Russell G. Golden, Technical Director
File Reference No. 1810-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference: No. 1810-100, *Financial Instruments (Topic 825) and Derivatives and Hedging (Topic 815) – Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

Natixis Global Associates, on behalf of the Natixis Funds, Loomis Sayles Funds and Hansberger International Series (the "Funds[1]"), appreciates the opportunity to comment on the above-referenced Proposed Accounting Standards Update (the "Proposed ASU").

We generally are supportive of the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") efforts to achieve a single set of global accounting standards. We are, however, concerned with and oppose the Proposed ASU requirement for investment companies to include transaction costs associated with the purchase and sale of financial instruments as an expense in determining net investment income when incurred. Please find below our response to Question 11 raised by the FASB in the Exposure Draft and our comments related thereto.

Question 11: *Do you agree that transaction fees and costs should be (1) expensed immediately for financial instruments measured at fair value with all changes in fair value recognized in net income…?*

Natixis Global Associates serves as administrator for the Funds and is responsible for the preparation of the Funds' financial statements. Based on our experience in administrating the Funds we believe that the requirements to recognize transaction costs as an expense in the statement of operations will not produce meaningful information or results for current or prospective Fund shareholders for the following reasons:

<u>Distortion of the Comparability of Fund Expense Ratios</u>

Including transaction costs on financial instruments as an operating expense of a fund will have a direct impact on the expense ratio (i.e., fund expenses expressed as a percentage of net assets) of the fund. The variability of transaction costs from one fund to another will make comparisons of expense ratios between funds less meaningful. Currently, expense ratios of most funds are relatively stable from year to year. Significant differences can arise in transaction costs due to: portfolio transactions related to growth/reduction in fund assets, changes in

[1] The Funds consist of 40 separate series registered under the Investment Company Act of 1940, with aggregate net assets in excess of $59 billion.

investment strategy and/or investment managers. In particular, a new fund that experiences rapid growth due to shareholder subscriptions could be perceived as a fund that will consistently produce higher costs compared to a similar more mature fund with a larger stable asset base. Further, it is not clear from the Proposed ASU if the expensing of only explicit transaction costs will be required or if implicit transaction costs (related to fixed income and other over –the-counter instruments) will also be required to be expensed. If implicit transaction costs are required to be expensed, we see the opportunity for inconsistent computation of these amounts (leading to further comparability issues amongst funds) as no industry standard exists for these calculations. We believe that the Proposed ASU will have the biggest impact to fund shareholders in this regard, due to the potential for altering critical financial fund expense ratio information to a point where it loses its useful purpose for current and prospective shareholders.

Creation of additional differences between net investment income determined under GAAP and Taxable Income computed in accordance with Internal Revenue Service Rules and Regulations

Current tax rules and regulations require that transaction costs associated with financial instruments be included in the basis of the instrument for purposes of determining realized gain or loss. Therefore, taxable income for income distribution purposes will be higher than the GAAP reported net investment income if the Proposed ASU is issued in its current form. This may lead to further confusion for fund shareholders and could also trigger additional expense and reporting to fund shareholders to comply with Section 19 of the Investment Company Act of 1940, which requires an accompanying notice to shareholders for distribution amounts in excess of book net investment income.

Transaction Costs will not impact a Fund’s daily net asset value

Under current GAAP for investment companies, transaction costs are included in the basis of financial instruments which are carried at fair value on a daily basis for purposes of determining the net asset value at which shareholders transact with the fund. Accordingly, all transaction costs are recognized by the funds immediately through unrealized gain or loss in the statement of operations (which includes net investment income, net realized gain or loss and the change in unrealized gain or loss on investments). If , as proposed, transaction costs are treated as a current operating expense rather than as a trading expense, transaction costs will not change a fund’s daily net asset value.

Transaction Costs will not impact a Fund’s total return calculation

Total return calculations produce industry standard performance measurement amounts that are used by current and prospective fund shareholders to evaluate and compare funds. These calculations are primarily based on the change in a

> fund's net asset value. As stated above, the Proposed ASU treatment for transaction costs will not impact a fund's daily net asset value calculation amount.

If the FASB does determine that the separate reporting of transaction costs will provide meaningful information for investment company shareholders, we would suggest that such information be disclosed in the footnotes to the financial statements as a percentage of the principal amount of investment transactions and average net assets. Such amounts should also be further disclosed to distinguish between explicit and implicit costs.

Very Truly Yours,

Michael C. Kardok
Senior Vice President – Natixis Global Associates
Treasurer and Chief Financial Officer – The Funds