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March 31, 2009

Technical Director
Financial Accounting Standards Board (FASB)
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



Re: Proposed FSP FAS 157-e

LETTER OF COMMENT NO. 225

Dear Director:

First, let me thank the Board and the Technical Director for this opportunity to comment on the proposed FSP. These comments are submitted on behalf of OppenheimerFunds, Inc. ("OFI") in response to Proposed FSP FAS 157-e.

OFI is the investment manager for more than 100 registered investment companies comprising the Oppenheimer family of mutual funds (the "Funds"). Including its affiliates, OFI manages assets in excess of \$130 billion. On a daily basis, OFI values more than 15,000 individual securities held by the Funds in order to derive a daily net asset value ("NAV") for each of the Funds. This valuation process involves, among other things, the daily collection of pricing data with respect to all of the Funds' portfolio securities followed by the use of that information to compute the Funds' daily NAVs. Furthermore, because most of the pricing data is not received until the close of various markets, this valuation process must be performed in a very short timeframe, often within a matter of a few hours.

OFI believes that given the significant related operational implications application of FSP FAS 157-e for investment companies is burdensome and impractical.

The following is a list of OFI's concerns, from an investment company perspective, regarding the proposed FSP FAS 157-e:

1. Proposed amendments to FAS 157 are unnecessary. The existing standard clearly states that a fair value measurement assumes an orderly transaction (i.e., a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary; it is not a forced transaction or distressed sale). Mutual funds and other investment companies (and their pricing vendors) currently disregard distressed sales in their value determinations. The criteria for determining inactive markets and distressed sales described in the proposed FSP FAS 157-e impose burdensome processes onto the security valuation process that are unnecessary and impractical.

2. The proposal would allow entities to disregard trades/quotes that provide legitimate inputs to the valuation process. Entities will instead be able to utilize internal assumptions that will likely cause reported values to be higher than justified by current market. The proposal seemingly moves away from “exit value” notion, which is a critical component of the open-end mutual fund structure because purchases and redemptions occur daily at an NAV that is materially affected by the valuation of investments held.
3. Paragraph 15/Paragraph A32C – If an entity concludes a transaction is “distressed” it must use a valuation technique other than one that uses the quoted price without significant adjustment. We believe paragraph 13 (as currently structured) combined with paragraph 15 will require entities to disregard legitimate trades/quotes (because they cannot gather the evidence to prove a trade is not distressed) and will be forced to disregard inputs that are bona fide inputs to the valuation process. We believe the language in paragraph 15/paragraph A32C should be changed so that it is optional and not mandatory for all entities. This would allow certain entities to use the quoted price in its valuation technique for “distressed” transactions if the price represents the current trading value. This is a critical component for open-end mutual fund structures that follow an “exit value” notion.
4. Paragraph 11/Paragraph 29A – The proposal describes seven factors for assessing whether a market is not active, including: few recent transactions. Is this intended to be a relative or an absolute concept? For example, current markets for certain asset classes may have much less volume compared to two years ago. However, they have more volume than six months ago. The level of trading in certain asset classes may never return to levels experienced two years ago and that level of trading should not be the baseline for concluding current markets are inactive.
5. Paragraph 13 – The proposal presumes inactive markets are distressed absent evidence to the contrary. We suggest the proposal should presume markets are not distressed absent evidence to the contrary and place the evidence gathering burden on those who wish to disregard trades/quotes from inactive markets. We believe it will be difficult and burdensome to gather evidence necessary to conclude a market is not distressed and this will create a bias to move away from trades/quotes from inactive markets and toward valuation through internal assumptions.
6. Paragraph 13 – We have concern that entities may purchase securities in inactive/distressed markets and recognize “day 1 gains” by writing up the value of the security through use of internal assumptions.

Thank you for your consideration.

Brian W. Wixted

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