February 15, 2012

Susan M. Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Via email: director@fasb.org

Re: Proposed ASU, Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements (File Reference No. 2011-200)

Dear Technical Director:

This letter represents the comments of certain members (see list on page 11) of the Asset Management Industry Accounting Policy Group ("AMIAPG"), comprising a forum of companies primarily engaged in the asset management business. The AMIAPG companies represented by this letter include both publicly-traded and privately-held asset managers who collectively manage almost 7,000 investment funds, both domestically and internationally, including registered investment companies, hedge funds, private equity funds, exchange-traded funds and collective investment trusts (collectively, "funds"), in addition to separate accounts and other sponsored investment products. The nine companies represented by this letter collectively have subsidiaries registered as investment advisors, broker/dealers, trust banks and insurance companies, and oversee approximately \$8.5 trillion of assets under management.

We appreciate the opportunity to provide comments to the Financial Accounting Standards Board (the "FASB" or the "Board") on the Proposed Accounting Standards Update ("ASU"), Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements ("the Proposal" or the "Proposed ASU"). We commend the work of the Board, together with the International Accounting Standards Board ("IASB"), to further refine (US GAAP) and to develop for the first time (IFRS) guidance that acknowledges the unique nature of the investment management industry. We believe that fair value is the most relevant basis to present financial information for investment companies. We commend the Board on its decision to continue to allow the retention of investment company accounting upon consolidation by a non-investment company parent, which is in contrast to the IASB's proposal, which does not allow the retention of investment entity accounting upon consolidation by a non-investment entity.

We have two primary concerns with regard to the Proposed ASU. The first is the "all or nothing" rules-based definition of an investment company. The second is a proposed requirement that investment companies consolidate controlling financial interests in other investment companies,

which is inconsistent with the IASB's proposal. We encourage the Board and the IASB to issue a converged standard that would require all investments (including investments in other investment companies) to be measured at fair value, thereby achieving a consistent basis for all investments of an investment company.

Question 1: The proposed amendments would require an entity to meet all six of the criteria in paragraph 946-10-15-2 to qualify as an investment company. Should an entity be required to meet all six criteria, and do the criteria appropriately identify those entities that should be within the scope of Topic 946 for investment companies? If not, what changes or additional criteria would you propose and why?

We do not agree with the requirement that all six criteria in paragraph 946-10-15-2 must be met in order for an entity to be considered an investment company. We are concerned that this type of requirement is too prescriptive and generally inconsistent with a principles-based accounting standard. We strongly encourage the Board to consider a qualitative assessment of the criteria, in a manner consistent with the approach proposed by the Board for the principal versus agent analysis under the Proposed ASU, *Consolidation (Topic 810): Principal Versus Agent Analysis*. Companies should be allowed to evaluate the facts and circumstances relating to the various criteria outlined in the standard and determine, based on the preponderance of the evidence, whether an entity meets the definition of an investment company.

This qualitative assessment would allow for consideration of factors such as the purpose of establishing the entity (e.g., for research and development or other strategic business operations versus for capital appreciation/investment income), and the type of investor for which it is being established (e.g., a single investor which contributes all of the investments to a fund structure specifically to avoid consolidation versus a single investor sovereign wealth fund with a specific investment strategy). We propose that certain criteria be weighted more heavily than others. For example, critical factors would include consideration that the express business purpose is for current income/capital appreciation or both, the assets are managed on a fair value basis and fair value-based financial information is what is most meaningful and is the current basis of information reported to investors. The increased emphasis on weighting the criteria should permit consistent application of the investment company guidance while addressing the FASB's concerns of certain entities inappropriately applying investment company accounting (e.g., research and development companies referred to in Basis for Conclusions ("BC") paragraph 15, or entities formed for a single investor to hold a single investment).

In addition, the Board should consider adding to the criteria a description of entities that are not investment companies. The definition could be included as a revision to the nature of the investment activities criterion as follows:

(Paragraph 946-10-15-2a) **Nature of the investment activities**. The investment company's only substantive activities are investing <u>in at least one entity</u> for returns from capital appreciation, investment income (such as dividends or interest) or both. <u>The investment company's substantive activities are not: a) designed for strategic business operations (e.g., a research and development company); b) established specifically for a single party to avoid consolidation of the underlying investments; or c) established solely to achieve fair value accounting to circumvent other guidance.</u>

We recommend the heading before paragraph 946-10-55-7 of the Proposed ASU, which refers to "Returns" be changed to "Investing for Strategic Operating Purposes", as this paragraph summarizes factors that may indicate an investor is investing for something other than capital appreciation or income. We also recommend adding b) and c) above as factors after a) through f) of that paragraph.

