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New York, NY 10022

January 4, 2010

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

**Re: Proposed Accounting Standards Update to Topic 810, *Amendments to Statement 167 for Certain Investment Funds* (File Ref No. 1750-100)**

Dear Mr. Golden:

Citigroup Inc. appreciates the opportunity to comment on the Exposure Draft, *Amendments to Statement 167 for Certain Investment Funds, Topic 810* (“Update”).

Deferral

We support the Board’s decision to defer the effective date of Statement 167 for certain investment vehicles that meet the requirements in the proposed Update and agree with the Board’s decision to develop consolidation guidance for these entities jointly with the IASB. We agree with concerns expressed by constituents regarding whether the consolidation by an investment manager of an investment vehicle provides decision useful information to financial statement users and are supportive of both Boards working together to develop consistent guidance on the treatment of principal and agency relationships from a consolidation perspective.

We understand that the Board’s description of vehicles that will be subject to the deferral may require judgment. That said, we believe the Board’s description is very robust and the list presented in the Update of vehicles that will be subject to deferral and those that will not, while not all-inclusive, is instructive with respect to such determination.

Obligation to Fund Losses

We note that paragraph 810-10-65-2(aa)(ii), which provides one of the requirements that must be met in order to qualify for the deferral, states that the enterprise must, “not have an obligation to fund losses of the entity that could potentially be significant to the entity,” in order for the entity being evaluated to qualify for the deferral of the requirements of Statement 167. We observe that certain investment management vehicles may require an investment manager to return all or a portion of the fees it has



received when losses are incurred by the investment vehicle (this is often referred to as a clawback).

For example, assume that an investment manager is entitled to 20% of the returns of an investment vehicle each period and the investment vehicle had \$100 of positive returns in its first period (entitling the investment manager to \$20 of returns). If, in the second period, the investment vehicle lost \$30, a clawback could require the investment manager to return a portion of the fee received in the first period in proportion to the loss incurred by the fund (e.g., the investment manager would be required to return 20% of \$30 or \$6).

We do not believe a clawback that requires an investment manager to return fees that it has received in the same proportion to losses incurred by the investment vehicle, to the extent that fees have been received by the investment manager, is an obligation to fund the losses and it is our understanding that the Board shares this view. We propose that the Board clarify that such clawbacks would not be considered an obligation to fund losses of an investment vehicle.

#### Changes to Paragraph B22

The Board's proposed changes to paragraph B22 are operational and we believe that the proposed changes to condition (c) in paragraph B22 of Statement 167 achieve the Board's original objective in Statement 167 that a quantitative test should not be the sole determinant of whether a fee arrangement is a variable interest.

#### Editorial Comment

We observe that, as currently presented, the last sentence in paragraph BC22 of the Background Information and Basis for Conclusions section of the Update could be incorrectly interpreted as a statement of fact, rather than the opinion of the dissenting Board member.

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We thank the Board for its consideration and would welcome the opportunity to further discuss our comments with Board members and their staff. Please do not hesitate to contact me at (212) 559-7721.

Very truly yours,

A handwritten signature in blue ink that reads "Robert Traficanti".

Robert Traficanti  
Vice President and Deputy Controller  
Citigroup Inc.