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1. The Staff Draft provides a single concept of control that is used to evaluate control on a consistent basis for all types of entities (both voting interest entities and variable interest entities). Do you agree that a single-model approach to assess control will provide more consistent financial reporting for all types of entities rather than providing separate models for voting interest entities and variable interest entities? If not, why not?

A: We agree that a single-model approach is preferable, not only for consistency but also to limit the availability of structuring to arbitrage between consolidation models. The single-model approach encourages a principles-based result.

2. The Staff Draft does not incorporate the U.S. GAAP concept of a variable interest entity or a structured entity. Rather, the Staff Draft provides that the way in which control is assessed will vary depending on how the activities that significantly affect the entities' returns are directed. For example, how control is assessed will depend on whether the decisions that significantly affect the returns of an entity are made through voting rights. Without an explicit definition of a variable interest entity, do you believe that (ignoring the differences when analyzing decision making relationships and the effect related party arrangements have on the analysis) the Staff Draft will produce the same consolidation conclusions as the recently issued U.S. GAAP guidance for consolidating variable interest entities (FASB Accounting Standards Codification™ Subtopic 810-10, Consolidation)? If not, what are the situations that produce a different conclusion and why? Do you think it is sufficiently clear how to assess power and control for all types of entities in the Staff Draft?

A: We agree that the draft is sufficiently clear in how to assess power and control for the types of entities and structures that we currently employ. For all of the entities with which we are associated (as equity owner, sponsor, manager or affiliate), which include a variety of funds and securitization vehicles, we believe that the results for consolidation will be the same under existing guidance and under the proposed guidance. We note that for certain funds which we manage, existing guidance is impacted by the deferral of SFAS 167 for certain entities.

3. The Staff Draft proposes that in order to control an entity, the reporting entity must have the power to direct the activities of that entity. Power is defined as having existing rights that give the reporting entity the current ability to direct the activities that significantly affect the entity's returns. Do you agree with the control principle as articulated in the Staff Draft? Do you agree that there are situations when a reporting entity can have control of an entity controlled through voting rights with less than a majority of voting rights? Why or why not?

A: We agree with the control principle as articulated. We also agree that there are situations when a reporting entity can have control of an entity through voting rights with less than a majority of voting rights for the following reasons, among others: (1) ownership of a large minority of voting shares where other shares are widely dispersed, particularly in the case of a public company where public shareholders do

not have a simple forum to come together on issues, could result in de facto control, and (2) without allowing for the possibility of situations where a reporting entity has control of an entity through voting rights with less than a majority of voting rights, any such rule would open the door for structuring.

4. The Staff Draft states that if the activities that significantly affect an entity's returns are directed through voting rights, a reporting entity holding less than a majority of the voting rights (assuming no potential voting rights or other contractual rights exits) has power when it can unilaterally direct the activities of the entity that significantly affect the entity's returns. This assessment requires judgment. The Staff Draft provides application guidance to determine when a reporting entity holding less than a majority of the voting rights in an entity controlled through voting rights has power. Specifically, the Staff Draft provides that, in some cases, a determination can be made about whether a reporting entity has power by just considering the absolute size of the reporting entity's holding of voting rights, the size of its voting rights relative to the size and dispersion of holdings of the other vote holders, the voting patterns at previous shareholders' meetings, and other arrangements. Do you believe that there are circumstances when, considering only these factors, an assessment could be made about whether a reporting entity has power? Why or why not?

A: With respect to these provisions, we agree with the Staff Draft as written. We understand that these principles would require significant judgment to be applied in certain situations.

5. In other circumstances the Staff Draft provides that additional evidence may be needed in order to conclude that a reporting entity holding less than a majority of the voting rights in an entity controlled through voting rights has power. The Staff Draft includes indicators that may provide additional evidence in these circumstances to assist in determining whether the reporting entity has power. Do you believe that these indicators provide sufficient guidance to conclude that a reporting entity has power in situations where it is unclear as to whether a reporting entity has power solely based on the absolute size of the reporting entity's holding of voting rights, the size of its voting rights relative to the size and dispersion of holdings of the other vote holders, the voting patterns at previous shareholders' meetings, and other arrangements? If not, what additional indicators should be included or which of these indicators should be removed?

A: We believe that the factors set forth generally provide a good, principles-based, basis for making the required determination. We also believe that the use of terms such as "may help with that determination" (paragraph B41) encourage the user to consider all relevant facts and circumstances in making a conclusion. Again, we understand that these principles would require significant judgment to be applied in certain situations.