We believe that the following circumstances, in addition to the examples included in our response to Question 2 below, provide evidence as to why a qualitative consideration of the criteria is important when determining whether or not an entity is an investment company.

*Pooling of funds – Single investor funds*. In the asset management industry, it is common for investors to request to be placed within a fund or other entity without other investors. Common examples of the types of investors in single investor funds are pension plans (e.g., defined benefit and defined contribution plans), endowments and foundations, sovereign wealth funds, common and collective trust funds, and funds set up at the request of large institutional investors to invest alongside another fund. The reasons for such requests may include specific investor-mandated investment restrictions (e.g., a Thailand sovereign wealth fund that would like to invest within a particular global bond fund, but wants to eliminate the exposure to the Thai Baht).

Single investor funds also are established for investors unaffiliated with the asset manager to leverage an asset manager's infrastructure, as a fund structure can provide a cost effective investment for certain institutional clients. Reasons for this structure include the fact that investment companies have existing networks of global custodians, accounting agents, fair valuation policies and procedures, and established processes to prepare audited financial statements - services to which unaffiliated investors may not have access. In addition, investors prefer to report their investments at fair value using net asset value per share of the fund as a practical expedient. They can readily evaluate the performance of their investment and have transparency into the fund's performance and risk through the financial highlights schedule and the schedule of investments, which are useful for comparative purposes to a user that has hired multiple managers to manage their investments.

Another example of a single investor fund is a simple master-feeder fund structure with only one feeder fund. In that case, the feeder fund would represent the single investor in the master fund.

We note that absent the specific exclusion in paragraph 946-10-05-3, certain separate accounts of insurance companies may not meet the "pooling of funds" criterion given that separate accounts may be set up for the benefit of a single investor. However, we note that the above paragraph, as well as BC paragraph 31, summarize comments related to the reporting entity criterion, and specifically reference separate accounts as products that may not be separate legal entities but may still qualify as investment companies. It appears from this discussion that the Board believes separate accounts could qualify as investment companies.

Nature of the investment activities - Single investments. It is not uncommon, especially within the private equity industry, for investors to participate in an entity that holds a single investment, as discussed in paragraph 946-10-55-15 of the Proposed ASU. These single investment funds are

established primarily to access investment opportunities that otherwise would not be available to a single investor due to the significant capital required to purchase shares and to avail investors to professional investment management services. We believe that these entities should be eligible for investment company accounting, provided that the assessment of the other criteria would indicate that they are investment companies.

Relying on the revised criteria proposed above, certain single investor or single investment funds would meet the definition of an investment company. These funds operate in the same manner as funds which have multiple investors or multiple investments; therefore, we believe that the same accounting principles should apply. Further, we believe that the investors who invest within single investor or single investment funds would require financial statements consistent with investment company guidance (i.e., fair value) regardless of whether such funds fail to qualify as investment companies under US GAAP. Absent fair value accounting, the requirement by investors for fair value information may therefore result in the fund maintaining two sets of books and records at significant additional cost. Under investment company accounting, investors can evaluate investment performance and status according to the key accounting and financial reporting requirements of Topic 946, including financial highlights (total return) and the schedules of investments, etc. We do not believe that an entity formed for a single investor to hold only a single investment would meet the weighting criteria outlined above and therefore agree that it would not qualify as an investment company.

For the reasons articulated above, and as further illustrated in our response to Question 2 below, we recommend that the Board incorporate a weighting of all investment company criteria, as opposed to prescriptive guidance which does not allow for judgment.

Question 2: The definition of an investment company in the proposed amendments includes entities that are regulated under the SEC's Investment Company Act of 1940. Are you aware of any entities that are investment companies under U.S. regulatory requirements that would not meet all of the proposed criteria in paragraph 946-10-15-2? If so, please identify those types of entities and which of the criteria they would not meet.

