interest increase/decrease in net assets from VIEs operations." This one-line presentation could be accompanied with footnote disclosure that provides more information about the VIEs and their relationship to the consolidating entity, and will readily allow our partners and creditors to ignore the "GAAP" financial position and operations of VIEs that are unrelated to our business.

As previously communicated, Wellington Management Company, LLP would like to participate in the Roundtable scheduled for November 6, 2008. If you have any questions or comments regarding our letter, please do not hesitate to contact me.

Sincerely,

James D. Campbell Vice President, Finance

Director of Accounting Policy and Control

Direct Dial: 1-617-790-7634

Appendix I Wellington Management Company, LLP Proposed Amendments to FIN 46 (R) - New Model

Sponsored Funds Analysis - Hypothetical Example	Onshore Hedge Funds	Offshore Hedge Funds	Collective Investment Funds	Common Trust Funds	Offshore Mutual Funds
WMC Sponsored Products:	T				
Investors:					
Fund size	\$500 mil	\$500 mil	\$500 mil	\$500 mil	\$500 mil
WMC or affiliate	\$100K	\$100K	\$100K	\$100K	\$100K
WMC Related Parties - 7% ownership	\$35 mil	\$35 mil	\$35 mil	\$35 mil	\$35 mil
Structure: Legal form, clients' rights and Sponsor's fees					
Limited partnership	V		<u> </u>	<u></u>	
Trust			V		7
Clients invest directly into fund			7		V
Clients invest through conduit entity	√ -	V			
Subscription rights - share purchases	√	1	V		7
Withdrawal rights - share redemptions	\ \frac{1}{2}		V		√ -
Kick-out Rights - ability to remove to directors					7
Dissolution rights - to close operations of the entity	V				
Management fee - Sponsor's variable interest	√	4	√.	√	7
Performance fee - Sponsor's variable interest	V	1	7		1
Variable interest entity under FIN 46 (R)	7427 · .	* · V	N N N N N N N N N N N N N N N N N N N	» V	, w
Sponsor: Administrative and operational responsibilities					
Design entity	V	V	√		√
Investment adviser	V	√	√		√
Portfolio Manager	V	√ V	V		√ .
Investment Management Team	1	√	V	V	V
Investment Allocation	√	√	V	√	V
Enter into contracts on behalf of the entities	√ √	√			1
Preparation of financial statements	\\	√	V	√	V
Accounting oversight of third-party fund accountant	V	√	√ _	1	V
Financial analysis of operations of the entities	V	V	1		√
Client Reporting	V	√	1		√
Service provider selection and oversight	√.	√	7	√	V
Performance reporting	√-	√	V	√	V
Portfolio administration (dividends, corporate actions)	√	1	1	√	$\sqrt{}$

Consolidation:				
Consolidation under proposed model	No. 22 No. Yes	o∵ Yes	Yes	No
Consolidation under existing model	- No No	No	No	No∴

Legend	_
V	=Yes, or applicable to this structure.
	=No, or not applicable to this structure.