6. The Staff Draft requires a reporting entity to consider its rights to obtain additional voting rights of another entity, as well as such potential voting rights (options or convertibles, for example) held by other parties, to determine whether the reporting entity has power. Do you believe the guidance in the Staff Draft is appropriate and operational? Specifically, do you believe that the guidance for determining when potential voting rights are considered substantive is operational? If not, what additional guidance would you suggest?

A: We believe the guidance in the Staff Draft on potential voting rights is appropriate. Specifically, we believe the guidance permits an appropriate level of flexibility in assessing such rights so that a principles-based result can be achieved. However, we understand that there are a myriad of complex structures currently in existence and applying this guidance would require significant judgment in certain situations.

7. When determining whether a reporting entity acts as an agent, the reporting entity must consider the overall relationship between it and other parties involved with the entity, considering the following factors:

- a. The scope of its decision-making authority over the entity
- b. The rights held by other parties
- c. The remuneration the reporting entity is entitled to in the arrangement
- d. The reporting entity's exposure to variability in returns as a result of other interests that it holds in the entity.

Do you believe the guidance related to assessing decision-making arrangements in the Staff Draft is appropriate and operational? Do you believe the Staff Draft would lead to appropriate consolidation conclusions?

A: We believe the Staff Draft, if left as it is written now, would in fact lead to appropriate consolidation conclusions. In the past, we have seen a number of proposals that would have led to inappropriate conclusions for a variety of reasons – but these reasons can be boiled down to one underlying theme. These proposals had bright line rules embedded in them that did not allow for a “facts and circumstance” / substance- or principles-based assessment of every consolidation decision. We believe the Staff Draft does allow for such an assessment. While some might think that such flexibility allows for too broad a range of interpretations, we would actually argue the opposite. By avoiding bright lines, you avoid structuring opportunities. Structuring opportunities, in turn, promote the rationalization of taking counter-intuitive positions. A flexible, principles-based standard promotes a substantive determination of whether a principal / agent relationship exists.

We agree that the four criteria noted above, as further described in the Staff Draft, represent the four primary criteria that should be considered in making such an assessment.

8. When evaluating a decision-maker's role, rights held by other parties are considered when determining whether a decision-maker is an agent. Specifically, situations in which a single party holds substantive removal rights and can remove the decision-maker without cause, in isolation, would be sufficient to conclude that the decision-maker is an agent. However, if numerous parties hold such rights, those rights would not, in isolation, be conclusive in determining whether a decision-maker is an agent. In such a situation, those rights would be considered together with the other factors included in question 7 above, to determine whether the decision-maker is an agent. Do you believe that removal rights held by numerous parties should be a factor when evaluating whether a decision-maker is an agent? If so, do you agree that it should be one factor but not in and of itself determinative, when evaluating whether a decision-maker is an agent?

A: In response to the two questions posed, we agree with the Staff Draft. Removal rights held by multiple parties are, in our opinion, substantive and should be a factor in determining whether a decision-maker is an agent. Although we ultimately granted such removal rights, post-IPO, in order to deconsolidate our funds and gain the benefit of clearer financial statement that more accurately reflected our business, we were reluctant to grant such rights – and did not grant such rights prior to our IPO which would have made our registration statement easier to understand – for the simple reason that we do believe they hold economic substance and we did not want to grant them until we were certain of receiving a benefit in exchange for this cost. We also agree that such removal rights should be one factor, not in and of itself determinative, when evaluating whether a decision-maker is an agent. We believe that making this factor determinative would provide for structuring opportunities. If such removal rights are substantive, the overall conclusion should be the same when considering all of the factors noted above; if you came to a different conclusion after considering all of the factors, this would indicate that the rights were not substantive.

On this same topic, we are not certain that removal rights held by a single party should be determinative either. An investor must have all three of the elements listed in paragraph 7 to “control” an investee. An entity that holds single-party removal rights may only have the first of these elements – power over the investee. In order for single-party removal rights to be considered determinative in and of themselves, we believe the single party should have to meet all three of the elements – in other words, that they should have exposure to variable returns and the ability to influence those returns. Otherwise, single-party removal rights should be considered only as one factor in determining whether a decision-maker is an agent, similar to removal rights held by multiple parties. We believe that otherwise structuring opportunities may exist.

9. The Staff Draft requires a reporting entity to reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Do you believe this principle, and the related guidance in the Staff Draft, is sufficiently clear and operational?

A: Yes. Again, we believe this is an appropriate, principles-based approach.