We agree that entities regulated under the SEC's Investment Company Act of 1940 ("1940 Act") should automatically qualify as investment companies under the Proposed ASU. However, we have identified the following three examples of entities that are investment companies under U.S. regulatory requirements (and are currently accounted for in accordance with Topic 946), which may not meet all of the proposed criteria in paragraph 946-10-15-2: (1) seed investments; (2) money market funds; and (3) insurance company separate accounts. The Board should also consider that "U.S. regulatory requirements" include requirements of the Office of the Comptroller of the Currency ("OCC") of the U.S. Treasury Department. The OCC oversees banking entities that sponsor common (collective) trust funds (ASC 946-10-05-3) and these entities may have 'single investor' trust relationships similar to those described in Question 1 above.

#### Seed Investments

In the normal course of our business, asset managers provide seed money to certain proprietary funds which are regulated under the 1940 Act, as well as to unregistered funds, in order for these

funds to establish a track record prior to marketing them to external investors. During this period the asset manager is generally the only investor in the fund; therefore, the fund would not meet the "pooling of funds" criterion. In addition, it is unlikely that the fund would meet the criterion within 946-10-55-13 to qualify as an investment company during a period that it has a single investor, since the asset manager would likely not meet the criterion of actively identifying suitable investors during this period. We believe that a seed investment fund should qualify as an investment company, as its purpose is to earn current income, capital appreciation, or both. If it is the Board's intent that funds in the track record establishment phase qualify as investment companies, we recommend that the Board revise the criterion within 946-10-55-13a to the following:

The entity's initial offering period has not expired <u>or the entity is establishing a track</u> record prior to identifying suitable investors within a reasonable period of time. and the entity is actively identifying suitable investors.

## Money Market Funds

We are concerned that money market funds will not meet the fair value management criterion based on the fact that they account for their investments using amortized cost (e.g., Rule 2a-7 of the 1940 Act permits money market funds to account for their investments using amortized cost, which approximates fair value). Paragraph BC29 explicitly states FASB's conclusion that money market funds would meet the fair value management criterion when it states "money market funds, which currently report their investments at amortized cost, would be considered to be managing their investments on a fair value basis." We agree with this conclusion and recommend that the Board consider adding language into the body of the final ASU rather than including it only in the Basis for Conclusions, which is not codified.

## Insurance Company Separate Accounts

Separate accounts represent assets that are typically maintained by a life insurance entity for purposes of funding obligations to individual contract holders under fixed-benefit or variable annuity contracts, pension plans, and similar contracts. The contract holder generally assumes the investment risk, and the insurance entity receives a fee for investment management, certain administrative expenses, and any assumed mortality and expense risks. The accounting for separate accounts is outlined in ASC 944-80, which requires that the portion of separate account assets representing contract holder funds be measured at fair value and reported in the insurance entity's financial statements as a summary total, with an equivalent summary total reported for related liabilities. Since separate account products are established through an insurance contract agreement, the separate account does not have ownership interests in the form of equity (although all the risks and rewards of the underlying investments flow through to the contract holders and the accounts are redeemable under agreed-upon terms, similar to an investment company's shares); therefore, separate accounts would not meet the criterion for unit ownership as described in paragraph 946-10-55-11 of the Proposed ASU. As stated in the Pooling of Funds paragraph above, we believe it is the Board's intent that these structures continue to follow investment company accounting, and recommend that the Board modify the unit ownership criterion as follows:

946-10-55-11 The definition of an investment company requires that investors acquire ownership units in the form of equity or partnership interest in the investment company. Each unit of ownership represents a specifically identifiable portion of the net assets of the investment company, although each unit does not have to represent a proportionate interest in all of the underlying investments of the investment company.

The three examples included above are considered investment companies under U.S. regulatory requirements but would not meet all of the criteria outlined in paragraph 946-10-15-2. These examples also serve to illustrate our response to Question 1 above. If a weighting of investment company criteria was allowed under the final ASU, these three examples would continue to qualify as investment companies.

Question 12 – Part 1: The proposed amendments would retain the requirement that an investment company should not consolidate or apply the equity method for an interest in an operating company unless the operating entity provides services to the investment company. However, the proposed amendments would require an investment company to consolidate controlling financial interests in another investment company in a fund-of-funds structure. An investment company would not consolidate controlling financial interests in a master-feeder structure. Do you agree with this proposed requirement for fund-of-fund structures? If not, what method of accounting should be applied and why?

We do not support a proposal that would require an investment company to consolidate a controlling financial interest in another investment company in a fund-of-funds ("FOF") structure. Investment companies typically do not invest in other investment companies to control them or to dictate how the assets will be invested, consistent with controlling investments taken in operating companies. Investment companies often invest in other investment companies, including through a FOF structure, in order to provide an efficient asset allocation strategy for their investors. Investments are made to gain exposure to a particular asset class and to realize current income, capital appreciation, or both. As such, fair value continues to be the most appropriate measurement of these investments.

The FASB has acknowledged that an investment company should not consolidate a non-investment company. We believe a similar rationale should be applied for investments in other investment companies that represent a single investment in accordance with its investment strategy. Further, we note the disclosure requirement in paragraph 946-810-50-1 of the Proposed ASU that amounts attributable to the noncontrolling interest in a less-than-wholly-owned investment subsidiary should be excluded from the calculation of financial highlights. This exclusion appears to acknowledge the fact that the noncontrolling financial interest portion of the investee fund is of little to no importance to a reader in terms of understanding the key performance indicators of the investing fund. If transparency is the goal, we believe this goal can be achieved through enhanced disclosure requirements, which are elaborated further on page 8.

We understand the Board is concerned that overall expenses of the investment company are understated when an investment company does not consolidate a controlled investment company, and that the investors are not aware of the expenses being paid at the various levels within the fund structure. We would argue that an investor in a FOF structure is concerned with the total

return of his or her fund, regardless of the expenses of the underlying funds. This situation is similar to an investor in a non-FOF structure who is concerned with the total return of his or her fund, regardless of the expenses of the underlying investee companies. In addition, investors in FOF structures receive sufficient information, including the FOF's prospectus/offering memorandum, to understand the layering of fees. Finally, as discussed in more detail on the next page, ASC Topic 946 currently requires information about fees for investee funds greater than five percent of net assets of the investing fund.

We have significant concerns about the operational feasibility and the cost/benefit of requiring an investment company to consolidate a controlling financial interest in another investment company. We have defined these concerns as follows: (1) complex consolidation analysis; (2) diminished utility of financial statements; and (3) increased time and cost.

### (1) Complex Consolidation Analysis

If this proposed amendment is finalized, an investment company in a FOF structure would be required to analyze every investee fund under the revised ASC Topic 810 to determine whether it holds a controlling financial interest, which is not explicitly defined in this Proposed ASU or the Proposed ASU, Consolidation (Topic 810): Principal Versus Agent Analysis, as being based upon majority-owned interests. The consolidation analysis performed by an investing fund would therefore extend beyond consideration of majority-owned investees, and may require an assessment of whether the investee fund is a variable interest entity ("VIE") or voting rights entity ("VRE"), whether the fund manager is acting as a principal or agent<sup>1</sup>, and consideration of the investing fund's related parties in a tiebreaker test (if the investee fund is determined to be a VIE). In an open-end FOF structure, the investing fund's ownership percentage in an investee fluctuates due to third party investors' subscriptions and redemptions, thereby requiring this complex analysis to be completed each time its capital ownership changes and each time financial statements are prepared, potentially resulting in a change in an investee fund's consolidation status from period to period. In addition, enhanced disclosures would be required to adequately explain the changes in consolidation status at each reporting date, which could be driven by actions outside the fund's control.

#### (2) Diminished Utility of Financial Statements

The resulting financial statements would inflate a FOF's statement of assets and liabilities with the underlying investments of the investee fund, which may not be managed by the FOF manager. In addition, the schedule of investments would report each investment of the consolidated investee fund as if it were the investing fund's direct investment. We believe that investors in FOF structures are investing to achieve capital appreciation and/or investment

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<sup>&</sup>lt;sup>1</sup> If the investing fund holds a majority interest in the outstanding shares of an investee fund, one would conclude under current U.S. GAAP that the investing fund has a controlling financial interest in and thus should consolidate the investee fund. However, under the consolidation model being proposed by ASU 2011-220, "Consolidation (Topic 810) – Principal versus Agent Analysis," if the asset manager serving as investment advisor to the investee fund holds a minority equity interest in the fund, the asset manager might conclude, after considering all relevant criteria, that it is using its decision-making authority in a principal capacity. If this is the conclusion of the asset manager, then a fund would not be deemed to be the consolidator of an investee fund in which it holds a majority interest. Thus, under the proposed consolidation model, an investing fund must consider whether the investee fund's investment advisor is a principal in order to avoid having two parties consolidate the same investee. This exercise will be extremely challenging for an investing fund, if not impossible in cases where the asset manager is not an affiliate of the investing fund.

income through the FOF manager's asset allocation expertise; reflecting all of the underlying investments of the investee fund obfuscates that objective and limits an investor's ability to assess the manager's performance in selecting investee funds. That is, investors in FOF structures view the investee funds as the investments, and generally are seeking performance information at that level.

The usefulness of consolidating an investee fund is further diminished when the consolidated investee of an investing entity represents a small portion of the investing fund's net assets (e.g., an investing fund owns 70% of an investee fund, which represents 5% of the investing fund's net assets). Under the proposed ASU, an investee that represents 5% of the portfolio might receive greater prominence in the investing entity's financial statements than an investee fund that represents 30% or more of the investing fund's net assets, but which is not consolidated.

#### (3) Increased Time and Cost

This requirement also would result in other operational complexities and costs, such as additional audit fees. For example, the investing fund's auditor would be required to review the consolidation analysis of the investee to ensure the guidance in Topic 810 is applied appropriately. In addition, the underlying investments of consolidated investee funds may need to be audited by both the auditor of the investee fund as well as the auditor of the investing fund. An additional complication occurs when investee funds and investor funds have different year ends, which may require investee funds to be audited multiple times: once for their own year-end audit and once for their investing fund's year-end audit. Finally, obtaining the financial information needed to perform the consolidation, particularly for an unregistered, non-affiliated investee fund, would be extremely challenging. As a result of these issues, the time and cost required to prepare and audit an investment company's financial statements could significantly increase, while decreasing their usefulness to investors.

We do not believe that any revisions to the current FOF reporting model are needed, and are not aware of any issues that have been raised with regard to the current practice of reporting all fund investments at fair value. As noted above, investors in an investment fund are focused on fair value returns on their investments; the requirement to consolidate a controlling interest in an investee fund would reduce, rather than increase, transparency of financial information provided to investors. If the Board decides, after performing substantive outreach with market participants, that changes to the current reporting model are necessary, we suggest such changes be made through additional disclosures in the FOF financial statements as opposed to consolidation. ASC Topic 946 currently requires that investment strategy, country or geographic region, investor liquidity, percentage of net assets, and fees generally are disclosed for investee funds greater than 5% of net assets of the investing fund.<sup>2</sup> The disclosure requirements could be expanded to provide additional information about investee funds such as weighted average management and incentive fees, as well as information related to leverage of the underlying funds.

<sup>&</sup>lt;sup>2</sup> ASC 946-210-50-6

<sup>&</sup>lt;sup>3</sup> In addition, Accounting Standards Update 2009-12 ("ASU 2009-12") permits an investor in an investment company to use net asset value as a practical expedient for fair value and requires additional disclosures, including restrictions on redemption, unfunded commitments and investment strategies of the investees.

Finally, the additional disclosures that would be required to reconcile non-controlling interests in the financial statements and the calculation of financial highlights excluding amounts attributable to non-controlling interests would be complex and time consuming, with no proven benefit over the information that is provided to investors currently.

## Investment Company Blocker Entities

It is our understanding that it was the Board's intent that investment companies be required to consolidate controlled blocker entities, and that it was this intent that led to the requirement for investment companies to consolidate controlled investment companies. In other words, the Board reasoned that consistent consolidation accounting rules should apply for controlled blocker entities and controlled investment companies.

We generally agree with the Board's decision that a parent should consolidate a subsidiary that is established by the investment company for tax, legal, or regulatory purposes (i.e., blocker entities), thereby providing investors with transparency into the subsidiary's underlying investments and obligations. Consolidation of controlled blocker entities meets the core consolidation principle in ASC 810-10-10-1, as those consolidated statements are more meaningful to the investors and necessary for fair presentation. While the blocker may not provide active services to the investment company, the investment company does have a controlling financial interest and the activities of the blocker are integral to the investment company.

It is important to note that the business purpose of a blocker entity is quite different than a controlled non-blocker investment company entity. Due to tax and regulatory requirements, an effective method by which certain investment companies can gain exposure to certain security types (e.g., commodities) is by investing in them indirectly through an offshore blocker entity. In addition, a blocker entity is integral to, created and controlled by the investing entity, while an investment in another investment company exists as a passive investment in an existing fund made to gain exposure to a particular asset class and to recognize current income, capital appreciation, or both. Hence, taking into account the purpose for which a blocker subsidiary entity is established, we believe it is appropriate to differentiate between consolidation of a blocker entity and consolidation of a controlled investment company.

# Question 12 – Part 2: Should a feeder fund also consolidate a controlling financial interest in a master fund? Please explain.

We believe a feeder fund should continue to be exempt from the requirement to consolidate its controlling financial interest in a master fund. ASC Topic 946 requires that the portfolio of investments be included only in the master fund's financial statements and that a feeder fund's statement of assets and liabilities show an investment in the master fund, which is the sole or principal investment of the feeder fund. As a result, industry practice has developed under which the financial statements of the master fund are attached to the feeder fund, which allows investors transparency into the investments that are providing the returns. In addition, the feeder fund presents its proportionate amount of income and expenses allocated from the master fund. Finally, the feeder fund's financial highlights include the expenses of both the feeder fund and the master fund, which is relevant information to the investors of the feeder fund, because the

master fund is generally the only significant investment of the feeder fund. Therefore, the investor is receiving information related to securities holdings, as well as appropriate return and expense information.

In addition, we note that Rule 6-03 of Regulation S-X does not require consolidated financial statements for investment companies<sup>4</sup>. Rather, the guidance allows for discretion as to when consolidation of an investment company is appropriate. We believe the resulting industry practice is appropriate for the reasons noted above.

Question 19: An entity that no longer meets the criteria to be an investment company would apply the proposed amendments as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption by calculating the carrying amounts of its investees as though it had always accounted for its investments in conformity with other applicable U.S. GAAP, unless it is not practicable. If not practicable, the entity would apply the proposed amendments as of the beginning of the period of adoption. Do you agree with this proposal? If not, why?

We agree with the transition guidance outlined in Paragraph 946-10-65-2; however, we request additional clarification regarding the ability of an entity that no longer meets the criteria to be an investment company to elect the fair value option for its investments subsequent to the date of adoption. The first sentence of paragraph 946-10-65-2f of the Proposed ASU refers to the consolidation of a subsidiary when it states, "An entity that is required to consolidate a subsidiary as a result of the initial application of the pending content that links to this paragraph may elect the fair value option...". The final sentence of that same paragraph states, "In addition, an entity may elect the fair value option for its investments that are required to be accounted for using the equity method of accounting or other GAAP as a result of the initial application of the pending content that links to this paragraph." We believe the Board meant for the immediately preceding sentence to indicate that an entity that no longer qualifies as an investment company could continue to measure its investments at fair value via the fair value option. If this is the Board's intent, we recommend that the last sentence of paragraph 946-10-65-2f be removed and added to the last sentence of paragraph 946-10-65-2e of the Proposed ASU, which requires the initial measurement of investments of an entity that no longer qualifies as an investment company to be fair value. This would result in the initial and ongoing measurement guidance for an entity no longer qualifying as an investment company being included in the same section.

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<sup>&</sup>lt;sup>4</sup> Rule 6-03 of Regulation S-X "Special Rules of General Application to Registered Investment Companies" states that, "Consolidated and combined statements filed for registered investment companies shall be prepared in accordance with Rules 3A-01 to 3A-05 (Article 3A), except that: (i) statements of the registrant may be consolidated only with the statements of subsidiaries which are investment companies;"...and "Provided, however, that a consolidating statement need not be filed if all included subsidiaries are totally held; and ....(iii) consolidated or combined statements filed for subsidiaries not consolidated with the registrant shall not include any investment companies unless accompanied by consolidating or combining statements which set forth the individual statements of each included investment company which is a significant subsidiary."

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We appreciate the opportunity to provide comments on the Proposed ASU. Several members represented below have submitted requests to participate in the upcoming FASB roundtable on this topic scheduled for March 16, 2012. Should you have any questions, please feel free to contact any of the representatives below.

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/s/ Ted Chambers, Controller	Artio Global Investors	(212) 297-3918
/s/ Steven E. Buller, Managing Director	BlackRock, Inc.	(212) 810-3501
/s/ Stacey H. Friday, Director, Accounting Policy	Federated Investors, Inc.	(412) 288-1244
/s/ Leah Kwartler, Vice President, Accounting Policy and Standards /s/ Kenneth B. Robins, Treasurer Equity and High Income Funds	Fidelity Investments	(617) 392-2692
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/s/ Elaine J. Sabatino, VP – Enterprise Accounting and Reporting	Franklin Templeton Investments	(650) 312-3239
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cc: International Accounting Standards Board